

# CB01

## Notice of a cross border merger involving a UK registered company

☒ **What this form is for**  
You may use this form  
to give notice of a cross border  
merger between two or more  
limited companies (including a  
UK registered company)

☐ **What this form is NOT for**  
You cannot use this form to  
give notice of a cross border  
merger between companies of  
European Economic Area

TUESDAY



ise  
ik

### Part 1 Company details

Company number of  
UK merging company

3	5	4	8	9	0	8		
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Company name in  
full of UK merging  
company

PALL MALL INVESTMENT MANAGEMENT LIMITED

→ **Filing in this form**  
Please complete in typescript, or in  
bold black capitals  
  
All fields are mandatory unless  
specified or indicated by \*

### Part 2 Merging companies

Please use **Section A1** and **Section B1** to fill in the details for each merging  
company (including UK companies) Please use a CB01 continuation page to  
enter the details of additional merging companies.

#### A1 Merging company details ①

Full company name

PALL MALL INVESTMENT MANAGEMENT LIMITED

Registered number ②

3	5	4	8	9	0	8		
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Please enter the registered office address

Building name/number

52A

Street

CROMWELL ROAD

Post town

LONDON

County/Region

Postcode

S	W	7		5	B	E
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Country

ENGLAND

Legal form and law ③

PRIVATE COMPANY LIMITED BY SHARES INCORPORATED  
UNDER THE LAWS OF ENGLAND AND WALES

Member state and  
registry ④

REGISTRAR OF COMPANIES IN ENGLAND AND WALES, UNITED  
KINGDOM

① **Merging Company details**  
Please use Section B1 to enter  
the details of the second merging  
company

② **Registered number**  
Please give the registered number  
as it appears in the member  
state registry

③ **Legal entity and governing law**  
Please enter the legal form and law  
which applies to the company

④ **Member state and registry**  
Please enter the name of the  
member state and the name and  
address of the registry where  
documents are kept

# CB01

## Notice of a cross border merger involving a UK registered company

### B1 Merging company details<sup>①</sup>

Full company name	PALL MALL INVESTMENT MANAGEMENT GMBH I G									
Registered number <sup>②</sup>	3	8	0	5	2	0	1	0	W	R
	Please enter the registered office address.									
Building name/number										
Street	MESSBERG 4									
	20095									
Post town	HAMBURG									
County/Region										
Postcode										
Country	GERMANY									
Legal form and law <sup>③</sup>	PRIVATE LIMITED LIABILITY COMPANY FOUNDED UNDER THE									
	LAWS OF THE FEDERAL REPUBLIC OF GERMANY									
Member state and registry <sup>④</sup>	TRADE REGISTER, GERMANY AMTSGERICHT HAMBURG									
	CAFFAMACHERRE 20 20355 HAMBURG									

- ① Merging Company details**  
Please use a CB01 continuation page to enter the details of additional merging companies.
- ② Registered number**  
Please give the registered number as it appears in the member state registry
- ③ Legal entity and governing law**  
Please enter the legal form and law which applies to the company
- ④ Member state and registry**  
Please enter the name of the member state and the name and address of the registry where documents are kept

### Part 3 Details of meetings<sup>⑤</sup>

If applicable, please enter the date, time and place of every meeting summoned under regulation 11 (power of court to summon meeting of members or creditors)

#### Details of meeting

Date	d	2	d	4	m	0	m	2	y	2	y	0	y	1	y	1
Time	10 00 HOURS															
Place	52A CROMWELL ROAD, LONDON SW7 5BE															

#### Details of meeting

Date	d		d		m		m		y		y		y		y	
Time																
Place																

#### Details of meeting

Date	d		d		m		m		y		y		y		y	
Time																
Place																

#### Details of meeting

Date	d		d		m		m		y		y		y		y	
Time																
Place																

- ⑤ Details of meetings**  
For additional meetings held under regulation 11, please use a CB01 continuation page

CB01

Notice of a cross border merger involving a UK registered company

**Part 4**

**Documentation and signature**

Please ensure the following documents are enclosed with this form

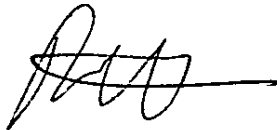
- A copy of the draft terms of merger
- If applicable, a copy of any order made where the court has summoned a meeting of members or creditors.

I am signing this form on behalf of the UK merging company

Signature

Signature

X



X

This form may be signed by a director of the UK merging company on behalf of the Board

CB01

Notice of a cross border merger involving a UK registered company



**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record

Contact name

MANDY YIN

Company name

DMH STALLARD LLP

Address

6 NEW STREET SQUARE

NEW FETTER LANE

Post town

LONDON

Country/Region

Postcode

E C 4 A 3 B F

Country

ENGLAND

DX

344 LONDON/CHANCERY LANE

Telephone

020 7822 1540



**Checklist**

**We may return forms completed incorrectly or with information missing**

**Please make sure you have remembered the following:**

- ☐ The company name and number of the UK merging company match the information held on the public Register
- ☐ You have completed the details of each merging company in Part 2
- ☐ You have completed Part 3
- ☐ You have enclosed the relevant documentation referred to in Part 4
- ☐ You have signed the form in Part 4



**Important information**

Please note that all information on this form will appear on the public record.



**Where to send**

You may return this form to any Companies House address, however for expediency we advise you to return it to the appropriate address below:

**For companies registered in England and Wales:**

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ  
DX 33050 Cardiff

**For companies registered in Scotland:**

The Registrar of Companies, Companies House,  
Fourth floor, Edinburgh Quay 2,  
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF  
DX ED235 Edinburgh 1  
or LP - 4 Edinburgh 2 (Legal Post)

**For companies registered in Northern Ireland:**

The Registrar of Companies, Companies House,  
First Floor, Waterfront Plaza, 8 Laganbank Road,  
Belfast, Northern Ireland, BT1 3BS  
DX 481 N R Belfast 1



**Further information**

For further information, please see the guidance notes on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)

**Claim No: 9990 of 2010**

**IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT  
BEFORE CHIEF REGISTRAR BAISTER  
IN THE MATTER OF PALL MALL INVESTMENT LIMITED  
AND  
IN THE MATTER OF THE COMPANIES (CROSS-BORDER MERGERS) REGULATIONS  
2007**

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**ORDER**

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**UPON THE APPLICATION** by part 8 Claim Form dated 9 December 2010 of the above-named Pall Mall Investment Management Limited ("the Company"), whose registered office is at 52A Cromwell Road, London SW7 5BE

**AND UPON HEARING** Counsel for the Company

**AND UPON READING** the Claim Form and the Witness Statement of Vincent O'Brien dated 9 December 2010

**IT IS ORDERED THAT**, under Regulation 11(1) of The Companies (Cross-Border Mergers) Regulations 2007, the Company do convene a meeting on 24 February 2011 at 10.00am of its members for the purpose of giving approval, under Regulation 13(1) of the Regulations, to the draft terms of the proposed merger, by absorption, between the Company and Pall Mall Investment Management GmbH i G. (a company founded under the laws of the Federal Republic of Germany)

**AND IT IS ORDERED THAT** the Claim Form be adjourned to a date to be fixed

**Dated:** 16 December 2010

**Claim No: 9990 of 2010  
IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT**

**IN THE MATTER OF PALL MALL  
INVESTMENT LIMITED  
AND  
IN THE MATTER OF THE COMPANIES  
(CROSS-BORDER MERGERS)  
REGULATIONS 2007**

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**ORDER**

---

**DMH Stallard LLP  
6 New Street Square  
London EC4A 3BF**

**Ref: 0715/PAL147 75**

**Telephone. 020 7822 1500  
Fax. 020 7842 2333  
[john.taylor@dmhstallard.com](mailto:john.taylor@dmhstallard.com)  
DX 344 London Chancery Lane**

**Solicitors for the Claimant**

## TERMS OF MERGER

regarding the merger

of **Pall Mall Investment Management Limited**, a private company limited by shares formed under the laws of England and Wales with Company number 3548908

(**Transferor**)

and

**Pall Mall Investment Management GmbH i. G.**, a private limited liability company founded under the laws of Germany with its designated registered office in Hamburg and its business address at Messberg 4, 20095 Hamburg Germany (**Transferee**)

by means of a merger by absorption ("**Merger**")

which were adopted by the Board of Directors of the Transferor at a meeting duly held on 8 December 2010

### Background

The Transferor is a FSA authorised asset management company which currently operates two distinct investment products. The Transferor's high yield business is conducted exclusively in England and consists of clients located mainly in Germany but also elsewhere in Europe. The Transferor's Risk@Work<sup>(TM)</sup> and quantitative business ("**Quant Business**") is conducted exclusively in Hamburg, Germany, where it operates as a branch of the English company, and its clients are exclusively German institutional clients. The Quant Business consists of four fund managers. The sales employees for the whole of the business is also based exclusively in Germany.

On 22 July 2010, the Transferor agreed to sell its high yield business and assets (exclusive of the sales force) to Brookfield Investment Management (UK) Limited ("**BIM**"). Closing of the transaction, which is expected to occur around Christmas 2010, is subject to BIM becoming authorised and regulated by the FSA. At closing all but five of the Transferor's UK-based employees will become employees of BIM. Of these remaining employees, one will relocate to Germany and join the Quant Business. Of the remaining four employees, two are currently working subject to a fixed contract (one of which ends on 31 January and the other on 28 February 2011), and the other two have agreed to leave the employment of the Transferor with negotiated severance packages.

After the sale to BIM, only limited assets and liabilities of the Transferor will be left in England and there will be no business operations based in England.

As a direct result of the sale transaction with BIM, the Transferor expected to cease its business operations in England and explored a number of ways to migrate its business operations efficiently and effectively over to Germany. It was only sometime after 22 July that the Transferor, having sought professional advice, decided to engage in the Merger.

A primary goal of the Merger is to effect the simultaneous transfer of regulatory responsibility for the Transferor from the FSA to the BaFin (the German equivalent of the FSA). Such a transfer of

regulatory responsibility is highly logical in that the remaining operations of the business are solely located in Germany. In anticipation of filing an application to effect the regulatory transfer, the Transferor has engaged in discussion with the staff of the BaFin. The formal application to the BaFin will be filed on 10 December 2010. The BaFin staff have provisionally indicated that they will approve the regulatory transfer on or about 28 February 2011.

Alphabetical references in parenthesis below equate to regulations 7 (2) of The Companies (Cross-Border Mergers) Regulations 2007.

### **Terms of Merger**

**(a) The following companies are involved in the cross-border merger:**

**As Transferor**

**Pall Mall Investment Management Limited**, a private company limited by shares formed under the laws of England and Wales with its registered office at 52a Cromwell Road, London SW7 5BE with company registration number 3548908,

**As Transferee**

the German limited Company **Pall Mall Investment Management GmbH i. G.**, a private limited liability company founded under the laws of Germany with its designated registered office in Hamburg and its business address at Messberg 4, 20095 Hamburg Germany

**(b) Share Exchange**

The parent company of each of the Transferor and Transferee is and will be PMAM Holdings Limited, (**Holdings**) a company formed under the laws of England and Wales with company number 6098999 and with its registered office at 52a Cromwell Road, London SW7 5BE. The Company has authorized share capital of £1,050,000. Holdings owns 381,846 ordinary shares of the Transferor (which is all of the voting share capital of the Transferor), and 206,627 5% Preference shares of the Transferor and is the sole owner of the Transferee. Accordingly, no shares will be exchanged in connection with the Merger and no cash payment will be made.

Holdings also owns 16,872 valueless deferred shares which were created in 2007. The deferred shares have no voting rights, no right to dividend and no right to payment upon liquidation. As these shares have no value, they will not receive any equity in exchange upon the Merger.

Holger Pastel, a director of the Transferor, owns 37,500 6% Preference Shares of the Transferor for which he paid approximately £212,500. The 6% Preference Shares have no right to vote, a right to a fixed dividend and redemption premium of £9.00 per share. Mr Pastel will exchange the 6% Preference Shares for participation rights ("Genussscheine") of like kind in the Transferee.

**(c) Share Allotment**

Holdings owns all of the voting share capital of the Transferor and is the sole owner of the Transferee. Accordingly, no shares or other securities will be allotted in connection



with the Merger to Holdings Mr Pastel will exchange the 6% Preference Shares for alternative participation rights of a like kind in the Transferee

**(d) Effects on Employees**

**Transferor:** After the closing of the sale of the High Yield Business to BIM, the Transferee will have only 5 employees who work in the office in London Holger Pastel, a director, has agreed to relocate to Germany Two of the remaining employees have fixed term contracts which expire respectively on 31 January 2011 and 28 February 2011 and which currently are not intended to be renewed The Transferor has had discussions with the final two employees and each has agreed, in principle, to a severance package which will include execution of a compromise agreement Accordingly, upon completion of the Merger, assuming it is completed on 28 February 2011, there will be no employees of the Transferor in England

There are currently 8 employees of the Transferor working in the Hamburg branch office Upon completion of the Merger, all staff in Hamburg will become employed by the Transferee on existing terms and conditions

**Transferee:** The Transferee will have no business, assets or employees before the Merger It will employ all of the Hamburg branch office staff after the Merger as well as Holger Pastel who is currently working in London

**(e) Shareholder Entitlements**

Holdings owns all of the voting share capital of the Transferor and is the sole owner of the Transferee Accordingly, Holdings will, before and after the Merger and except for participation rights provided to Mr Pastel, be the sole participant in the profits of the business of the Transferor

**(f) Accounting Transfer Date**

The regulatory filing in Germany to effect the Merger will provide that the effective date of the Merger for tax and legal purposes will be 28 February 2011 Accordingly, as from 1st March 2011, 0 00 am, all acts and transactions of the Transferor shall be deemed to have been undertaken for the account of the Transferee

**(g) Rights or Restrictions on Share**

Except for the participation rights provided to Mr Pastel, no shares or other securities will be allotted in connection with the Merger

**(h) Independent Expert**

Holdings owns all of the voting share capital of the Transferor and is the sole holder of ownership units of the Transferee, Holdings has agreed that no independent expert report is needed Mr Pastel concurs that no independent report is needed

**(i) Articles of Association**

Plan A copy of particulars of the Transferee's constitutional documents are attached to this

**(j) Employee Participation Rights**

In July 2010, the Transferor agreed to sell its business operations in England to BIM. In this transaction half of the current employees in England will become employees of BIM. On or about July 2010 redundancy discussions were had with the remaining employees as the Transferor did not contemplate continuing operations in England after the Closing. It was during these discussions that the parameters of the severance packages for the remaining employees were agreed.

While the Transferor will comply with Part 4 of the Cross Border Merger Regulations, the impact of such actions will be limited as arrangements for the two potentially affected employees of the Transferor have already been agreed. The exiting employees will execute Compromise Agreements effective at the time of the Merger.

**(k) Assets and Liabilities transferred to the Transferee**

The sale of assets to BIM will dispose of the overwhelming majority of the Transferee's assets and liabilities in England.

All remaining physical assets of value in England will be transferred to the Transferee.

Attached to this Plan is a list of outstanding contracts of the Transferor which will not be transferred to BIM. All obligations under the contracts will be performed by the Transferee after the Merger.

To the extent legally permissible the Transferor will transfer its assets to the Transferee at book value. If applicable tax or other legislation, law or regulation requires a different valuation then the Transferor and Transferee will comply with such legislation, law or regulation in the applicable jurisdiction.

**(l) Dates of Accounts**

The Transferor's annual audited accounts at 30 September 2009 and unaudited accounts for the period ended at 31 October 2010 were consulted by Holdings Board of Directors in connection with the Merger.

PMIM end of life timeline										
Time line	Contract termination notice	Contract expiration	Last Notice date	Payment details	BIM FSA	BIM leave 52a	BaFIN approval	PMIM LTD termination	52A furniture to Hamburg	End of 52a lease
Siemens - Swyx lease		01 December 2016		quarterly						
Summit lease 1065		25 January 2012		quarterly						
Summit lease 1046		30 September 2011		quarterly						
RICOH photocopiers *	3 months	16 December 2011	17 September 2011	n/a						
ADAPT Internet Services	90 days	27 July 2011	28 April 2011	monthly						
Daisy communications	90 days	18 May 2011	17 February 2011	monthly						
NamesCo *	1 calendar month	n/a		monthly				cancel		
Signify	90 days	28 September 2011	30 June 2011	pre-paid						
Orange UK mobiles	1 month	03 August 2011	03 July 2011	monthly	BIM users cancel			cancel		
PWN				monthly		request all boxes back	transfer to HAM		transfer to HAM	
Squirrel storage	60 days	31 May 2011	01 April 2011	end of year						
IRIS Exchequer software	90 days	19 July 2011	20 April 2011	pre-paid						
Bloomberg London					transfer to BIM					
CMA Quotevision					transfer to BIM					
Coretexa					transfer to BIM					
Microsoft Forefront/Frontbridge	90 days	30 March 2013	30 December 2012	yearly			transfer to HAM			
Omgeo					transfer to BIM					
Swift					transfer to BIM					
Symantec		expired								
Network Associates (365i)		expired								
4COM	90 days	30 November 2011	01 September 2011	pre-paid				cancel		
Crawford Security	1 month	n/a		pre-paid						
Key Holding Company	1 month	01 June 2011		pre-paid						
Orange France	1 month	n/a		monthly				end		
Sky Business	1 month	n/a		monthly						
TV Licence *		n/a		yearly						
Exclaimer *				yearly	transfer to BIM					
Marathon *	none	23 March 2011		yearly						
Sage	none	28 April 2011		yearly						
Dorian Log Management	none	expired		yearly						

no monthly amounts payable, therefore contract cancelled at any time

no monthly amounts payable, therefore contract can be cancelled at any time

Instrument No 3805/2010  
File H: 15405 WR

Dr Bernhard v Schweinitz  
Dr Detlef Thomsen  
Dr Juergen Bredthauer  
Dr Andre Vollbrecht  
Dr Michael Commichau  
Dr Martin Mulert, LL M  
Dr Wolfram Radke, LL M \*

**Notarial Offices am Gaensemarkt**

Gaensemarkt 50

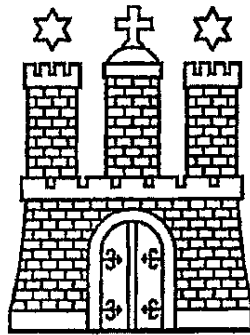
20354 Hamburg

Phone (+49 40) 35 55 3 - 0

Fax (+49 40) 35 55 3 - 300

[info@notariat-amgaensemarkt.de](mailto:info@notariat-amgaensemarkt.de)

\* University of Sydney



Certified Copy

Notarial Act in the Free and Hanseatic City of Hamburg

on the 22<sup>nd</sup> (twenty-second) of November 2010 (two thousand ten)

Before me,

**Dr. Wolfram Radke,**

Notary Public of Hamburg,

appeared on this date in my offices at Gaensemarkt 50

- 1 Dr Dirk Rogowski,  
Marketing Director,  
born on 22 May 1969,  
with residence at Kamp 10, 22941 Bargteheide,  
known by me, the Notary Public, personally,
- 2 Mr Holger Pastel,  
Managing Director,  
born on 24 December 1965,  
with residence at 1017 Point West, 116 Cromwell Road, SW7 4XN London,  
known by me, the Notary Public, personally,

Appearing Parties 1 and 2 acting not in their own name but as directors authorized to jointly represent

PMAM HOLDINGS LIMITED

with registered office in London, Great Britain,  
address 52A Cromwell Road, London SW7 5BE, United Kingdom,

entered in the Registrar of Companies for England and Wales, Cardiff, Company No 6098999

Acting in their aforementioned capacity, the Appearing Parties declared the following for my record

I

PMAM HOLDINGS LIMITED plans to form a German limited liability company (*Gesellschaft mit beschränkter Haftung* or *GmbH*) and hereby establishes the Shareholder Agreement, as evident in the Annex

II

The Notary Public informed the Parties of the following:

- (1) The Company shall first arise as such upon its entry into the Commercial Register. Any person acting before the entry in their own name shall be personally liable

- (2) Payments toward the shares that were made before the notarization of the GmbH Agreement have no redemptive effect and are therefore to be avoided
- (3) The payments made toward shares must be at the free, unrestricted disposal of management on the date the registration notification is received by the court and, except for the assumption of the formation costs pursuant to the Articles of Association, may not be encumbered through the acceptance of any liabilities, any application of contributions, even one preserving the value of the contributions, after the notification but before the entry in the Commercial Register must, in accordance with prevailing opinion, be subsequently notified to the Commercial Registry
- (4) The value of the Company assets may not be lower on the date of the entry of the Company in the Commercial Register than the capital stock. The shareholders shall be obligated to contribute the deficit amount, even without restriction to the amount of the assumed shares
- (5) Cash contributions may be fulfilled through non-cash contributions or through set-off/netting with claims against the Company
- (6) Should cash contributions be paid out again immediately temporally after the formation to the shareholder, the shareholder need only not contribute the share again if a restitution claim exists against the shareholder in the full amount in favor of the Company and is due immediately. The agreement between the shareholder and the Company is to be specified in the notification
- (7) The shareholders may be exposed in special cases to liability due to so-called "intervention destroying the existence [of the Company]". This can occur particularly in the case of the breach of the Company's own interests (withdrawal of liquidity, "diversion" of orders, jeopardizing credit standing by withdrawing collateral, shifting liability risks). Each shareholder cooperating in the intervention in the Company assets shall be affected
- (8) If false statements are made in the formation of the Company or if the Company is injured intentionally or due to gross negligence through contributions or formation expenses or if the shareholders manage the business through "persons not fit for office," all shareholders *inter alia* shall be liable to pay damage compensation, false statements during the entry of the Company in the Commercial Register are punishable in accordance with § 82 of the GmbH Act by up to three years imprisonment or a monetary fine
- (9) If the Company is not entered in the Commercial Register, unrestricted liability to cover losses shall be applicable in the amount of the losses covered by the Company assets
- (10) Shareholder loans shall be subordinate in the event of insolvency
- (11) The shareholders alone shall be responsible for procuring certainty concerning the consequences in connection with the company formation of this date. The Notary Public shall assume no warranty in this regard

### III

As incorporator and first shareholder, PMAM HOLDINGS LIMITED hereby holds a general shareholders' meeting and resolves as follows

The following persons are hereby appointed as the first managing directors of the Company

Dr Dirk Rogowski,  
Marketing Director,  
born on 22 May 1969,  
with residence at Kamp 10, 22941 Bargteheide,

Mr Holger Pastel,  
Managing Director,  
born on 24 December 1965,  
with residence at 1017 Point West, 116 Cromwell Road, SW7 4XN London,

Mr Hannes-Hauke Hess,  
Information Systems Graduate  
born on 2 April 1969,  
with residence at Torhuder Stieg 2, 22397 Hamburg

Managing Directors Dr Dirk Rogowski, Mr Holger Pastel and Mr Hannes-Hauke Hess shall each be entitled to represent the Company alone and shall always be released from the restrictive provisions of § 181 of the Civil Code

### IV

The business premises of the Company shall be in Messberg 4, 20095 Hamburg

### V

We hereby empower

- a) Mr Peter R a m i n ,
- b) Mr Dieter R u e p c k e ,
- c) Mr Wolfgang N i c k e l ,
- d) Ms Petra D r e w s ,
- e) Ms Susanne H i l b r i n g ,

each office managers/notarial employees, Gaensemarkt 50, 20354 Hamburg,

each severally and released from the limitations in § 181 of the Civil Code, to modify and supplement the provisions agreed in the above Shareholder Agreement both substantively and formally for all shareholders, to unilaterally draft and notify corresponding modification resolutions

These powers of attorney shall be unrestricted with respect to third parties. Internally, the agents are instructed only to avail themselves of these powers of attorney if the management of the Company has approved a modification or addition. These powers of attorney are hereby issued irrespective of the validity of this instrument.

Read, approved and signed in addition to the annex (and annex to the annex)

signed Dr. Dirk Rogowski  
signed Pastel

(seal) signed Dr. Radke, Notary Public



# Articles of Association of Pall Mall Investment Management GmbH

## § 1

### Corporate Name and Registered Office

The corporate name of the Company shall be

"Pall Mall Investment Management GmbH "

The Company's registered office shall be in Hamburg

## § 2

### Corporate Purpose

The corporate purpose of the Company shall consist in financial and asset management consulting for third parties with respect to any form of capital market, credit and shareholding transactions and the administration of individual assets invested in financial instruments for third parties

## § 3

### Capital Stock, Shares

- (1) The capital stock of the Company shall amount to EUR 50,000 (in words fifty thousand euro)
- (2) The following person shall assume the following share as incorporating shareholder

<i>Serial No of Share</i>	<i>Shareholder</i>	<i>Nominal Value of Share</i>
1	PMAM HOLDINGS LIMITED registered office in London Company No 6098999 (Registrar of Companies for England and Wales, Cardiff)	EUR 50,000 00

- (3) A contribution toward the assumed share must be rendered in the full amount in cash and is due immediately
- (4) Each shareholder may separately exercise the voting right from each of the shares held by it
- (5) Each shareholder may consolidated several fully-paid-in shares held by it into a single share by written declaration to the Company to the attention of the managing director

## § 4

### Corporate Bodies of the Company

The corporate bodies of the Company shall be

- a) the shareholders in general meeting,
- b) the management,
- c) the Supervisory Board

## **§ 5**

### **General Shareholders' Meetings**

- 1 The ordinary general shareholders' meeting shall take place at the latest 6 months after the close of the financial year. The shareholders in ordinary general meeting must resolve about

- a) the approval of the annual financial statements and the appropriation of earnings,
- b) the appointment and dismissal of managing directors,
- c) the conclusion of the employment agreement of a managing director

Moreover, extraordinary general meetings are to be convoked if this is necessary in the interests of the Company or requested by the shareholder

- 2 The shareholder shall be represented by the management of the shareholder (PMAM Holding)
- 3 The general shareholders' meeting is to be convoked in text form by management with a notice period of at least three weeks, communicating the agenda, the place and the time of the meeting. The day of the dispatch and the day of the meeting shall not be counted in this regard
- 4 The shareholder and management shall have the right to contribute motions to the agenda the subject of which is to be incorporated into the agenda, provided the motion is received by management 8 days before the meeting. Management must communicate these motions to the shareholder without delay
- 5 General shareholders' meetings shall take place at the Company's registered office
- 6 The shareholders in general meeting shall determine a chairperson. The chairperson shall chair the meeting, determine the type of vote, the order of the business on the agenda, appoint a minutes-keeper and assure that resolutions are duly recorded
- 7 As permitted by law and provided the shareholder does not object, resolutions of the shareholders may also be adopted in text form (except by text messages (SMS)). The result of such votes must be disclosed without delay to each representative of the shareholder in text form
- 8 A quorum shall be constituted at general meetings when the shareholder is duly represented by its managing director

- 9 If no quorum is constituted at a general meeting, management must convoke a new general shareholders' meeting with the same agenda within two weeks
- 10 Resolutions in general shareholders' meetings shall be adopted by simple majority, whereby abstentions shall not be considered as a dismissal, unless other majorities are prescribed by operation of law or this Agreement
- 11 Each EUR 1 00 of a share shall grant its holder one vote
- 12 Modifications of the Shareholder Agreement must be adopted by a majority of at least  $\frac{3}{4}$  (in words: three-quarters) of the votes cast, this shall apply particularly to capital increases, capital decreases and resolutions concerning the wind-up of the Company
- 13 Minutes are to be kept concerning each general shareholders' meeting and must be signed by the chairperson and the minutes-keeper. Each representative of the shareholder must be sent a copy within three weeks after the meeting
- 14 Shareholder resolutions may only be set aside within a period of two months from the receipt of the resolution. The period to set aside resolutions shall only be kept if the action is filed within the period

## **§ 6**

### **Management and Representation**

- 1 The Company shall have one or more managing directors. If only one managing director is appointed, such managing director shall represent the Company alone. If several managing directors are appointed, the Company shall be represented by two managing directors or by one managing director jointly with a holder of commercial powers of attorney.  
  
The shareholders in general meeting may issue one, several or all managing directors the authority to represent the Company alone and release them from the limitations in § 181 of the Civil Code.
- 2 The managing directors of the Company shall be appointed and dismissed by the shareholders in general meeting
- 3 The managing directors shall be obligated towards the Company to comply with the restrictions determined for the scope of their power of representation and management by provisions of law, provisions in the Shareholder Agreement and resolutions of the shareholders in general meeting and the Supervisory Board
- 4 Management shall require for all transactions beyond the Company's ordinary course of business the express prior approval of the Supervisory Board. Details shall be determined in the Rules of Procedure for the Managing Directors. The Rules of Procedure are attached as Annex 1

## **§ 7**

### **Controlling Rights of Shareholders**

The managing directors must provide each representative of the shareholder upon request information about the affairs of the Company

Each representative of the Company shall have the right at any time to undertake at its cost a review or partial review of the Company or to have such undertaken by a third party obligated professionally to maintain secrecy. For this purpose, the managing director must grant each representative of the shareholder the opportunity to inspect the business books

## **§ 8**

### **Supervisory Board**

- 1 The Company shall have a Supervisory Board, which shall consist of at least three members, who shall be elected by the shareholders in general meeting for a period of three years. Members may be reelected
- 2 The Supervisory Board shall supervise the management and approve the actions of the managing directors. The Supervisory Board shall have an unrestricted right to information and investigation. Management must follow the instructions of the Supervisory Board
- 3 The shareholders in general meeting may elect only Supervisory Board members from outside the Company, i.e. only persons who are themselves not directly shareholders of the Company. Only persons who have no direct or indirect competitive relation to the Company may be elected
- 4 The Supervisory Board shall advise management and select the independent auditors. The Supervisory Board may request management at any time for information about all affairs of the Company and also inform itself about such affairs. The Supervisory Board may in particular inspect and audit the books of the Company and its assets. The Supervisory Board may commission special experts with such audit at the Company's cost. The members of the Company's management shall be obligated to issue the Supervisory Board any requested information about all business relations and to inform the Supervisory Board about all states of affairs that could be of significance for its decision
- 5 The Supervisory Board is normally to be convoked once per calendar quarter, the Supervisory Board shall be convoked once per year and always when the majority of the Supervisory Board members so request. The Rules of Procedure for the Supervisory Board are attached as Annex 2
- 6 The Supervisory Board shall adopt its resolutions by 2/3 majority. Each member shall have one vote. The Supervisory Board shall have its own Rules of Procedure, which shall be approved by the shareholder

- 7 The Supervisory Board must annually report in the general shareholders' meeting about its activity in the year just closed, provided this is requested by at least one representative of the shareholder
- 8 The Supervisory Board members shall receive reasonable compensation for the participation in the meetings of the Supervisory Board and possibly the general shareholders' meeting as well as for their other activity for the Company. The details shall be determined by the shareholders in general meeting

## **§ 9**

### **Duration of Company and Financial Year**

- 1 The duration of the Company shall not be limited
- 2 The financial year shall be the calendar year. The Company shall arise upon its entry in the Commercial Register

## **§ 10**

### **Annual Financial Statements**

- 1 The annual financial statements and management report are to be prepared by management within three months after the close of the financial year and are to be audited in accordance with the provisions of law. To the extent the law prescribes simplifications for small companies delimited by shares, such are to be taken into account if the prerequisites are met
- 2 The annual financial statements and any auditor's report are to be sent to the shareholders with the invitation to the ordinary general shareholders' meeting

## **§ 11**

### **Appropriation of Earnings**

The shareholders in general meeting shall resolve on the application of the profit (formation of reserves, profit brought forward and/or distributions)

## **§ 12**

### **Written Form**

All agreements of the shareholders among themselves and with the Company regarding the corporate relation must be made in text form, unless the law prescribes notarization, verbal agreements shall be null and void

## **§ 13**

### **Final Provisions**

- 1 Notices of the Company shall only be made in the electronic *Bundesanzeiger*
- 2 If any provision of this Agreement is or becomes invalid due to any violation of compulsory provisions of law or is declared invalid, the validity of the other parts of this Agreement not directly related to the invalid provision shall not be affected thereby
- 3 The invalid provision must be reinterpreted as feasible, if necessary by modifying the Shareholder Agreement, so that the purpose pursued with it is achieved as best as possible

#### **§ 14**

##### **Formation Costs**

The formation costs shall be borne by the incorporator

#### **§ 15**

##### **Prohibition of Competition**

- 1 The shareholders in general meeting may release some or all managing directors and/or some or all representatives of the shareholder from the prohibition to compete with the Company in its field of activity in the terms of § 2 of the Shareholder Agreement. Any such release shall be limited solely to the approval to become active in an enterprise of the same industry and shall not prejudice vis-à-vis the (co)shareholders and the Company the other duties affected thereby to exercise good faith as a shareholder or managing director of the Company
- 2 A shareholder affected by the vote shall not have any voting right during the vote on the issuance of the release from the prohibition of competition, unless such shareholder is sole shareholder

## **Rules of Procedure for the Management of Pall Mall Investment Management GmbH**

### **§ 1**

- 1 The duties, powers and responsibility of the management shall arise from the laws, the Articles of Association, these Rules of Procedure and the resolutions of the Supervisory Board
- 2 The main duty of management is to manage the operative business of Pall Mall Investment Management GmbH and to determine the strategic direction

### **§ 2**

- 1 The members of management shall bear the responsibility for the entire management jointly (collegial principle) They shall inform each other on an ongoing basis about all transactions and measures in their respective divisions that are of significance
- 2 Without prejudice to the general responsibility of management, each member shall manage his or her division under his or her own responsibility Each member of management shall be entitled within his or her division to adopt decision independently and to issue orders, unless stipulated otherwise in these Rules of Procedure or in other rules, provided the divisions of other members of management are not affected thereby
- 3 The scope of responsibilities and division of the individual members of management shall result from the schedule of responsibilities, which shall be prepared by the Supervisory Board
- 4 Each member of management shall be obligated to inform him- or herself on an ongoing basis about all major transactions Accordingly, each member of management must prepare records about key business transactions from his or her division and inform his co-managing directors in a suitable fashion Without prejudice to the responsibility for his or her division, the competent member of management must coordinate questions of fundamental or material importance in due time with the management spokesperson
- 5 If transactions and measures of his or her division simultaneously affect one or more other divisions, the member of management must coordinate with the other members If no agreement is reached, each of management member involved shall be obligated to bring about a vote of the entire management

- 6 Transactions and measures of a division that are of substantial impact for the situation of the Company shall require the prior approval of management. This shall also apply to transactions and measures for which the management spokesperson requests a prior vote of management.
- 7 Transactions and measures of the type designated in Paragraphs 5 and 6 may be undertaken by the member of management without the prior approval of management or, in the case of Paragraph 5, without prior coordination with the other members involved if this is necessary in accordance with a due assessment of the circumstances to avert imminent adversity for the Company and a prior vote of the management is not possible. The other members of management are to be informed about such a procedure.
- 8 Interventions in the division of another member of management shall only be permissible and necessary if an undeferrable decision by the competent member cannot be reached in due time. However, the hindered member must be informed without delay.
- 9 In the event of serious concerns about a matter in another division, each member of management shall be obligated to bring about a vote of management if the concerns cannot be remedied by discussion with other members of management.
- 10 Without prejudice to the above provisions, each member of management shall have the right to request that items named by him or her be placed on the agenda of a meeting of managing directors.

### § 3

- 1 The following shall require the collaboration of the entire management:
  - a) all matters in which in accordance with the law, the Articles of Association or these Rules of Procedure a vote is prescribed by the entire management, particularly
    - aa) the preparation of the annual financial statements,
    - bb) the convocation of the general shareholders' meeting and the motions for resolutions to the shareholders in general meeting,
    - cc) period reports to the Supervisory Board,
    - dd) transactions and measures requiring the approval of the Supervisory Board,
    - ee) transactions and measures if they affect the scopes of responsibilities of all members of management,
  - b) all matters which are to be presented to management by a member for vote,
  - c) the passage of the strategic and operative plan and the annual planning and multi-year planning of Pall Mall Investment Management GmbH and of measures in the case variation in the plans



- d) transactions and measures pursuant to § 2(6) The question when such a measure exists shall be decided by the management spokesperson,
  - e) all matters not allocated to a particular division by the schedule of responsibilities
- 2 Management shall normally adopt resolutions in meetings, which shall take place at least twice a month and shall be convoked by the management spokesperson Each member may request the convocation of a meeting, while communicating the subject of deliberation With the convocation, which is not to be made later than three days before the meeting, the agenda must be communicated and the motions for resolutions on the items for agenda must be transmitted
  - 3 The management spokesperson shall chair the meetings The spokesperson shall determine the order in which the business on the agenda is handled and the type and order of the votes The spokesperson may determine that persons who do not pertain to management are to be invited to deliberate on specific business The management spokesperson may postpone the deliberation and vote on individual items of the agenda
  - 4 A quorum of management shall be constituted when all members are invited and at least half the members are in attendance at the meeting The absent members are to be informed without delay on the resolutions adopted in their absence Matters from the division of an absent member are only to be deliberated and resolved with the approval of such member
  - 5 At the order of the management spokesperson, resolutions may also be adopted outside meetings by written ballot or ballot by fax, telex or telephone, provided no member of management objects to this procedure Verbal votes are to be confirmed in text form
  - 6 Management shall adopt resolutions in meetings by simple majority of the votes cast, outside meetings by simple majority of its members In consideration of its general responsibility, unanimity is to be sought In the event of a tie, the vote of the management spokesperson shall decide
  - 7 Minutes are to be kept of the meetings of management, making evident the place and date of the meeting, the participants, the agenda and the wording of the resolutions The minutes shall be signed by the chairperson of the meeting and transmitted in copy to all members of management The minutes shall be considered as approved if no member of management objects prior to the next meeting following the receipt of the minutes Resolutions of management adopted outside meetings are likewise to be recorded in minutes The objection of a member of management to a resolution of management adopted by majority is to be recorded in the minutes

#### § 4

- 1 In addition to his or her task as director of the division allocated to him or her, the management spokesperson shall be responsible for coordinating the divisions of all members of management

The spokesperson must affect that the management of the divisions of the other members of management is aimed at the objectives determined in the resolutions of management. The spokesperson may request from the members of management at any time information about individual transactions and measures of their divisions and determine the matters that are to be presented to the spokesperson.

- 2 The management spokesperson shall represent management and the Company in relation to the public, particularly in relation to authorities, associations, economic organizations and organs of publication. The management spokesperson may transfer these duties for specific types of matters or in specific cases to another member of management.
- 3 The chairperson of management shall be responsible for conducting the ongoing verbal and written business dealings with the Supervisory Board and the individual members thereof. Without prejudice to the periodic reports of management pursuant to § 90 of the Corporation Act, the management spokesperson shall inform the chairperson of the Supervisory Board about major affairs of the Company. The management spokesperson shall report for management within the periods mentioned in § 90(2) of the Corporation Act to the Supervisory Board concerning the planned business policy and other basic questions of business planning, particularly the financial, investment and human resource planning, the profitability of the Company (particularly the turnover and the situation of the Company) and transactions that could be of significant importance to the profitability or liquidity of the Company. The Supervisory Board shall moreover normally be informed each quarter of the turnover, sales, earnings and cash-flow development, the financial, liquidity and earnings situations and about material risks to the Company.
- 4 If the management spokesperson is prevented, his or her duties shall be carried out by the vice spokesperson.

## § 5

- 1 Management shall require for all transactions beyond the course of ordinary business the express prior approval of the Supervisory Board. This shall include in particular
  - a) all dispositions over properties, leasehold rights or rights to leasehold rights, the obligation to undertake such disposals,
  - b) the sale of the business as a whole, the establishment, sale or relinquishment of operations or business facilities,
  - c) the acquisition and sale of other enterprises,
  - d) the acquisition, sale, modification or termination of shareholdings,
  - e) the conclusion, modification or termination of agreements concerning organic unities (control and profit and loss absorption agreements),

- f) acquisitions and investments, including construction measures, if the acquisition or production costs exceed EUR 50,000 in any specific case or EUR 100,000 per financial year,
- g) the borrowing or granting of securities or credits and the assumption of third-party obligations, if such exceed EUR 20,000 in any specific case or EUR 100,000 per financial year,
- h) the issuance of commercial or general powers of attorney,
- i) the instigation of litigation and the cessation thereof through retraction of the action, etc

Agreements with relatives of representatives of the shareholder or managing directors and with companies to which representatives of the shareholder or managing directors or their relatives are party "Relatives" shall be determined in accordance with § 15 of the Tax Code

- 2 The shareholders in general meeting may also determine other items requiring the approval of the Supervisory Board. They may also make items contingent on the approval of the shareholders in general meeting

#### **§ 6**

Each member of management must disclose conflicts of interest to the Supervisory Board and inform the other members of management thereof

#### **§ 7**

Vacation is to be coordinated between members of management in consultation with the management spokesperson. In the case of vacation, business trips and the illness of a member of management, the other members shall be entitled and obligated to act as a substitute for the hindered member. Substitution in the absence of a member shall be stipulated by the management spokesperson, unless stipulated by the schedule of responsibilities.

## **Rules of Procedure for the Supervisory Board of Pall Mall Investment Management GmbH**

### **§ 1**

The Supervisory Board shall exercise its activity in accordance with the law, the Articles of Association of the Company and these Rules of Procedure

### **§ 2**

The resolutions of the Supervisory Board shall normally be adopted in meetings. Votes may be made in writing or by way of telex, fax or electronic means or by phone, provided no Supervisory Board member objects to this procedure. Supervisory Board members hindered from participating in a meeting of the Supervisory Board may have their written ballot submitted by another Supervisory Board member

### **§ 3**

The meetings of the Supervisory Board shall take place at least quarterly at the registered office of the Company or at another place of meeting determined in the invitation to the meeting

### **§ 4**

- (1) Meetings of the Supervisory Board shall be convoked by the chairperson or, when such person is hindered, by the vice chairperson. Invitations shall be issued to the Supervisory Board members in writing or electronically, observing a notice period of one week, calculated from the date of receipt of the invitation until the date of the meeting. The place of the meeting must be indicated in the invitation and the agenda must be communicated, enclosing supporting documentation
- (2) In urgent cases, the invitation may also be made verbally, by phone, telex or fax, restricted to notification of the place of meeting and the agenda and reducing the notice period to 5 days
- (3) Resolutions on agenda items not duly announced in a formal and timely invitation to a meeting may only be adopted if no Supervisory Board member objects to the vote. If no Supervisory Board member present at the meeting objects, absence Supervisory Board members must be given the opportunity to subsequently object to the vote within a reasonable period to be established by the chairperson, the resolution shall first be effective if none of the absence Supervisory Board members object within the period

### **§ 5**

- (1) Supervisory Board meetings are to be chaired by the chairperson of the Supervisory Board or, if the chairperson is hindered, by the vice chairperson. If both are absent, the oldest present Supervisory Board member by age shall chair the meeting.
- (2) The chair of the meeting shall determine the type of vote.
- (3) The chairperson of the Supervisory Board or, if hindered, the vice chairperson shall conduct the written correspondence in matters of the Supervisory Board.

#### § 6

The Supervisory Board shall not form any separate committee for particular tasks.

#### § 7

The Supervisory Board shall deal in particular *inter alia* with the supervision of the accounting process, the validity of the internal controlling system, the internal risk management system, the internal auditing system and compliance and with the approval of the actions of the managing directors and the issuance of an audit mandate to the independent auditors, the determination of the focus of audits and the fee agreements.

#### § 8

- (1) Managing directors shall take part in the meetings of the Supervisory Board, unless the chairperson of the Supervisory Board decides otherwise in specific cases.
- (2) The Supervisory Board chairperson shall determine the extent to which individual experts or informants are to be involved in meetings to deliberate on specific business.
- (3) Each member of the Supervisory Board shall be entitled to inspect auditor's reports and reports of management to the Supervisory Board as well as the business records. Auditor's reports are to be sent to each Supervisory Board member. The reports of management to the Supervisory Board are to be sent to each Supervisory Board member, unless the Supervisory Board has resolved otherwise.
- (4) The chairperson of the Supervisory Board shall maintain regular contact with management, particularly with the management spokesperson and shall consult with the latter on the strategy, the business development and the risk management of the enterprise. The Supervisory Board chairperson shall inform the Supervisory Board without delay of developments of material significance to the enterprise and, if necessary, shall convene an extraordinary Supervisory Board meeting.

#### § 9

- (1) Minutes are to be kept about the meetings of the Supervisory Board and must be signed by the chair of the meeting. The minutes are to specify the place and date of the meeting, the

participants, the items on the agenda, the material content of the deliberations and the resolutions. The minutes of meetings shall be considered as approved if no objection is raised to the chairperson by a member within 14 days after dispatch of the minutes. If the chairperson fails to resolve the objection, the objection is to be decided at the next meeting.

- (2) In the case of votes made in writing or by telex, fax or electronic means or by phone, the minutes are to be prepared with due regard to the above considerations and the special features arising through each procedure. The Supervisory Board chairperson shall be responsible for preparing the minutes in the case of a vote of the Supervisory Board.

#### **§ 10**

- (1) The Supervisory Board members must maintain secrecy concerning confidential matters and secrets of the Company, namely business and trade secrets, of which they become aware through their activity on the Supervisory Board.
- (2) Without prejudice to the above provision in Paragraph (1), it shall be presumed that the following items in particular are to be viewed as confidential matters or secrets in the terms of Paragraph (1), provided no announcement has been made about them by the Company or another agency authorized to do so:
  - a) business plans (general or specific plans),
  - b) investment projects,
  - c) product developments,
  - d) inventions,
  - e) acquisition or sale of shareholdings and acquisition, formation or sale of enterprises,
  - f) changes in the Company capital,
  - g) information about investors (customers),
  - h) personnel issues,
  - i) information, facts and estimations which the disclosing party expressly requested to be kept confidential and for which it cannot be ruled out upon informed financial consideration that the disclosure thereof could jeopardize the interests of the Company, particularly its competitiveness or market opportunities,
  - j) information the disclosure of which jeopardizes the reputation or image of the Company or the persons representing the Company, the safety and order in the Company or could cause unjustified unrest among the employees or shareholders.

- (3) If a Supervisory Board member plans to disclose falling under Paragraph (2) in whole or in part to third parties not pertaining to the Supervisory Board, such Supervisory Board member shall be obligated to notify the Supervisory Board chairperson or, if the latter is hindered, the vice chairperson at least one week before the date of the planned disclosure about the content of the disclosure and the person of the addressee in order to give the Supervisory Board chairperson the opportunity to comment thereon and, if the chairperson deems fit, to instigate comments by the Supervisory Board

#### **§ 11**

- (1) Each Supervisory Board member must disclose to the Supervisory Board chairperson conflicts of interest, particularly those which could arise based on any consultation or board position with customers, suppliers, creditors or other business parties
- (2) If material and not merely temporary conflicts of interest exist in the person of a Supervisory Board member, the affected Supervisory Board member must resign his or her mandate

I hereby confirm the conformity of the above copy with the original

Hamburg, 24 November 2010

*[Signature]*

Notary Public

*[Bound and sealed]*

## DIRECTORS REPORT

regarding the merger

of **Pall Mall Investment Management Limited**, a private company limited by shares formed under the laws of England and Wales with Company number 3548908

(**Transferor**)

and

**Pall Mall Investment Management GmbH i. G.**, a private limited liability company founded under the laws of Germany with its designated registered office in Hamburg and its business address at Messberg 4, 20095 Hamburg Germany (**Transferee**)

by means of a merger by absorption ("**Merger**")

which was adopted by the Board of Directors of the Transferor at a meeting duly held on 8 December 2010

### Background

The Transferor is a FSA authorised asset management company which currently operates two distinct investment products. The Transferor's high yield business is conducted exclusively in England and consists of clients located mainly in Germany but also elsewhere in Europe. The Transferor's Risk@Work<sup>(TM)</sup> and quantitative business ("**Quant Business**") is conducted exclusively in Hamburg, Germany, where it operates as a branch of the English company, and its clients are exclusively German institutional clients. The Quant Business consists of four fund managers. The sales employees for whole of the business is also based exclusively in Germany.

On 22 July 2010, the Transferor agreed to sell its high yield business and assets (exclusive of the sales force) to Brookfield Investment Management (UK) Limited ("**BIM**") Closing of the transaction, which is expected to occur around Christmas 2010, is subject to BIM becoming authorised and regulated by the FSA. At closing, all but five of the Transferor's UK-based employees will become employees of BIM. Of these remaining employees, one will relocate to Germany and join the Quant Business. Of the remaining four employees, two are currently working subject to a fixed contract (one of which ends on 31 January and the other on 28 February 2011), and the other two have agreed to leave the employment of the Transferor with negotiated severance packages.

After the sale to BIM, there will be only limited assets and liabilities of the Transferor left in England and there will be no business operations based in England.

As a direct result of the sale transaction with BIM, the Transferor expected to cease its business operations in England and explored a number of ways to migrate its business operations efficiently and effectively over to Germany. It was only sometime after 22 July that the Transferor, having sought professional advice, decided to engage in the Merger.

A primary goal of the Merger is to effect the simultaneous transfer of regulatory responsibility for the Transferor from the FSA to the BaFin (the German equivalent of the FSA). Such a transfer of



regulatory responsibility is highly logical in that the remaining operations of the business are solely located in Germany. In anticipation of filing an application to effect the regulatory transfer, the Transferor has engaged in discussion with the staff of the BaFin. The formal application to the BaFin will be filed on 10 December 2010. The BaFin staff have provisionally indicated that they will approve the regulatory transfer on or about 28 February 2011.

Alphabetical references in parenthesis below equate to sub-section 2, section 8 of The Companies (Cross-Border Mergers) Regulations 2007.

**(a) The effect of the Merger for members, creditors and employees of the Transferor:**

(i) **Creditors** All creditors of the Transferor will be paid in full either before the Merger is complete or by the Transferee after the Merger. The English operations of the Transferor will cease upon the closing of the sale of the High Yield Business to BIM. The only English liabilities remaining after the sale relate to ancillary support contracts for the former operations. A list of the contracts and the time line for payment is attached to this report.

All liabilities in Germany will be assumed by the Transferee.

(ii) **Employees** After the closing of the sale of the High Yield Business to BIM, the Transferor will have only 5 employees who work in the office in London. Holger Pastel, a director, has agreed to relocate to Germany. Two of the remaining employees have fixed term contracts which expire respectively on 31 January 2011 and 28 February 2011 and which currently are not intended to be renewed. The Transferor has had discussions with the final two employees and each has agreed, in principle, to a severance package which will include execution of a compromise agreement. Accordingly, upon completion of the Merger, assuming it is completed at the end of February 2011, there will be no employees of the Transferor in England.

There are currently 8 employees of the Transferor working in the Hamburg branch office. Upon completion of the Merger, all staff in Hamburg will become employed by the Transferee on existing terms and conditions.

(iii) **Members** PMAM Holdings Limited ("Holdings") owns all of the ordinary shares of the Transferee and will hold all of the voting rights of the Transferee. As such there will be no share capital issued to Holdings in connection with the Merger. Holger Pastel, a director of the Transferee, owns 37,500 6% Preference Shares of the Transferor for which he paid approximately £212,500. The 6% Preference Shares have no right to vote, a right to a fixed dividend and redemption premium of £9.00 per share. Mr Pastel will exchange the 6% Preference Shares for participation rights ("Genussscheine") of like kind in the Transferee.

**(b) (i) The legal and economic grounds for the Merger Plan**

Please see the information under the heading "Background" above.

**(ii) The material interests of Directors**

No director of the Transferor has any direct interest in the Transferor except for Holger Pastel who owns 6% Preference Shares. Certain directors of the Transferor are employees and their terms and conditions of employment will be assumed by the Transferee after the Merger.

**(iii) Differing effect on Director's interest**

Except for the exchange of Mr Pastel's 6% Preference Shares for a like interest in the Transferee, no interest of a director of the Transferor will be given any different or special treatment