

DATE 20 JULY 2010

CONNAUGHT ADMINISTRATION SERVICES LIMITED
CONNAUGHT ASSET MANAGEMENT LIMITED

LIMITED PARTNERSHIP AGREEMENT

relating to

THE CONNAUGHT INCOME SCHEME SERIES 3 LP

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LIMITED PARTNERSHIP AGREEMENT

DATE 20 JULY 2010

PARTIES

- 1 **CONNAUGHT ADMINISTRATION SERVICES LIMITED** (registered number 6081018) whose registered office is at Ground Floor, Hill Place House, 55 High Street, Wimbledon Village, SW19 5BA (the "**General Partner**")
- 2 **CONNAUGHT ASSET MANAGEMENT LIMITED** (registered number 6058768) whose registered office is at Ground Floor, Hill Place House, 55 High Street, Wimbledon Village, SW19 5BA (the "**Founder Partner**")

RECITALS

- A The Parties formed a limited partnership under the name "Connaught Income Scheme, Series 3 LP" on 20 July 2010 to carry on the Business.
- B The Parties entered into a limited partnership agreement on 20 July 2010 to regulate their relationship with respect to The Connaught Income Fund, Series 3 (the "**Original Agreement**").
- C The Founder Partner will subscribe for £1 of Capital Contribution in the Partnership.
- D The Partnership was registered as a limited partnership under the Limited Partnerships Act 1907 with registered number LP14005.
- E The Parties have agreed to execute this Agreement as a Deed.

AGREEMENT

1 **Definitions and interpretation**

In this Agreement (including the Recitals and Schedules), unless the context requires otherwise, the following words and expressions shall have the meanings shown:

Accounting Date: 30 October 2011 and 30 October in each year thereafter or such other date as the General Partner may determine and notify to the Limited Partners or (in the case of the final Accounting Period of the Partnership) the date when the Partnership is terminated;

Accounting Period: a period ending on and including an Accounting Date and beginning on the commencement of the Partnership or on the day following the preceding Accounting Date (as the case may require);

Acquisition Cost: the acquisition cost of an Investment together with any costs, duties (including stamp duties), fees and expenses related to such acquisition payable by the Specialist Partner;

Act: the Limited Partnerships Act 1907, as amended from time to time;

this Agreement: this limited partnership deed, as amended from time to time;

Asset Manager: a person appointed pursuant to Clause 5.2 to act as asset manager of the Partnership;

Associate: any corporation or undertaking which in relation to the person concerned (if a corporation) is a holding or subsidiary company or a subsidiary of any such holding company; where the person concerned is an individual or a firm or other unincorporated body the expression "Associate" shall mean any corporation directly or indirectly controlled (as defined in section 840 of the Income and Corporation Taxes Act 1988) by such person;

Auditors: a United Kingdom recognised auditor as may be selected by the General Partner pursuant to Clause 11.6;

Authorised Person: a person who is an authorised person under FSMA;

Business: the business of raising funds in order to support the Credit Facility provided to the Specialist Partner to enable the Specialist Partner to make short term secured loans on selected real estate with agricultural use and to carry out all functions and acts in connection therewith;

Business Day: any day other than a Saturday, Sunday or any other day on which clearing banks in the City of London are not open for the conduct of ordinary business;

Capital: amounts determined by the Operator and Administrator (after consultation with the Auditors) to be in the nature of capital and available for distribution by the Partnership or (as the case may be) already distributed by the Partnership;

Capital Contribution: in respect of each Partner, the amount shown as contributed to the capital of the Partnership by such Partner which shall be an amount equal to 0.01% of a Commitment and which shall not include any capital which has been returned to Investors pursuant to Clauses 6.4 and 7.6;

Commitment: an amount which a Limited Partner has agreed to commit, which comprises a Capital Contribution and a Loan;

Credit Facility: the revolving credit facility between the Partnership and the Specialist Partner dated 28 June 2010 as referred to in the Service Agreement;

Distributions: distributions to the Partners pursuant to Clause 6.5 (and "Distributed" and "Distributions" shall be construed accordingly);

FSA: the Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS;

FSA Rules: the rules and guidance issued by the FSA from time to time and for the time being in force (as varied by any waivers or dispensations granted by the FSA and applicable to the Operator);

FSMA: the Financial Services and Markets Act 2000 and any successor legislation;

Information Memorandum: means the information memorandum issued or to be issued in relation, *inter alia*, to the Partnership, as amended from time to time;

Interest: the interest of a Partner in the Partnership and all other rights which such Partner has to vote and inspect the books and records of the Partnership;

Investment Policy: the investment policy of the Partnership formulated pursuant to Clause 5.5.2;

Investments: loans made to the Specialist Partner as described in the Investment Policy Procedure Manual as set out in Schedule IV

Investor: any person who subscribes for a Commitment to the Partnership either pursuant to this Agreement or by signing a form of application and adherence referred to in Clause 2.7 (for the avoidance of doubt, excluding the Founder Partner) and any Substitute Investor;

Investors' Consent: the written consent (which may consist of one or more documents in like form each signed by one or more of the Investors) of such of the Investors whose aggregate Commitment represent over 75% of the aggregate amount of Commitments subscribed by all of the Investors;

Limited Partner: each of the Investors other than the General Partner in its capacity as the general partner of the Partnership;

Loans: in respect of each Investor, the aggregate amount of the loan advanced to the Partnership by such Investor pursuant to Clause 4, which shall be an amount equal to 99.99% of a Commitment;

Loan Participation: in respect of each Investor, the Loans advanced as part of his Commitment pursuant to Clause 3.2 (whether or not such Loans have been repaid to the Investor in whole or in part);

Ongoing Expenses: the costs and expenses of the Partnership being:

- (i) auditors' and bankers' fees and expenses; and
- (ii) any stamp duty payable in respect of acquiring, or disposing of Investments.

Opening Date: the opening date for applications for participations in the LP which is 9 July 2010;

Operator: the operator appointed by the Limited Partnership from time to time;

Operator Agreement: an agreement between the Partnership and the Operator in relation to the Partnership as may be entered into and amended from time to time;

Parties: the parties to this Agreement from time to time;

Partner: the General Partner and/or all or any of the Limited Partners, as the case may require (and "Partners" shall be construed accordingly);

Partnership: The Connaught Income Scheme Series 3 LP being the limited partnership established by this Agreement and the activities and operation of which shall be governed by the terms and conditions of this Agreement;

Partnership Assets: all of the assets of the Partnership;

Portfolio: all Investments, money, assets or borrowings for the time being held by or to the order of the Partnership;

Quarter: each quarterly period, ending on the last Business Day of March, June, September and December;

Quarter Day: the first Business Day of each Quarter;

Regulated Activity: means a regulated activity for the purposes of FSMA;

Specialist Partner: UK Acorn Finance Limited or such other third party who may be appointed

Substitute Investor: a person admitted to the Partnership pursuant to Clause 6 as a Limited Partner as the successor to all, or part of, the rights and liabilities of an Investor in respect of the portion of such Investor's Interest in the Partnership transferred to such person;

VAT: United Kingdom value added tax;

Valuation Procedures: the basis of the valuation of loans made by the Specialist Partner set out in Schedule I to the underlying borrowers as amended by the Asset Manager (in consultation with the General Partner) from time to time in its reasonable discretion.

In this Agreement (unless the context requires otherwise):

any reference to "Value" (except where otherwise expressly stated) means, in relation to any Investment, the total commitment made;

the terms "subsidiary" and "holding company" bear the respective meanings attributed to them in Section 736 of the Companies Act 1985, and "subsidiaries" and "holding companies" are to be construed accordingly and "group" means all subsidiaries and holding companies of a company and all subsidiaries of any holding company;

any reference to a Recital, Clause or Schedule is to a Recital, Clause or Schedule (as the case may be) of or to this Agreement;

any reference to a statutory provision includes any subordinate legislation made from time to time under that provision;

any reference to a statutory provision or regulation under a statutory provision shall include that provision or regulation as from time to time modified or re-enacted whether before or after the date of this Agreement so far as such modification or re-enactment applies or is capable of applying to any transactions entered into prior to the date of this Agreement and (so far as liability thereunder may exist or can arise) shall include also any past statutory provision or regulation under a statutory provision (as from time to time modified or re-enacted) which such provision or regulation has directly or indirectly replaced.

The Interpretation Act 1978 applies to this Agreement in the same way as it applies to an enactment.

Operative Provisions

2 Establishment

2.1 Nature

The Partnership is a limited partnership registered in England and Wales pursuant to the Act with registration number LP14005. In the event that the Partnership is unable to pay its debts, liabilities or obligations, the liability of a Limited Partner will be limited to the amount of its or his Capital Contribution together with such portion of the Loan advanced to the Partnership by such Limited Partner as shall not at the relevant time have been repaid.

2.2 Purpose

The purpose of the Partnership is to carry on the Business with the principal objective of providing investors with a fixed rate of interest. The Partnership (acting through the General Partner or persons authorised on behalf of the Partnership such as the Operator) may execute, deliver and perform all contracts and other undertakings and engage in all activities and transactions as may in the opinion of the Operator and the General Partner be necessary or advisable in order to carry out the foregoing purposes and objectives.

2.3 Name

The Business of the Partnership shall be carried on under the name and style or firm name of "The Connaught Income Fund, Series 3". The name of the Partnership shall be changed if required by the General Partner at any time in its sole discretion or if the General Partner shall not be or shall cease to be a subsidiary of the Founder Partner. Any change in the name of the Partnership shall forthwith be notified to each Limited Partner.

2.4 Principal Place of Business

The principal place of business of the Partnership shall be at the registered office of the Operator from time to time or such other place in England and Wales as the General Partner shall from time to time determine. Any change in the principal place of business of the Partnership shall forthwith be notified to each Limited Partner.

2.5 Compliance with the Act and FSMA

The Partnership has been established as a limited partnership pursuant to the Act. It is acknowledged and agreed that the establishment, operation and winding-up of the Partnership must be and remain the responsibility of an authorised person for the purposes of FSMA. The Operator shall therefore be appointed by the Partnership to have overall responsibility for the establishment, operation and winding-up of the Partnership pursuant to the Operator Agreement. The Operator shall procure that particulars of any relevant changes in the composition or terms of the Partnership effected pursuant to this Agreement and any further changes which may occur in the future shall be notified to the Registrar in a statement specifying the date and nature of such changes.

2.6 Duration

Subject to the provisions of Clause 9, the term of the Partnership shall continue until the seventh anniversary of the Opening Date at which point it will be reviewed.

2.7 Further Partners

Investors may be admitted as Limited Partners to the Partnership by the Operator on or after the Opening Date provided that:

they each make a minimum commitment of at least £20,000

they each sign, deliver and have accepted a form of application and adherence in such form as the Operator may determine whereupon they each shall, save as otherwise provided in this Agreement, be treated as "Investors" and "Limited Partners" for all purposes of this Agreement.

3 Partners' Contributions

3.1 Founder Partner

The Founder Partner has agreed to contribute the amount of capital in cash to the Partnership as stated in Recital C as a Founder Partner.

3.2 Investors

Upon being admitted to the Partnership, each Investor shall transfer to such bank account as the Operator shall notify to him an amount equal to his Commitment.

3.3 Interest on Investment

Interest will be paid at a rate published in the Information Memorandum from the date the investment is received and banked until the quarter in which the investment is withdrawn but not in respect of that quarter. Interest will be paid quarterly in arrears. This rate may change.

3.4 Repayment

Subject as provided in Clauses 7.6 and 7.7 Capital contributions shall be repaid on demand in writing where 30 days or more have elapsed since the date of any repayment instruction.

4 Loans

4.1 The General Partner and the Founder Partner

Otherwise than pursuant to Clause 6.2.2, the General Partner shall not be required to advance any loan to the Partnership.

The Founder Partner shall not be required to advance any loan to the Partnership.

4.2 Interest

The Loan element of a Limited Partner's Commitment will earn interest at a rate of 8.5% to 9.0% payable in arrears on each Quarter Day. Amounts contributed to the Partnership during a Quarter will earn interest only from the date of contribution. Amounts withdrawn under Clause 7.7.2 during a Quarter will not earn interest for any part of that Quarter. Limited Partners may elect (by written notice to the General Partner) to re-invest in the Partnership interest payable on their respective Loans in which event such Partners' Loan Participations shall be deemed to be increased accordingly.

4.3 Repayment of the Loans

The Loan element of an Investor's Commitment will be repaid, or may be withdrawn, in accordance with Clauses 6 or 7.7.

5 The General Partner

5.1 Appointment of the Operator

The appointment of the Operator shall be governed by the terms of the Operator Agreement including, without limitation, provisions relating to the termination of such appointment.

The Operator shall have the authority (on behalf of the Partnership and with the power to bind the Partnership), subject to the restrictions noted in this Agreement, to carry out all such activities as are set out in the Operator Agreement and Schedule III.

5.2 Appointment of the Asset Manager

The Operator shall be responsible for appointing the Asset Manager as agent of the General Partner in respect of investments made by the Partnership in accordance with the Investment Policy.

5.3 Restriction on Limited Partners

The Limited Partners shall take no part in the operation of the Partnership or the management or control of its business and affairs, and shall have no right or authority to act for the Partnership or to take part in or in any way interfere in the conduct or management of the Partnership or to vote on matters relating to the Partnership other than as provided in the Act or as set forth in this Agreement, but they shall at all reasonable times, subject to having given reasonable notice, have access to and the right to inspect during normal business hours all the books and accounts of the Partnership.

5.4 Restrictions on the General Partner

Notwithstanding anything in this Agreement to the contrary, the General Partner shall not do or be authorised to do anything (including acting or offering or agreeing to act as the Operator) which might constitute a Regulated Activity unless it is authorised by the FSA to do so.

5.5 Authority and Powers of the General Partner

5.5.1

The General Partner shall have full power and authority on behalf of the Partnership, subject always to any relevant restrictions and provisions of this Agreement and consistent with the Investment Policy and so as to bind the Partnership thereby, whether itself or by a duly appointed entity:

5.5.2

To appoint the Operator to act as their agent to appoint the Asset Manager in respect of investments made by the Partnership in accordance with the Investment Policy, pursuant to clause 5.2;

5.5.3

to cause the Partnership to pay out of the Partnership Assets all of the preliminary expenses, direct or indirect, incurred in the establishment of the Partnership (plus VAT where applicable) including but not limited to legal, placement, accountancy, printing, postage, travelling and other direct costs of establishment;

5.5.4

to formulate the Investment Policy of the Partnership provided that in so doing due regard shall be given to the purpose of the Partnership as set out in Clause 2.2 and to the provisions set out in the Information Memorandum;

5.5.5

to evaluate all short term loan applications against the criteria set out in the current Investment Memorandum and; confirm that the Partnership has a prime charge over the security; approve those applications; and, authorise the release to the Specialist Partner of funds held by the Partnership;

5.5.6

- to exercise all rights conferred upon the Partnership under the terms of any purchase agreement or otherwise in respect of an Investment and generally to take any action that the General Partner or the Manager consider appropriate for the protection of the Partnership Assets;
- 5.5.7 to enter into, make and perform such contracts, agreements and other undertakings, on behalf of the Partnership in connection with Investments or proposed Investments and to do all such other acts as it may deem necessary and advisable for or as may be incidental to the conduct of the Business;
- 5.5.8 to grant and make payments in respect of indemnities in accordance with Clause 11.2;
- 5.5.9 to commence or defend litigation that pertains to the Partnership or to any of the Partnership Assets;
- 5.5.10 to engage independent agents, lawyers, accountants, custodians and financial advisers and consultants as it may deem necessary or advisable in relation to the affairs of the Partnership and to perform all or any of the activities set forth in this Clause 5.5;
- 5.5.11 to register and publish all such notices, statements or other instruments as may be required pursuant to the Act to be registered and published in relation to the establishment of the Partnership and in relation to any changes occurring in relation to the Partnership as specified in Section 9 and 10 of the Act;
- 5.5.12 generally to communicate with the Limited Partners and to report to the Limited Partners at such times as they shall think fit and when reasonably requested by the Limited Partners by an Investors' Consent so to do and to represent the Partnership in all things;
- 5.5.13 to effect such insurances as may be appropriate or desirable for the purposes of the Partnership; and
- 5.5.13 to do all or any other acts as are required by this Agreement or as are necessary or desirable in the opinion of the Operator in furtherance of the foregoing powers and consistent with the terms of this Agreement.

5.6 Compliance with the Act

The General Partner shall comply with all registration and other requirements of the Act so as to ensure, so far as they are able, that the liability of the Limited Partners is and at all times remains limited as provided in the Act. In the event that the General Partner becomes aware of information or circumstances which in its reasonable opinion may materially prejudice the limited liability status of any of the Limited Partners for the purposes of the Act, the General Partner shall inform the relevant Limited Partner(s) of such information or circumstances in writing as soon as reasonably practicable. For the avoidance of doubt, the General Partner shall do all things and discharge all duties or requirements of or imposed on a general partner by the Act.

5.7 Separate Liabilities of the General Partner

The General Partner undertakes that it shall at all times duly and punctually pay and discharge its separate and private debts and engagements, whether present or future, incurred or assumed by it as principal and other than in its capacity as general partner of the Partnership, and shall keep the Partnership Assets and the Limited Partners and their personal representatives' estates and effects indemnified from and against such debts and engagements and from and against all liabilities, actions, proceedings, costs, claims and demands in respect of such debts and engagements.

5.8 Expenses and Fees

5.8.1 The General Partner is responsible for all fees incurred in the creation, operation, and winding up, of the Fund. The Fund will bear no costs.

6 Partnership Accounts, Allocations and Distributions

6.1 Partnership Accounts

6.1.1 The Operator and Administrator between them shall arrange for the preparation and approval of accounts of the Partnership in respect of each Accounting Period in accordance with generally accepted accounting practice in the United Kingdom, including a balance sheet, income and expenditure account, a statement of the amount of the income account, capital account and loan account of each Partner and a summary of movements in such accounts. These accounts will be presented in Pounds Sterling. The General Partner shall cause such accounts to be audited by the Auditors. A set of the audited accounts including the report of the Auditors and a statement of accounting policies (which at the date of this Agreement are intended to follow the principal policies set out in Schedule II but which may be varied by the General Partner with the agreement of the Auditors) shall be furnished to each Partner as soon as possible (but not later than 90 days) following the end of each Accounting Period.

6.1.2 Each Partner shall have, inter alia, a capital account, and a loan participation account (if applicable) which will be operated as follows:

6.1.3 the Capital Contribution of each Partner shall be credited to his capital contribution account;

6.1.4 the Loan Participation and Loan Participation repayments of each Partner shall be credited or debited to his loan account;

PROVIDED THAT the General Partner may, with the approval of the Auditors, vary the accounting structure of the Partnership to reflect properly the terms of this Agreement.

6.2 Allocation of Debts, Liabilities and Obligations

6.2.1 The Limited Partners shall have no personal obligation for the debts or liabilities of the Partnership, except as provided in Clause 2.1 and in the Act.

6.2.2 If at any time following the date by which the full amount of the Loan Participations shall have been advanced the liabilities of the Partnership other than the Loans cannot be satisfied out of the Partnership's cash funds, including the benefit of the intercreditor agreement with the specialist partner the General Partner will be liable to contribute an amount which, when added to the Partnership's cash funds, will be sufficient to meet such liabilities; provided that any such contribution shall subsequently be repayable to the General Partner (together with interest on the amount of any such contribution outstanding from the date of payment by the General Partner up to the date of repayment at the base rate of Barclays Bank Plc from time to time) if and when cash funds become available for the purpose.

6.3 Limitations on Distributions

The Operator shall not be obliged to cause the Partnership to make any distribution or payment of interest:

6.3.1 unless there is sufficient cash available for such distribution;

6.3.2 which would render the Partnership insolvent;

6.3.3 which, in the opinion of the Operator, would or might leave the Partnership with insufficient funds to meet any future contemplated obligations or contingencies; or

6.3.4 if, following such distribution, the aggregate of the balances on any Partner's income and capital accounts would be less than nil.

7 Assignment of Interests or Shares and Resignation from Partnership

7.1 Assignment of Interest of the General Partner

The General Partner shall not sell, assign, transfer, exchange, pledge, encumber or otherwise dispose of all or any part of its rights and obligations as a general partner, or voluntarily withdraw as the General Partner of the Partnership without the sanction of an Investors' Consent except that the General Partner may transfer its rights and obligations in the Partnership to an Associate of the General Partner without requiring such consent and may in such circumstances be permitted to resign pursuant notwithstanding Clause 7.5.

7.2 Restriction on Assignment of Interest of Investors

No sale, assignment, transfer, exchange, pledge, encumbrance or other disposition ("Transfer") of any Investor's Interest in the Partnership, whether voluntary or involuntary, shall be valid or effective except with the consent of the Operator, which consent shall not be unreasonably withheld.

The Investor wishing to effect a Transfer of all or part of its Interest shall apply to the Operator for consent by not less than 30 days' prior written notice and shall furnish such information, documents, instruments, certificates and opinions in relation to the proposed Transfer and the proposed Substitute Investor as may be required by the Operator. The transferring Investor shall bear all costs and expenses arising in connection with any such permitted Transfer, including (without limitation) reasonable legal fees arising in relation thereto and the transferring Investor, the transferee and all other Partners shall be obliged to join in the giving of any election required by the Operator.

No Transfer shall be made unless the proposed transferee has executed and delivered to the Operator a form of application and adherence in such form as the Operator may determine. The Operator shall not have any obligation to assist any Investor in procuring a purchaser of any Interest.

7.3 Position of Substitute Investors

Any Substitute Investor shall be bound by all the provisions of this Agreement and, as a condition of giving its consent to any Transfer to be made in accordance with the provisions of this Clause 7, the Operator shall require the proposed Substitute Investor to acknowledge its assumption (in whole or in part) of the obligations of the transferring Investor by entering into this Agreement as a signatory or by executing a form of application and adherence in a form satisfactory to the Operator and becoming a Partner. The Partnership, the Operator and the General Partner shall not incur any liability for allocations and distributions made in good faith to the transferring Investor until the written instrument of transfer has been received by the Partnership, details of the new Partner have been registered in accordance with the provisions of the Act and recorded in its books and the effective date of the Transfer has passed.

Notwithstanding any other provisions of Clause 7.2 or this Clause 7.3, each Investor undertakes to notify the Operator forthwith in writing of the full names of any entity or person to whom it proposes to Transfer any Interest, of any change in its own name and any other information relating to the Transfer which the Operator may reasonably request.

7.4 Assignment of Interests in Violation of this Clause

No Transfer of an Interest in violation of this Clause 7 shall be valid or effective and the Partnership shall not recognise the same

7.5 Resignation of General Partner

Subject to Clause 7.1, the General Partner may not resign as General Partner of the Partnership.

7.6 Expulsion of Investors

If the General Partner or the Operator shall receive notice or otherwise become aware that any Investor is the subject of any statutory or regulatory prohibition or that there are other facts, matters or circumstances (including possible money laundering activities) as a result of which such Investor was not legally authorised to subscribe for its Commitment, the Operator shall have the right to expel such Investor from the Partnership, in which event the Operator shall, as soon as the Partnership is able to do so, return to such Investor the amount of his Capital Contribution and any Loan then outstanding PROVIDED THAT the amount returned to such Investor shall not exceed the value of the Investments attributable to that Partner's Interest, whereupon such Investor shall cease to have any Interest whatsoever in the Partnership.

7.7 Withdrawals

Investors shall be entitled to withdraw from the Partnership on 30 calendar days written notice to the Administrator. The amount of the repayment due to an Investor who gives such a notice (the "Repayment Amount") shall be equal to their commitment. The Operator's determination of the Repayment Amount shall be conclusive and binding on all concerned. The Operator in consultation with the General Partner may defer payment of the Repayment Amount in line with the temporary deferral of redemptions policy as laid out in the Information Memorandum. The General Partner may seek a third party willing to acquire such Investor's interest in the Partnership for a sum not less than the Repayment Amount. If the General Partner succeeds in finding such a third party then the Investor in question shall assign his interest in the Partnership to such third party as soon as practicable.

Investors shall be entitled to withdraw a portion of their respective Loan Participation up to twice in any calendar month subject to retaining in the Partnership a Loan Participation of at least £20,000.

8 Meetings

The Operator may, whenever it thinks fit, convene a general meeting of the Partnership. A general meeting shall also be convened if Investors elect so to do by an Investors' Consent.

General meetings shall be called by 21 days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, the day and the hour of the meeting, the details of the resolutions to be proposed and the general nature of any other business to be conducted, provided that the general meeting shall, notwithstanding that it is called by shorter notice than that specified in this Clause 8.2, be deemed to have been duly called if it is so agreed:

in the case of a meeting called by the Operator, by all the Partners; and

in the case of any other meeting, by an Investors' Consent.

The accidental omission to give notice of a meeting to, or the non-receipt of a notice of a meeting by, any Partner shall not invalidate the proceedings at the meeting.

No business shall be transacted at any general meeting unless a quorum of Partners is present at the time when the meeting proceeds to business; save as herein otherwise provided, Investors whose aggregate Commitment represent over 75% of the aggregate amount of Commitments subscribed by all of the Investors present in person or by proxy shall be a quorum, of whom one shall be the General Partner and one shall be an Investor other than the Founder Partner.

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Investors, shall be dissolved; in any other case, it shall stand adjourned to the same day in the next week at the same time and place or to such other day and such other time and place as the Operator may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Partners present shall be a quorum provided that there shall be at least two Investors so present.

The chairman of the Operator shall preside as chairman of every general meeting of the Partnership or if he is not present or is unwilling to act the directors of the Operator shall elect one of their number to be chairman of the meeting.

The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

At any general meeting, a resolution put to the vote of the meeting shall be decided by the votes of such number of Investors as are present at the meeting in person or by proxy whose share of the aggregate amount of Commitments of those Investors present and voting at the meeting represents at least 75% of that amount.

Save as otherwise provided in this Clause, the provisions of the Companies Act 1985 and of Table A to the Companies (Tables A to F) Regulations 1985 (as amended so as to affect companies first registered on the date of this Agreement) shall apply to the holding of meetings and all matters incidental to the holding of meetings as if the Partnership were a company and the General Partner were the directors of that company PROVIDED THAT neither the re-appointment of the existing Auditors nor the approval of any set of reports or accounts of the Partnership shall be required to be approved by the Investors.

9 Termination and Liquidation

9.1 Termination

The death, bankruptcy, insolvency, dissolution or liquidation of a Limited Partner shall not operate to terminate the Partnership and the estate or trustee in bankruptcy or receiver or liquidator of a deceased, bankrupt, insolvent or dissolved Limited Partner shall not have the right to withdraw the balances on such Limited Partner's Partnership accounts or require repayment of such Limited Partner's Loan otherwise than in accordance with this Agreement. Subject as provided in Clause 9.2, the Partnership shall terminate on the seventh anniversary of the Opening Date or shall terminate prior to such date upon the happening of any of the following events:

the bankruptcy, insolvency, dissolution or liquidation of the General Partner, save that the Partnership may be reconstituted pursuant to Clause 9.3; or

the agreement as to such termination of the General Partner and of the Investors by an Investors' Consent; or

the removal of the General Partner pursuant to Clause 9.4, save that the Partnership may be reconstituted pursuant to Clause 9.3; or

the Partnership ceasing to be fiscally transparent in the UK.

9.2 Extension of Life of the Partnership

As soon as practicable following the seventh anniversary of the Opening Date the Operator may (in its sole discretion) extend the life of the Partnership for a further three months.

9.3 Continuation of the Partnership

If the Partnership is terminated pursuant to Clause 9.1.1 or 9.1.3, the Partnership may be reconstituted and its business continued pursuant to the unanimous written consent of all Limited Partners, electing to continue the Partnership and electing a new General Partner, which consent must be obtained within 60 days after all Partners having been notified of the event of termination, whereupon the existing General Partner, if the Partnership is terminated pursuant to the provisions of Clause 9.1.1 as a result of the bankruptcy, insolvency, dissolution or liquidation of the General Partner or pursuant to the provisions of Clause 9.1.3, shall cease to be the General Partner and shall not be entitled to any compensation whatsoever.

9.4 Removal of the General Partner

The office of the General Partner may be terminated without notice forthwith by the Investors (excluding the General Partner) by an Investors' Consent. In the event of such termination, the General Partner will be entitled to compensation of an amount equal to 1.5% of aggregate Commitments, save that if the office of the General Partner is terminated

as a result of the General Partner's, the Operator's or the Asset Manager's negligence, wilful misconduct, bad faith or reckless disregard of its obligations and duties as respectively General Partner, Operator or Asset Manager in respect of the Partnership, the General Partner will not be entitled to such compensation.

9.5 Liquidation of Interests of Partners

The General Partner and the Operator shall not be personally liable for the return of the Capital Contributions made or the Loans advanced by the Limited Partners.

Upon termination or liquidation of the Partnership, no further business shall be conducted except for such action as shall be necessary for the winding-up of the affairs of the Partnership and the distribution of the Partnership Assets amongst the Partners. The Operator shall act as liquidating trustee provided however that, if the Partnership is terminated for a reason set forth in Clauses 9.1.1 or 9.1.3, unless the Partnership is reconstituted pursuant to Clause 9.3, the Limited Partners may acting by an Investors' Consent designate some other party or parties to act as a liquidating trustee or trustees and to receive such remuneration for so acting as the Limited Partners shall acting by an Investors' Consent agree.

Upon termination of the Partnership, the liquidating trustee or trustees may sell any or all of the Partnership Assets (including to a Limited Partner or Limited Partners) on terms which it or they consider to be reasonable. The liquidating trustee or trustees shall cause the Partnership to pay all debts, obligations and liabilities of the Partnership and all costs of liquidation and the remaining proceeds and assets shall be distributed amongst the Partners on the basis set out in Clause 6.4.

Upon termination of the Partnership, no Partner shall be liable to any other Partner for such portion of the Loan (if any) advanced to the Partnership by such Partner as shall not at the relevant time have been repaid by the Partnership.

If, upon termination of the Partnership, a Partner has a negative balance on capital account and a positive balance on income account or vice versa, the General Partner may make transfers between the two accounts in order to remove or reduce such negative balances.

At no time during the term of the Partnership or upon dissolution and liquidation of the Partnership shall a Limited Partner with a negative balance in his capital account have any obligation to the Partnership or the other Partners to restore such negative balance, except as may be required by law or in respect of any negative balance resulting from a withdrawal of Capital or dissolution in contravention of this Agreement.

10 Reports

Within 90 days of the end of each Accounting Period, the General Partner or the Operator shall prepare and send to each Limited Partner a report

showing the allocation of income, gain, loss, deductions and credits to such Partner for such period and such other information as such Partner may reasonably request to enable it to file required tax or information returns or reports in relation to its investment in the Partnership.

The basis on which Investments will be valued for these purposes is as set out in Schedule I.

The Operator may prepare, from time to time, unaudited reports for Investors containing such information relating to the Partnership as the Operator decides. For the avoidance of doubt the Partnership hereby confirms that such reports will not constitute periodic statements for the purposes of the FSA Rules.

11 Miscellaneous

11.1 Non-exclusivity

The functions and duties which the General Partner, the Operator and the Asset Manager (if any) undertake on behalf of the Partnership shall not be exclusive and the General Partner, the Operator and the Asset Manager (if any) and their respective Associates may perform similar functions and duties for others and may engage in any other activity provided, however, that the General Partner, the Operator or the Asset Manager continues properly to manage the affairs of the Partnership.

11.2 Indemnities

The General Partner, the Operator and the Asset Manager and their Associates shall not have any liability for any loss to the Partnership arising in connection with the services to be performed under this Agreement save in respect of any matter resulting from its fraud, wilful misconduct, material breach of this Agreement (in the context of a Limited Partner's investment), bad faith or reckless disregard for its obligations and duties in relation to the Partnership, or its negligence.

The General Partner, the Operator and the Asset Manager shall be entitled to be indemnified out of the Partnership Assets against any liabilities, costs or expenses (including reasonable legal fees) incurred or threatened by reason of its being or having been the General Partner, the Operator or Asset Manager, provided however that such person shall not be so indemnified with respect to any matter resulting from its fraud, wilful misconduct, bad faith or reckless disregard for its obligations and duties in relation to the Partnership or its negligence and provided further that any person which receives any monies pursuant to the provisions of this Clause 11.2.2 which is subsequently shown to have incurred such loss as a result of its fraud, wilful misconduct, bad faith or reckless disregard for its obligations and duties in relation to the Partnership or its negligence shall forthwith repay such monies to the Partnership. Any person who shall be or become a general partner, operator or asset manager of the Partnership shall similarly be indemnified in respect of his or its activities as a general partner or as asset manager. Notwithstanding the above, the Operator shall not be entitled to any indemnity or protection in relation to

any material breach of law or regulatory principle or any analogous legislation or any rules of the FSA.

No officer, director, shareholder, agent or employee of or consultant to the General Partner, the Operator or any Asset Manager shall have any liability for any loss to the Partnership howsoever arising in connection with the services to be performed under this Agreement save in respect of any matter resulting from his fraud, wilful misconduct, bad faith, reckless disregard or negligence and shall be entitled to be indemnified out of the Partnership Assets against any liabilities, costs or expenses (including reasonable legal fees) incurred or threatened by reason of him being or having been an officer, director, shareholder, agent or employee of or consultant to the General Partner, the Operator or any Asset Manager provided however that such person shall not be so indemnified with respect to any matter resulting from his fraud, wilful misconduct, bad faith, reckless disregard or negligence.

The General Partner, the Operator and the Asset Manager shall not be liable to any Limited Partner or to the Partnership for the negligence, wilful misconduct, fraud, dishonesty or bad faith of any agent or delegate acting for the General Partner, the Asset Manager or for the Partnership provided that such agent was appointed in good faith and without negligence.

Each of the Investors shall indemnify the General Partner, the Operator and the Asset Manager, any of their Associates and the Partnership against any amount of taxation for which the General Partner has accounted to the relevant fiscal authorities on behalf of that Investor. The General Partner shall notify such Investor of such amount having been paid.

11.3

Confidential Information

Subject as provided in Clause 11.3.3, information contained in the Information Memorandum and in the reports prepared pursuant to Clauses 6.1 and 10 or in any report or memorandum relating to an investment or potential investment is confidential and non-public and each Investor shall use its reasonable efforts to hold all such information in confidence.

Subject as provided in Clause 11.3.3, none of the Partners shall, and each of the Partners shall procure that every person connected with or associated with such Partner shall not, disclose to any person, firm or corporation or use to the detriment of the Partnership or any of the Partners any confidential information which may have come to his or its knowledge concerning the affairs of the Partnership or any Investment or potential Investment.

The obligations provided in Clauses 11.3.1 and 11.3.2 shall not apply to any such information which:

is part of the public knowledge or literature and readily accessible to the public at the date of this Agreement;

becomes part of the public knowledge or literature and readily accessible by publication; or

is received from third parties;

AND PROVIDED FURTHER THAT this obligation shall not apply to disclosing any such information:

(with the prior written consent of the General Partner which consent will not be unreasonably withheld) to any person in connection with an offer by an Investor to such person to sell such Investor's Commitment;

to any Investor's trustees, directors, officers, employees, attorneys, accountants and other agents or professional consultants who would customarily have access to such information in the normal course of performing their duties;

with respect to any Investor, to any regulatory body having jurisdiction over any Investor (including any relevant stock exchange);

to any court, arbitration board, governmental agency, commission, authority, board or similar entity as may be requested in accordance with its authority or as may otherwise be required by law; or

in connection with the enforcement of the terms and conditions of this Agreement, and, to the extent necessary, in connection with the correction of any false or misleading information which may become public concerning any Investor's relationship to the Partnership.

Save in the circumstances provided for in Clauses 11.3.3.5, 11.3.3.6, 11.3.3.7 and 11.3.3.8, or save with the prior written consent of the General Partner, none of the Investors shall, and each of the Investors shall procure that every person associated with such Investor shall not, disclose (whether in writing or orally) to any person, firm or corporation:

its involvement in the Partnership; or

the identity of any of the other Limited Partners in the Partnership;

PROVIDED THAT this obligation shall not apply to disclosing the fact that any Investor is a Partner and the amount of that Partner's investment in the Partnership in any listing particulars, annual accounts or any other document required to be published by any regulatory body having jurisdiction over any Investor (including any relevant stock exchange).

The General Partner hereby undertakes to each Investor that save with such Investor's written consent or pursuant to its obligations under the Act or at law or by regulation it shall not disclose the identity or otherwise use the name of any Investor in the Partnership to any third party.

11.4 Variation of Partnership Agreement

Save for amendments which are agreed by the General Partner and the Founder Partner (acting bona fide) to be of no material prejudice to Investors, this Agreement may only be amended in whole or in part by the written consent of the General Partner and of the Investors by an Investors' Consent, provided however that no such variation shall be made which shall alter the provisions of Clause 9.3 or impose upon any Partner any obligation to make any further payment to the Partnership beyond the amount of its Capital Contribution and of its Loan Participation (if any) or which otherwise adversely affects the rights and interests of the General Partner or the Limited Partners, without the affirmative consent of all Partners adversely affected thereby.

11.5 Notices

Any notice to be served in connection with this Agreement shall be in writing (which, for the avoidance of doubt, shall include facsimile transmission) and any notice or other correspondence under or in connection with this Agreement shall be delivered to the relevant Party at the address given in this Agreement or to such other address as may be notified in writing for the purposes of this Agreement to the Party serving the document.

Any such notice or correspondence shall be deemed to have been served as follows:

in the case of delivery, on delivery if delivered between 9.00 a.m. and 5.00 p.m. on a Business Day and, if delivered outside such hours, at the time when such hours recommence on the first Business Day following delivery;

in the case of service by registered mail, on the fifth Business Day after the day on which it was posted;

in the case of facsimile transmission (subject to oral confirmation of receipt of all transmitted pages), on the day it is transmitted, provided that if that day is not a Business Day or, being a Business Day, transmission takes place after 5.00 p.m., then at 9.00 a.m. on the first Business Day following transmission of the notice.

In proving such service (other than service by facsimile transmission), it shall be sufficient to prove that the notice or correspondence was properly addressed and left at or posted by registered mail to the place to which it was so addressed.

11.6 Auditors

The Auditors may resign from office or be removed at any time by the General Partner or the Investors by an Investors' Consent.

In the event of resignation or removal, the Auditors shall be required to send a written notice to each of the Limited Partners stating that there are no circumstances connected with their resignation or removal which they

consider should be brought to the attention of the Limited Partners or a statement of any such circumstances.

The General Partner and the Operator shall appoint such firm of United Kingdom recognised Chartered Accountants as it may in its discretion think fit to fill any vacancy arising in the office of the Auditors to the Partnership.

11.7 Changes in the Partnership

If, during the continuance of the Partnership, any changes are made or occur in:

the name of the Partnership;

the general nature of the Business of the Partnership;

the principal place of business of the Partnership;

the Partners or the name of any Partner;

the term or character of the Partnership;

the amount contributed or to be contributed by any Limited Partner by way of Capital Contribution; or

the liability of any Partner by reason of his becoming a Limited Partner instead of a General Partner or a General Partner instead of a Limited Partner;

a statement, signed by the General Partner on behalf of the Partnership, specifying the nature of the change shall within seven days be sent by post or delivered to the Registrar of Companies.

Notice of any arrangement or transaction under which any person ceases to be a general partner in the Partnership and becomes a limited partner in the Partnership, or under which the Interest of a limited partner will be assigned to any person, shall forthwith be advertised in the London Gazette and, until notice of the arrangement or transaction is so advertised, the arrangement or transaction shall, for the purposes of the Act, be deemed to be of no effect.

11.8 Agreement Binding Upon Successors and Assigns

Except as otherwise specified in this Agreement, this Agreement shall continue for the benefit of and shall be binding upon the heirs, executors, administrators or other representatives, successors and assigns of the respective Parties.

11.9 Value Added Tax

All amounts payable pursuant to this Agreement shall unless otherwise stated be exclusive of any VAT and the Partnership shall be responsible for any VAT which may be payable including any VAT on any fee payable to the Operator or the Asset Manager.

11.10 Execution in Counterpart

This Agreement may be executed in counterparts each of which shall be deemed to be an original of this Agreement.

11.11 Governing Law

This Agreement and the rights of the Parties shall be governed by and construed in accordance with the laws of England and the Parties irrevocably agree that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and that accordingly any suit, action or proceedings arising out of or in connection with this Agreement shall be brought in such courts.

11.12 Service of Process

Nothing contained in this Agreement shall affect the right to serve process in any manner permitted by law or the right to bring proceedings in England or any other jurisdiction for the purposes of the enforcement or execution of any judgment or other settlement in any of the courts.

11.13 Enforcement

Nothing contained in this Agreement shall affect the right to commence proceedings in any manner permitted by law or the right to bring proceedings in England or any other jurisdiction for the purposes of the enforcement or execution of any judgment or other settlement in any of the courts.

The Parties have executed this Agreement as a Deed on the date shown at its head.

SIGNED as a DEED by
CONNAUGHT
ADMINISTRATION SERVICES
LIMITED
acting by

)
)
)
)
)

Director 

.....

Director/Secretary 
.....

SIGNED as a DEED by
CONNAUGHT ASSET
MANAGEMENT LIMITED
acting by

)
)
)
)

Director



Director/Secretary



SCHEDULE I

Valuation and Reporting Procedures

The value of the invested funds will not fluctuate and is always equal to the commitment as the return to the Specialist Partner is based on fees and interest charges and not charges in value of the underlying investment. Consequently, there will be no requirement for the Asset Manager to value the investment portfolio unless there is a widespread catastrophic event in the United Kingdom which causes the General Partner to expect the entire value of the assets in the portfolio to be less than the loans secured against the assets and also that the Specialist Partner is unable to satisfy the guarantee to cover that difference.

Quarterly Reports

The Asset Manager will provide a quarterly report to Investors, detailing the total sums invested in the fund, the total amount advanced on short term loans during the quarter, loans redeemed during the quarter, the balance secured on short term loans at the end of the quarter and the balance held in cash awaiting investment.

SCHEDULE II

Principal Accounting Policies

Valuation of Investments

The financial statements will be prepared under the historical cost convention as modified by the revaluation of Investments and in accordance with applicable accounting standards in the United Kingdom. Bank interest income and all expenses are accounted for on an accrual basis.

Investments will be valued in accordance with the valuation provisions set out in Schedule I. Auditors will utilise UK GAAP.

Investment Income

Income from Investments will be included together with the related tax credit in the period in which it is received.

Taxation

No provision for taxation will be made as the individual Partners will be responsible for settling their tax liabilities.

SCHEDULE III

Services to be provided by the **Administrator**

- 1 Provide Fund accounting and Fund administration services including any liaison required with auditors and Partners, in particular, the following report in such format as may be required and agreed between the Operator, Administrator, and General Partner:
 - a) Annual audited accounts within 90 days of the end of the financial year;subject always to the Operator and Administrator receiving sufficient information from the Partnership, the General Partner or its Associate to produce such reports.
- 2 Administer subscriptions from investors into, and investor redemptions out of, the Fund, including performing identification, anti-money laundering and other necessary checks should it be made known that no other FSA authorised entity perform that function. Maintain a register of the interests of the Partnership.
- 3 Ensure that payments in respect of distributions are made to Partners from the Partnership Bank Accounts once the General Partner has credited the Partnership. Administer the issue of distribution notices and tax vouchers to the Partners.
- 4 Maintain general bank accounts and such designated and client money accounts and all supporting accounting and investment records of the Fund and prepare all such calculations as are required by the Partnership Deed and by law or otherwise for the proper conduct of the affairs of the Partnership.
- 5 Assist with the payment by the Partnership of all fees and expenses and distributions to the General Partner and the Partners in accordance with the Partnership Deed.
- 6 Receive and, where necessary or appropriate in conjunction with the General Partner and Operator, reply to all enquiries from Partners and, with the consent of the General Partner, the public, relating to the Partnership. Liaise and communicate with Partners about the Partnership's business and affairs. Send notices of any partnership meetings and attend such meetings.

- 7 Liaise as reasonably required with any third party service provider appointed by the Partnership.
- 8 Perform such necessary book-keeping duties for the Partnership as the General Partner may reasonably require and advising the General Partner as to matters arising for its consideration. Carry out such further duties in relation to the Partnership as the General Partner and/or the Operator and/or the Administrator may agree.
- 9 Despatch any necessary notices and filings and making necessary adjustments to the records of the Partnership.

Services to be provided by the **Operator**

- 1 Review (but without authentication) financial reports prior to distribution to Partners.
- 2 Provided the General Partner produces the Partnership Accounts timeously, arrange or cause to be arranged the distribution of appropriate financial reports to Partners.
- 3 Provide any information to the Auditors as may be required by the relevant statutory authorities.
- 4 Oversee the issue of notices for Capital Commitments.
- 5 Oversee the receipt by the General Partner of Capital Commitments into the Partnership Bank Accounts.
- 6 Oversee the issue of distribution notices by the General Partner to the Partners.
- 7 Ensure that payments in respect of distributions are made by the General Partner to Partners from the Partnership Bank Accounts.
- 8 Attend Partners' meetings.
- 9 Serve (or cause the General Partner to serve) all notices required under the Partnership Agreement in relation to exit and pre-emption provisions or default notices.
- 10 Ensure (or cause the General Partner to ensure) that all notices, statements or other instruments in relation to changes to the Partnership as may be required are registered and published.
- 11 Perform any function required by FSMA to be carried out by an authorised person.
- 12 Carry out such further duties in relation to the Partnership as the General Partner and the Operator may agree.

13. Receive monthly reports from the General Partner showing all loans made and redeemed from and into the Fund and the register and de-register of charges attached to those loans as recorded at the Land Registry.

14. Liaising as reasonably required with any third party service provider appointed by the Partnership with responsibility for the Partnership's tax reporting, save that, it is acknowledged by the General Partner that the Operator is not responsible for such tax reporting requirements.