

**OPERATOR AGREEMENT**

**between**

**THE CONNAUGHT INCOME SCHEME SERIES 3 LP**

**and**

**CONNAUGHT ADMINISTRATION SERVICES LIMITED**

**and**

**DUNADD ASSET MANAGEMENT LIMITED**

## OPERATOR AGREEMENT

between

- 1 **THE CONNAUGHT INCOME SCHEME SERIES 3 LP**, a limited partnership registered in England under the Limited Partnerships Act 1907 (Registered Number: **LP14005**) and having its principal place of business at 26 New Street, Paisley, Renfrewshire, PA1 1YB (acting through the General Partner as hereinafter designed) (the "**Partnership**");
- 2 **CONNAUGHT ADMINISTRATION SERVICES LIMITED**, a company incorporated in England under the Companies Acts (Registered Number: 06081018) and having its Registered office at Hill Place House, 55a High Street, Wimbledon Village, SW19 5BA (the "**General Partner**"); and
- 3 **DUNADD ASSET MANAGEMENT LIMITED**, a company incorporated under the Companies Acts (Registered Number: SC283417) and having its Registered office at 26 New Street, Paisley PA1 1YB (the "**Operator**").

## WHEREAS

- 1 The Partnership is a limited partnership constituted under the Limited Partnerships Act 1907. The activities and operation of the Partnership are governed by the terms of the Limited Partnership Agreement (as hereinafter defined).
- 2 The Partnership constitutes an unregulated collective investment scheme for the purposes of Section 235 of FSMA (as hereinafter defined).
- 3 The General Partner is the general partner of the Partnership and has no power to operate the Partnership for the purposes of FSMA.
- 4 The Limited Partnership Agreement expressly authorises the General Partner on behalf of the Partnership to enter into this Agreement with the Operator and authorises the General Partner to represent the Partnership in its dealings with the Operator.
- 5 The Operator has agreed, on the terms and conditions of this Agreement, to act as the operator of the Partnership.
- 6 The Operator is authorised and regulated by the FSA (as hereinafter defined) (Registration Number 460783) and has the necessary permission under Part IV of FSMA to operate unregulated collective investment schemes.
- 7 The Operator is treating the Partnership as a Professional Client for the purposes of Chapter 3 of the Conduct of Business Rules forming part of the FSA Handbook.

NOW THEREFORE IT IS HEREBY AGREED as follows:-

1 **Definitions and Interpretation**

1.1 **Definitions.** Words and expressions not defined in this Agreement which are defined in the Limited Partnership Agreement shall (save where inconsistent with the terms of this Agreement) have the same respective meanings in this Agreement. In addition, the following terms and expressions shall have the meaning set out opposite the relevant word or expression:

"**Administration Agreement**" means an agreement dated 20 July 2010 between the Operator acting as agent for the Partnership and Primagatius Administration Limited as amended and restated from time to time

"**Asset Management Agreement**" means an agreement dated 20 July 2010 between the Operator and Connaught Asset Management Limited

"**Disposal**" means the completion of the sale of the whole or substantially the whole of the Partnership's interest in the Property or any other disposition of all or substantially all of the Partnership's interest in the Property whether through a merger, consolidation, change in ownership of the Partnership or otherwise;

"**FSA**" means the Financial Services Authority or its statutory successor;

"**FSMA**" means the Financial Services and Markets Act 2000 and the relevant rules contained in the FSA Handbook.

"**Limited Partnership Agreement**" means an agreement dated 20 July 2010 between Connaught Administration Services Limited and Connaught Asset Management Limited relative to the Partnership as amended and restated from time to time;

"**Partnership Bank Accounts**" means any account or accounts in the name of the Partnership opened by the Administrator;

"**Property**" means such land, buildings or other such properties that are purchased from time to time by the Partnership at any time during the term of the Partnership;

"**Schedule**" means the schedule in three parts annexed as relative hereto; and

"**Services**" means the responsibilities and duties of the Operator set out in the Part 1 of the Schedule (being a definitive list of the services covered by this Agreement) and "Service" means any one of them as the case may be.

1.2 **Interpretation.** In this Agreement, unless the context requires otherwise:

- 1.2.1 words and expressions which are defined in the Limited Partnership Agreement shall, unless the context requires otherwise, have the same respective meanings in this Agreement;
- 1.2.2 references to operating the Partnership or acting as operator of the Partnership include references to operating and administering the Partnership as required pursuant to FSMA;
- 1.2.3 references to the Partnership, unless the context otherwise requires, are to be read as references to the Partnership acting through the General Partner;
- 1.2.4 any reference to "persons" includes natural persons, firms, partnerships, companies, corporations, associations, organisations, governments, states, foundations and trusts (in each case whether or not having separate legal personality);
- 1.2.5 "this Agreement" or any other agreement or instrument is a reference to this Agreement or, as the case may be, the relevant agreement or instrument as amended, supplemented, replaced or novated from time to time and includes a reference to any document which amends, supplements, replaces, novates or is entered into, made or given pursuant to or in accordance with any of the terms of this Agreement or, as the case may be, the relevant deed, agreement or instrument;
- 1.2.6 the singular includes the plural and vice versa, reference to a gender include all genders, headings to clauses and schedules are for convenience only and shall not affect construction; and
- 1.2.7 any reference in this Agreement to any statute or statutes provision shall be construed as if it referred to that statute or provision as amended, re-enacted or extended.

## **2 Appointment and responsibilities of the Operator**

- 2.1 The Partnership, acting by the General Partner, hereby appoints the Operator to be the operator of the Partnership with effect from the date of this Agreement with full power and authority to act as operator of the Partnership and the Operator hereby agrees with the General Partner to act as operator of the Partnership and accordingly to provide to the Partnership the Services.
- 2.2 The Partnership, acting by the General Partner hereby appoints the Operator to be their agent to enter into the Administration Agreement and the Asset Management Agreement



2.3

2.4 **FSMA compliance**

2.4.1 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 including the performance of any duties and functions under the Limited Partnership Agreement which constitute Regulated Activities for the purposes of FSMA. Accordingly, it is agreed that the Operator shall have overall responsibility for the establishment, operation and winding-up of the Partnership (and shall retain such responsibility notwithstanding any delegation pursuant to clause 2.3 below) in accordance with and subject to the provisions of this Agreement.

2.5 In complying with its obligations under this Clause 2, the Operator shall be entitled (subject to the terms of this Agreement) to exercise all and any of the powers of management conferred on the General Partner by the Limited Partnership Agreement provided that it shall observe all conditions and qualifications attaching to those powers under the Limited Partnership Agreement.

2.6 Subject at all times to the overriding requirement that the Operator must have sufficient powers to ensure compliance with FSMA, and without imposing any obligations on the Operator additional to those contemplated by the Services, the Operator shall, in connection with the supply of the Services under this Agreement, comply with such reasonable orders and directions as may from time to time be given to it by the General Partner and with all applicable laws or regulations for the time being in force.

2.7 The Partnership shall be bound by all the acts of the Operator in exercising its rights and carrying out its functions and duties hereunder.

2.8 The Operator shall keep or cause to be kept by the General Partner on behalf of the Partnership such books, records and statements as may be necessary to give a complete record of all transactions carried out by the Operator on behalf of the Partnership and such other books, records and statements as may be required by law.

2.9 The Operator shall notify the General Partner promptly in the event that it becomes subject to an investigation or disciplinary proceedings by any regulatory body.

2.10 For the avoidance of doubt, the Operator shall not have the power to borrow on behalf of the Partnership.

2.11 Subject to the prior written consent of the Operator and the overriding requirement that the Operator must have sufficient powers and responsibilities to ensure compliance with FSMA, the General Partner may from time to time require that Part 1 of the Schedule is amended.

2.12 It is acknowledged that the Operator has no:

2.12.1 responsibility to the Partnership for the underlying investment decisions made by the Partnership and/or the General Partner;

2.12.2 responsibility to monitor compliance by the Partnership with the covenants and conditions contained in or arising under any loan, funding or finance agreements entered into by the Partnership or any nominee vehicle established by the Partnership. However, the latter does not mean that the Operator will be entitled to authorise the release of moneys from any Partnership Bank Account in a manner which is inconsistent with the terms of such loan, funding or finance agreement provided that the full details of such requirements have been provided to the Operator;

2.12.3 responsibility to act as custodian or depository for any Partnership assets.

### 2.13 Delegation to General Partner

2.13.1 The Operator hereby delegates to the General Partner (which delegation the General Partner hereby accepts):

2.13.1.1 the power to appoint Connaught Asset Management Limited (or such other party as the General Partner may determine from time to time) as the asset manager of the Partnership;

2.13.1.2 subject to clause 2.11.2 below, the functions and duties referred to in Clause 5.5 of the Limited Partnership Agreement; and

2.13.1.3 all other functions and duties agreed to be carried out by the General Partner as set out in the Limited Partnership Agreement; and

the General Partner hereby undertakes to perform such functions and duties, as the delegate of the Operator, in accordance with the Limited Partnership Agreement and this Agreement.

### 2.14 Delegation by the Operator

2.14.1 The Operator shall use its reasonable endeavours to ensure that all duties and responsibilities delegated by it to third parties (other than the General Partner) are carried out to a proper and acceptable standard and with that degree of skill and care as could reasonably be expected of a person experienced and skilled in performing the relevant duties and obligations, and shall use its reasonable

endeavours to ensure that the duties and functions delegated to the General Partner in accordance with this Clause 2 are carried out in accordance with the Limited Partnership Agreement. It is agreed that the carrying out by the Operator of the procedures set out in this Agreement shall constitute reasonable endeavours for the purposes of this clause 2.11 in relation to duties and functions delegated to the General Partner.

### **3 Charges**

- 3.1 The General Partner shall on behalf of the Partnership pay to the Operator the charges for acting as operator of the Partnership and for the provision of the Services in accordance with the provisions of Part 2 of the Schedule.
- 3.2 All charges and other sums payable to the Operator under this Agreement are exclusive of any applicable value added tax, which shall be payable in addition to the charge or sum in question.
- 3.3 The General Partner shall pay all costs and expenses reasonably and properly incurred on behalf of or for the benefit of the Partnership by the Operator in the proper performance of its duties hereunder and insofar as any such costs and expenses are paid by the Operator out of its own resources, the Operator shall be reimbursed therefore by the General Partner.

### **4 General partner's obligations**

- 4.1 The General Partner acting on behalf of the Partnership shall respond promptly to any requests for guidance or information reasonably required by the Operator, to enable it to perform the Services under this Agreement.
- 4.2 The General Partner acting on behalf of the Partnership shall perform all the obligations which the Operator reasonably requires it to perform.
- 4.3 The General Partner shall use all reasonable care and skill in accordance with good industry practice in carrying out the powers delegated to it in terms of Clause 2.10 and in particular devote sufficient time to ensure that its obligations under this Agreement are fulfilled. If the General Partner shall fail to use such reasonable care and skill or shall otherwise be in breach of its obligations the Operator at its option be entitled to require the General Partner to carry out, as promptly as practicable, such repeat or remedial services as shall be appropriate to ensure that the relevant services are carried out (save only as to the time of their performance) as originally planned or, alternatively (and, subject to applicable law), to obtain the relevant service from a third party for so long as the General Partner shall be unable properly to provide that service.
- 4.4 The General Partner shall promptly notify any changes to the Limited Partnership Agreement to the Operator.



- 12.1.6.2 has a receiver or an administrative receiver appointed in respect of the whole or a substantial part of its undertaking or assets;
- 12.1.6.3 enters into any composition or arrangement for the benefit of or with its creditors; or
- 12.1.6.4 ceases or threatens to cease to carry on its business;
- 12.1.7 the resignation of the Operator on six months' prior written notice to the General Partner provided that the Operator shall be entitled to resign on one months' notice in the event of an alteration to the Limited Partnership Agreement which imposes materially greater obligations on the Operator; or
- 12.1.8 by mutual agreement between the General Partner and the Operator;

PROVIDED ALWAYS that no such termination shall take effect until the date at which a replacement operator is appointed which shall be authorised under FSMA (or any similar or successor body under FSMA or any equivalent legislation) to act as operator of the Partnership or if the General Partner shall itself be so authorised and permitted and shall have agreed to perform the duties performed by the Operator. In the event of such termination the General Partner undertakes to use all reasonable endeavours to procure the services of a replacement operator.

- 12.2 Upon termination of the appointment of the Operator under the provisions of this Clause 12 for any reason the Operator shall be entitled to receive all fees and other moneys accrued up to the date of such termination but shall not be entitled to compensation in respect of such termination.
- 12.3 On the date of termination of this Agreement (or as soon as reasonably practicable thereafter) the Operator shall deliver to the General Partner all originals and copies of all books of account, records, registers, correspondence, documents and assets relating to the affairs of or belonging to the Partnership which are in the possession of or under the control of the Operator and shall take all necessary steps to vest in the Partnership any assets previously held in the name of or to the order of the Operator on behalf of the Partnership and shall forthwith shall cease acting as Operator.
- 12.4 Termination of this Agreement (for whatever cause) shall be without prejudice to transactions already initiated and transactions in progress shall be completed directly between the General Partner (acting on behalf of the Partnership) and the counterparty.

### 13 Other advisors

The Operator may, where reasonably required for the performance of its duties hereunder, obtain (at the expense of the Partnership, subject to the prior written agreement of the General Partner to such



- 10.2 The General Partner acknowledges that the Financial Services Compensation Scheme may not be applicable in respect of the activities contemplated by this Agreement.

## 11 Force majeure

- 11.1 Notwithstanding any other provision of this Agreement, neither party shall be deemed to be in breach of this Agreement, or otherwise be liable to the other for any delay in performance or other non-performance of any of its obligations under this Agreement to the extent that the delay or non-performance is due to any cause beyond its reasonable control of which it has notified the other party, and the time for performance of that obligation shall be extended accordingly.
- 11.2 Clause 11.1 above shall not have effect to exonerate any party from making payments under this Agreement or to permit delay in the making of any such payment.

## 12 Termination

- 12.1 This Agreement shall terminate forthwith in the following circumstances:
- 12.1.1 the Operator ceasing to be authorised under FSMA; or
  - 12.1.2 the termination of the Partnership; or
  - 12.1.3 the General Partner providing the Operator with six months' prior written notice of the termination of the Operator's appointment as the operator of the Partnership; or
  - 12.1.4 in the event of a material default of the General Partner in respect of its obligations under this Agreement which (only if capable of remedy) is not remedied within 30 Business Days of notice served by the Operator regarding such remedy; or
  - 12.1.5 in the event of a material default of or continuing breach by the Operator in respect of its obligations under this Agreement which (only if capable of remedy) is not remedied to the General Partner's reasonable satisfaction within 30 Business Days of notice served by the General Partner regarding such remedy; or
  - 12.1.6 if either party:
    - 12.1.6.1 goes into liquidation either compulsorily or voluntarily (save for the purposes of solvent reconstruction or amalgamation upon terms previously approved in writing by the other party) or is the subject of an administration order or is dissolved or otherwise ceases to exist; or is the subject of an interim order under the Insolvency Act 1986;

4.5 The General Partner shall not accept any applications for an Interest in the Partnership until it has satisfied the Operator that appropriate procedures are in place to reasonably ensure that:

4.5.1 only applications from eligible investors will be accepted and that such applications will comply with FSMA; and

4.5.2 all appropriate anti money laundering checks have been completed.

Notwithstanding any other provision in this Agreement or elsewhere the Operator will be entitled at all times to instruct the General Partner not to accept any application for an Interest in the Partnership or otherwise accept the admission of any Limited Partner if the Operator does not consider that the terms of this clause 4.5 have been satisfied.

4.6 The Operator agrees with the Partnership throughout the term of this Agreement:

4.6.1 to carry out the Services in the best interests of the Partnership;

4.6.2 in all matters to act lawfully and in good faith towards the Partnership;

4.6.3 to work and co-operate with any consultants or professionals appointed by or on behalf of the Partnership;

4.6.4 not to make any profit or commission out of the management of the Partnership or the Partnership assets other than its fees payable as provided under this Agreement without the prior written consent of the General Partner;

4.6.5 to ensure that the Partnership has a principal place of business in Scotland.

4.7 **Continuing compliance with FSMA**

4.7.1 In the event that the Operator notifies the General Partner that, in the reasonable opinion of the Operator, the continuing operation of the Partnership in accordance with this Agreement or the Limited Partnership Agreement constitutes or could potentially constitute a breach of the rules of the FSA or FSMA, the Operator and the General Partner shall, forthwith following such notification, negotiate and seek to agree (as soon as reasonably practicable) such amendments to this Agreement and the Limited Partnership Agreement as are necessary to ensure that the continuing operation of the Partnership complies with the rules of the FSA and FSMA. Subject to the prior approval of the General Partner, all legal fees properly and reasonably incurred by the Operator and payable by it to its external legal advisers in respect of any such negotiation shall be borne by the Partnership.

4.8 **General Partner undertakings**

4.8.1 The General Partner undertakes to the Operator that it shall:

- 4.8.1.1 inform the Operator of all material decisions taken (or, where practicable, proposed to be taken) by it as the delegate of the Operator pursuant to clause 2.11 or, as the case may be, by any delegate of the General Partner;
- 4.8.1.2 provide the Operator with such copies of each document that it approves as the delegate of the Operator pursuant to clause 2.11 or, as the case may be, approved by any delegate of the General Partner (including, without limitation, all Accounts of the Partnership in respect of each Accounting Period);
- 4.8.1.3 comply with its obligations under the Limited Partnership Agreement and consult with the Operator or obtain its prior approval in respect of those acts or decisions in respect of which the prior approval of the Operator is required;
- 4.8.1.4 provide to the Operator copies of all documents that are relevant to the Partnership, including, without prejudice to the foregoing generality, notices of meetings of the board of directors of the General Partner and allow a representative of the Operator to attend such meetings and (whether at such meetings or otherwise) make known the Operator's views in respect of the matters to be discussed at them;
- 4.8.1.5 provide to the Operator such information and documents as the Operator may from time to time reasonably require to satisfy itself that all distributions and other matters have been made and/or carried out in accordance with the Limited Partnership Agreement; and
- 4.8.1.6 provide to the Operator such other information and documents as the Operator may reasonably request in order to enable it to fulfil its duties and obligations regarding the operation of the Partnership and to comply with all laws and regulations applicable to it in its capacity as the operator of the Partnership and as an authorised person under FSMA.

## **5 Liability and warranty**

- 5.1 The Operator shall use all reasonable care and skill in accordance with good industry practice in carrying out the Services under this Agreement and in particular devote sufficient time to ensure that its obligations under this Agreement are fulfilled. If the Operator shall fail to use



such reasonable care and skill or shall otherwise be in breach of its obligations in respect of the supply of the Services under this Agreement, the General Partner shall at its option be entitled to require the Operator to carry out, as promptly as practicable, such repeat or remedial services as shall be appropriate to ensure that the relevant Services are carried out (save only as to the time of their performance) as originally planned or, alternatively (and, subject to applicable law), to obtain the relevant Service from a third party for so long as the Operator shall be unable properly to provide that Service. If the General Partner chooses the latter of these options, it shall not be obliged for any period during which the Operator fails to provide a particular Service, to pay for that Service.

- 5.2 The Operator hereby warrants that it holds, and undertakes that it will use its reasonable endeavours to procure that it will continue to hold, all licences, permissions, authorisations and consents necessary to enable it to carry out its duties as Operator in accordance with this Agreement.

## **6 Limited Partnership Agreement and capacity**

- 6.1 The General Partner undertakes to the Operator that:

- 6.1.1 the Limited Partnership Agreement has been duly executed by the parties to it and is valid and effective and creates obligations on the General Partner (to the extent that the General Partner has such obligations under the Limited Partnership Agreement) and the Partnership which are valid and binding on each, and enforceable in accordance with its terms; and
- 6.1.2 it has full power and authority and has taken all necessary action to enable it to enter into on behalf of the Partnership and in its own capacity and perform its obligations under this Agreement and the Limited Partnership Agreement.

## **7 Indemnities**

- 7.1 The parties acknowledge that the Operator falls within the definition of 'Covered Person' in the Limited Partnership Agreement and has the benefit of the indemnity provisions in clause 11.2 of the Limited Partnership Agreement.
- 7.2 In addition, the Partnership shall indemnify and keep indemnified the Operator against:
- 7.2.1 any amount of taxation for which the Operator is required to account to any fiscal authority on behalf of the Partnership;
- 7.2.2 any liability to United Kingdom taxation assessed on the Operator pursuant to Schedule 23 of the Finance Act 1995 and arising in consequence of or resulting from or connected with (whether directly or indirectly) any income, profits or gains earned by, arising, accrued to, payable to or received by the Partnership; and



- 7.2.3 all reasonable costs and expenses payable by the Operator in connection with or in consequence of any such amount or liability to taxation as is detailed in Clause 7.2.2 above, provided always that the indemnity contained in this Clause 7.2.3 shall not extend to any liability to account for any amount of taxation or any liability to United Kingdom taxation which arises by virtue of the fraud, negligence, wilful misconduct, bad faith or reckless disregard relative to any breach of obligations and duties under this Agreement by the Operator.
- 7.2.4 Any fees liabilities, losses, damages, costs or expenses which the Operator may incur as a result of acting as agent for the Partnership including without prejudice to the generality by entering into the Administration Agreement and the Asset Management Agreement

## **8 Bank accounts, custody and settlement**

- 8.1 The Administrator will be responsible for setting up and managing the Partnership Bank Accounts and will procure that all cheques or other instruments representing the Partnership's money which comes into its possession shall be paid into a Partnership Bank Account.
- 8.2 The Operator shall procure that all cheques or other instruments representing the Partnership's money which comes into its possession shall be paid into a Partnership Bank Account.
- 8.3 The Operator will not hold client money on behalf of the Partnership.
- 8.4 The Operator shall not be responsible for safeguarding title documents to the Property which shall remain the responsibility of the General Partner.

## **9 Conflicts of interest**

Subject as expressly provided in this Agreement and the Limited Partnership Agreement the Operator shall not be permitted under this Agreement without prior reference to the General Partner or the Partnership to effect transactions on behalf of the Partnership in which the Operator has directly or indirectly a material interest or any relationship (of any description) with another party which may involve a conflict with the Operator's duties to the General Partner or the Partnership.

## **10 Complaints and compensation**

- 10.1 All formal complaints should in the first instance be addressed to the compliance officer of the Operator at the address set out in this Agreement.

expense being incurred) and rely upon the opinion or advice of or information from any broker, investment adviser, lawyer, accountant, administrator, valuer, or other expert and the Operator shall not be responsible for any loss occasioned as a result of or arising from acting or relying on any such information, opinion or advice provided that the selection or retention of or reliance on such person by the Operator did not involve any negligence or bad faith.

**14 Non-exclusivity**

Subject to Clause 9 above, the functions and duties which the Operator undertakes on behalf of the Partnership shall not be exclusive and the Operator may perform similar functions and duties for third parties and without limitation may act as general manager or investment advisor or engage in any other activity, provided however that the Operator continues properly to perform its obligations under this Agreement.

**15 Further assurance**

Either party to this Agreement shall on being requested to do so by the other party, now or at any time in the future, do or procure the doing of all such reasonable acts and/or execute or procure the execution of all such documents reasonably required in a form reasonably satisfactory to such other party as such other party may reasonably consider necessary for giving full effect to this Agreement.

**16 Entire agreement**

16.1 This Agreement supersedes any previous agreement between the parties in relation to the matters dealt with herein and together with the documents referred to in it or executed contemporaneously herewith constitutes the entire agreement between the parties relating to their subject matter.

16.2 This Agreement may only be varied in writing signed by both of the parties.

**17 Remedies and waivers**

17.1 No delay or omission on the part of any party to this Agreement in exercising any right, power or remedy provided by law or under this Agreement shall:

17.1.1 impair such right, power or remedy; or

17.1.2 operate as a waiver thereof.

17.2 The single or partial exercise of any right, power or remedy provided by law or under this Agreement shall not preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

- 17.3 The rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers and remedies provided by law.

## **18 Invalidity**

- 18.1 If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair:

18.1.1 the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or

18.1.2 the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Agreement.

## **19 No Partnership**

Nothing in this Agreement and no action taken by the parties pursuant to this Agreement shall constitute, or be deemed to constitute, the parties a partnership, association, joint venture or other co-operative entity.

## **20 Assignment**

- 20.1 Save as provided for in Clause 20.2 below, the rights of and obligations upon the parties hereto shall not be assignable or sub-contracted but shall (save as expressly provided herein) be performed personally by the parties hereto.

- 20.2 It is acknowledged that the General Partner has entered into this Agreement on behalf of the Partnership. Accordingly, in the event that it is replaced as the general partner of the Partnership, this Agreement shall continue as between the Partnership and the Operator and the General Partner shall be entitled, without seeking the consent of the Operator, to novate its rights and obligations under this Agreement to the replacement general partner.

## **21 Confidentiality**

- 21.1 Subject to Clause 21.2 below the Operator shall treat as strictly confidential all information received or obtained as a result of entering into or performing this Agreement, including (without limitation) information which relates to the provisions of this Agreement, any other party or the management of the Property, and the Operator shall not divulge or communicate to any person (except for the benefit of the Partnership or if required in order to give effect to any of the provisions of this agreement) or use or exploit for any purpose whatever any of the confidential knowledge or information or any financial or trading information relating to the Partnership which the Operator receives or obtains as a result of entering into this agreement or performing its role as operator of the Partnership ("**Confidential Information**").

- 21.2 The Operator may disclose information which would otherwise be confidential pursuant to Clause 21.1 above if and to the extent:
- 21.2.1 required by law;
  - 21.2.2 required by any securities exchange or regulatory or governmental body to which the Operator is subject;
  - 21.2.3 disclosed to its professional advisers, auditors and bankers but subject to Clause 21.4;
  - 21.2.4 the information has come into the public domain other than by reason of a breach of Clause 21.1 above; or
  - 21.2.5 the General Partner has given its prior written approval to the disclosure, such approval not to be unreasonably withheld or delayed.
- 21.3 The restriction contained in this Clause 21 shall continue to apply after the expiration or termination of this Agreement without limit in point of time.
- 21.4 The Operator shall (and shall procure that its holding companies and the subsidiaries shall) procure that any of their respective agents, employees or professional advisers coming into receipt of Confidential Information shall be informed upon receipt that such information is Confidential Information and shall comply with the provisions of this clause in respect of such Confidential Information as if they were parties to this agreement.

## **22 Notices**

- 22.1 Any notice or other communication given or made under this Agreement shall, except where expressly stated otherwise, be in writing:
- 22.2 Any such notice or other communication to a party to this Agreement shall be sent subject to Clause 22.4 below to the address shown on page 1 of this Agreement and, if so addressed, shall be deemed to have been duly given or made as follows:
- 22.2.1 if sent by personal delivery, upon delivery at the address of the relevant party
  - 22.2.2 if sent by first class post, at 9.00 am. on the first date (being a Business Day) two clear Business Days after the date of posting; and
  - 22.2.3 if sent by facsimile, when despatched with electronic or other confirmation of receipt.



- 22.3 In the case of Clauses 22.2.1 and 22.2.2 above such notice to have immediate effect (if delivered or sent during normal business hours) and otherwise shall have effect from 9.00 am. on the following Business Day.
- 22.4 A party may notify the other parties to this Agreement of a change to its name, relevant addressee, address, or facsimile number for the purposes of Clause 22.2 above provided that such notification shall only be effective on:
- 22.4.1 the date specified in the notification as the date on which the change is to take place; or
- 22.4.2 if no date is specified or the date specified is less than five clear Business Days after the date on which notice is given, the date falling five clear Business Days after notice of any such change has been given.

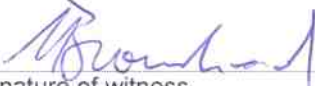
### 23 Third Party Rights

The parties hereto hereby agree that they do not intend any of the terms of this Agreement to be enforceable by any third party.

### 24 Governing law

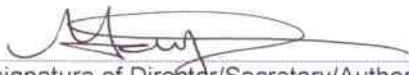
This Agreement shall be governed in all respects by Scots law and the parties hereto submit to the jurisdiction of the Scottish courts. IN WITNESS WHEREOF these presents consisting of this and the 16 preceding pages and the Schedule of three parts annexed hereto are subscribed as follows:-

For and on behalf of CONNAUGHT ADMINISTRATION SERVICE LIMITED in its capacity as the General Partner for and on behalf of **THE CONNAUGHT INCOME SCHEME SERIES 3 LP**

  
signature of witness

J. BROMHEAD  
full name of above (print)

24 NELLA ROAD  
LONDON  
W8 9PB  
address of witness

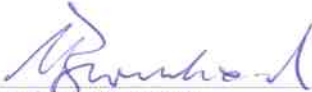
  
signature of Director/Secretary/Authorised Signatory/Attorney

MATT REDDING  
full name of above (print)

20 JULY 2010  
date of signing

WIMBLEDON, LONDON, ENGLAND  
place of signing

For and on behalf of CONNAUGHT ADMINISTRATION SERVICES LIMITED

  
signature of witness

  
signature of Director/Secretary/Authorised Signatory/Attorney

J. BROMHEAD  
 full name of above (print)  
24 NEWCA ROAD  
LONDON  
W8 9PS  
 address of witness

MAT BEDDING  
 full name of above (print)  
20 JULY 2010  
 date of signing  
WIMBLEDON, LONDON, ENGLAND  
 place of signing

For and on behalf of **DUNADD ASSET MANAGEMENT LIMITED**

signature of witness  
 full name of above (print)  
 address of witness

signature of Director/Secretary/Authorised Signatory/Attorney  
 full name of above (print)  
 date of signing  
 place of signing

THIS IS THE SCHEDULE REFERRED TO IN THE FOREGOING OPERATING AGREEMENT BETWEEN THE CONNAUGHT INCOME SCHEME SERIES 3 LP (ACTING THROUGH ITS GENERAL PARTNER, CONNAUGHT ADMINISTRATION SERVICES LIMITED) AND DUNADD ASSET MANAGEMENT LIMITED DATED 20 JULY 2010

#### Part 1

##### Operator 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 Limited 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 To enter into the Administration Agreement and the Asset Management Agreement as agents for the Partnership
- 14 Receive monthly reports from the General Partner showing all loans made and redeemed from the and into the Fund and the register and de-register of charges attached to those loans as recorded at the Land Registry.

**Part 2****The Operator's Charges****Set Up Fee**

Dunadd -Operator	£15,750
Primagtius-Administrator	£24,250

**Annual Fee Year 1**

Administrator (LP and EUT)	£6,500
Administrator (transaction fees)	£3,500

Annual fees payable in quarterly instalments as agreed between the Operator and General Partner.

**Annual Fee**

A fee payable monthly at the rate of £0 per annum for the first year. From the end of the first year of the Fund's existence the Annual Fee will become:

Annual Operator Fee in respect of the LP	£8,750
Annual Manager Fee in respect of the EUT	£2,000
Annual Administration in respect of the LP	£15,000
Annual Administration in respect of the EUT	£3,000
Transaction Fee	£50 each

Extraordinary Administration - Time spent basis based on £500 per day plus out of pckets

The General Partner and Operator hereby acknowledge and agree that should the Operator be appointed by the General Partner to act as liquidating trustee in the winding up of the Partnership in accordance with the terms of the Limited Partnership Agreement the Operator shall be entitled to receive out of the Partnership Assets a one-off payment for performing that function. The amount of such payment will be agreed between the parties at the relevant time.