

# PRINCIPLE CAPITAL HOLDINGS S.A.

6 rue Adolphe Fischer  
Luxembourg L-1520  
R.C.S. Luxembourg B 98144

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## NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

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**To be held at 6 rue Adolphe Fischer, Luxembourg**

on 19 October 2007 at 10.00 a.m. CET

This document is important and requires your immediate attention. If you are in any doubt as to what action you should take, you should consult your stockbroker, bank manager, solicitor or other professional advisor immediately.

This document does not constitute or form part of an offer or invitation to sell or issue, or any solicitation or an offer to purchase or subscribe for, shares or any other interest in Principle Capital Holdings S.A., nor does it constitute the giving of investment advice by Principle Capital Holdings S.A.

In this document:

**AIM** means the market of that name operated by the London Stock Exchange plc;

**AIM Rules** means the rules for companies whose securities are traded on AIM and their nominated advisers published by the London Stock Exchange plc as amended from time to time;

**Board** means the board of directors of the Company composed of Brian Alan Myerson, David John Cooley, Brian Sean Padgett, Leonard Joseph O'Brien and Richard John Bolton;

**Company** means Principle Capital Holdings S.A. (registered number 98144), a 1929 holding company incorporated in the Grand Duchy of Luxembourg;

**Company Shares** means ordinary shares of £1 each in the issued share capital of the Company;

**Concerto** means Concerto Capital Corporation Limited (registered number 42347), a private company incorporated in the British Virgin Islands, the entire issued share capital of which is owned by the Nicholas Trust;

**Directors** mean the directors of the Company;

**EGM** means the extraordinary general meeting of the Company to be held at 6 rue Adolphe Fischer, L-1520 Luxembourg on 19 October 2007 at 10.00 a.m. CET;

**Form of Proxy** means the form of proxy set out in Annexure B of this document;

**Founding Partners** means Concerto, George Lindsay Andrew May, David John Cooley, Andrew James Peggie, Brian Sean Padgett and Leonard Joseph O'Brien;

**Founding Partner Shares** or **PCP Minority Shares** means the 3,000 ordinary shares of £1 each in the issued share capital of Principle Capital Partners which are, at the date of this document, held by the Founding Partners;

**Independent Director** means Richard John Bolton;

**Landsbanki** means Landsbanki Securities (UK) Limited;

**Nicholas Trust** means a discretionary trust established by a Deed of Settlement dated 21 March 1988 settling certain property on discretionary trusts for the benefit of potential beneficiaries who include Brian Alan Myerson and certain members of his family;

**Notice of Meeting** means the notice of EGM and its agenda set out in Annexure A of this document;

**Principle Capital Group** means the Company and its subsidiaries;

**PCP** or **Principle Capital Partners** means Principle Capital Partners Limited (registered number 575718), a private company incorporated in the British Virgin Islands which is owned as to 70 per cent. by the Company and as to 30 per cent. by the Founding Partners;

**PCP Minority Transaction** means the acquisition by the Company of the PCP Minority Shares from the Founding Partners in consideration for the cash sum of £20,100,000, which the Founding Partners shall use to subscribe for 6,000,000 new Company Shares;

**Resolutions** means the resolutions to be proposed to Shareholders at the EGM and which are set out in Annexure A of this document (being the Agenda of the EGM);

**Shareholders** means the shareholders in the Company;

**Silex** means Silex Holdings Limited (registered number 541381), a private company incorporated in the British Virgin Islands;

**Silex Shares** means the 100 ordinary shares of US\$1 each in the issued share capital of Silex and which are, at the date of this document, held by interests of Brian Sean Padgett and Leonard Joseph O'Brien;

**Silex Transaction** means the acquisition by the Company of the Silex Shares from the interests of Brian Sean Padgett and Leonard Joseph O'Brien in exchange for 1,250,000 new Company Shares;

**Transactions** means the PCP Minority Transaction and the Silex Transaction;

**Transaction Shares** means the 7,250,000 Company Shares to be issued pursuant to the Transactions;

**US\$** means the lawful currency of the United States of America; and

**£ or Pounds Sterling** means the lawful currency of the United Kingdom of Great Britain and Northern Ireland.

**LETTER FROM RICHARD BOLTON,  
INDEPENDENT NON-EXECUTIVE DIRECTOR OF**

**Principle Capital Holdings S.A.**

*(a 1929 holding company incorporated in the Grand Duchy of Luxembourg with registered number 98144)*

*To the holders of the Company Shares.*

Date: 27 September 2007

Dear Shareholder,

**PROPOSED ACQUISITIONS**

**1. Introduction**

The Board is pleased to inform Shareholders that on 26 September 2007 the Company entered into a sale and purchase agreement and a contribution and transfer agreement, which are both conditional upon the passing of the Resolutions, to acquire the PCP Minority Shares (being the 30 per cent. of the issued share capital of Principle Capital Partners which is not currently owned by the Company) from the Founding Partners and to acquire the Silex Shares from the interests of Brian Padgett and Leonard O'Brien, who are both Founding Partners and Directors. The consideration for the PCP Minority Transaction is £20,100,000 in cash to be used fully in turn by the Founding Partners to subscribe for 6,000,000 new Company Shares and the consideration for the Silex Transaction is the issue of 1,250,000 new Company Shares.

The purpose of this letter is to provide Shareholders with further information on the terms of the Transactions and to seek Shareholder approval for the passing of the Resolutions which will enable the Directors to issue the Transaction Shares.

**2. Reasons for the Transactions**

The Directors believe that there are strong strategic reasons supporting the Transactions, which are as follows:

*The PCP Minority Transaction:*

- provides improved transparency of the Principle Capital Group structure which the Directors believe will assist in their efforts to reflect the true value of the Principle Capital Group in the share price of the Company;
- more closely aligns the interests of the Principle Capital Group's senior management team to those of the Shareholders, thereby reducing perceived "agency costs";
- moves the Principle Capital Group's senior management team from a bonus driven to a dividend culture; and
- enfranchises and locks-in the Principle Capital Group's senior management team.

*The Silex Transaction:*

- provides an opportunity to acquire a high margin fund and trust administration business;
- brings the Principle Capital Group close to breaking even on a recurring income basis, reducing its reliance on performance fees to achieve profits;
- aligns the interests of Brian Padgett and Leonard O'Brien with the rest of the Principle Capital Group's senior management team;
- enables a closer relationship between the Principle Capital Group and clients of Silex, who are a potential source of investors in the Principle Capital Group's funds; and
- provides Silex with a stronger platform to win new business.

### **3. Information regarding Principle Capital Partners**

Principle Capital Partners is the main operational business of the Principle Capital Group. Its 100 per cent. subsidiaries, Principle Capital Fund Managers Limited and Principle Capital GP Limited, are investment adviser to Principle Capital Investment Trust plc and investment manager of Principle Capital, L.P., respectively, which jointly as at 31 August 2007 had approximately £141 million of net assets.

In addition, Principle Capital Partners is the investment manager to Bulldog Financial Limited, a co-investment vehicle which is an investor in Nord Anglia Education plc and which at 31 August 2007 had net assets of approximately £17 million.

Principle Capital Partners also holds: (i) a 60 per cent. interest in Proteus Property Partners Limited, the investment manager of AIM traded South African Property Opportunities plc, which at 31 August 2007 had pro forma net assets of approximately £63 million; and (ii) a 32 per cent. interest in PME Infrastructure Managers Limited, the investment manager of AIM traded PME African Infrastructure Opportunities plc, which was launched in July 2007, raising US\$180 million.

For the year to 31 December 2006, Principle Capital Partners and its subsidiaries made gross profits of approximately £5,850,000 and profits on ordinary activities after tax of approximately £2,720,000 and had combined net assets of approximately £1,310,600 as at 31 December 2006.

### **4. Information regarding Silex**

Silex is the parent company to a fund and trust administration business, administered from Geneva, Switzerland. It specialises in the provision of fiduciary and ancillary professional services to private and institutional clients and provides administration services for over £1 billion of gross assets, including five listed funds and several unquoted funds. In addition, it has investment mandates for client assets of approximately £100 million. For the year ended 31 December 2006 (unaudited), Silex delivered net profits of approximately £605,000 on turnover of approximately £1,750,000 and had net assets of £604,422 as at 31 December 2006. For the six months to 30 June 2007 (unaudited), Silex generated net profits of approximately £545,000 on turnover of approximately £1,400,000. Approximately 7 per cent. of its 2006 revenues were derived from business connected to the Principle Capital Group.

### **5. Terms of the Transactions**

On 26 September 2007, the Company entered into conditional agreements to the following effect:

1. to acquire the PCP Minority Shares for £20,100,000 in cash to be used fully in turn by the Founding Partners immediately to subscribe for 6,000,000 new Company Shares at £3.35 each (being the last practicable closing mid-market price of the Company Shares before announcement of the Transactions); and
2. to acquire Silex at a purchase price of £4,187,500 to be paid by the issue of 1,250,000 new Company Shares.

Completion of the PCP Minority Transaction and the Silex Transaction are interconditional and also conditional upon the passing of the Resolutions.

The Founding Partners consist of: Concerto, in which Brian Myerson has a potential beneficial interest and which owns 15.6 per cent. of PCP; George May, David Cooley and James Peggie, who own 3.6 per cent. of PCP each; and Brian Padgett and Leonard O'Brien who own 1.8 per cent. of PCP each and each of whom has a direct 50 per cent. interest in Silex. Brian Myerson, David Cooley, Brian Padgett and Leonard O'Brien are all Directors and George May and James Peggie are both directors of other companies within the Principle Capital Group.

The Founding Partners have also agreed to enter into certain lock-in arrangements with regard to their holdings of the Transaction Shares, the terms of which are set out in paragraph 7 below. In addition, each of Brian Myerson, George May, David Cooley and James Peggie have agreed to certain revisions to their service agreements and Brian Padgett and Leonard O'Brien have agreed to enter into new service agreements, such that each of the Founding Partners is required to remain in service within the

Principle Capital Group for a period of at least one year from 26 September 2007, to extend their notice periods following that date and to provide significantly greater restrictive covenant protection than under their existing arrangements.

## **6. Share Capital and the Transaction Shares**

There are currently 8,999,806 Company Shares in issue, of which 30.83 per cent. are owned by the Founding Partners (principally Concerto, which owns 30.55 per cent.).

The Transaction Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the issued Company Shares, including the right to receive dividends and other distributions declared, made or paid after the date of their issue. An application will also be made to admit the Transaction Shares to trading on AIM, assuming the Resolutions have been passed and the Directors issue the Transaction Shares. Following the issue of the Transaction Shares, Concerto has agreed to give to certain senior employees within the Principle Capital Group 128,568 Company Shares. Following this, the Founding Partners will hold 60.90 per cent. of the Company's enlarged issued share capital and Concerto will be the Company's largest Shareholder, with 35.33 per cent. (assuming no exercise of the existing options over the Company Shares).

## **7. Founding Partners' lock-in arrangements**

The Founding Partners will, in relation to the Transaction Shares, be subject to a 12 month restriction on dealing in the Transaction Shares (save for between the Founding Partners and from Concerto to certain senior employees as set out in paragraph 6 above and subject to some other very limited exceptions). The Transaction Shares are then subject to a further 12 month period of dealing restrictions during which dealing in the Transaction Shares is to take place by the Founding Partners only with the consent of the Company and the Company's nominated adviser from time to time (such consent not to be unreasonably withheld or delayed) and then such dealing is only to be undertaken through that nominated adviser's broking arm. The Transaction Shares are then subject to a further 6 month period of dealing restrictions during which dealing in the Transaction Shares may only be undertaken through the nominated adviser's broking arm.

## **8. Requirement for Shareholder Approval**

As the Transactions will involve an increase in the Company's authorised share capital, it is necessary for the Directors to seek the authority of the Shareholders to increase the Company's authorised share capital and to authorise the Directors to issue the Transaction Shares. Accordingly, the Directors have convened the EGM at which Shareholders will consider and if thought fit pass the Resolutions, *inter alia*, to authorise the Directors to issue the Transaction Shares.

The Directors intend to ask Shareholders at the EGM to approve: (i) the Transactions; (ii) an increase in the authorised share capital of the Company from £12,500,000 to £18,500,000; (iii) a reservation of 812,490 Company Shares, equivalent to 5 per cent. of the Company's issued share capital (following the issue of the Transaction Shares) to be available for issue pursuant to the Company's existing share option arrangements; (iv) to renew the Directors' authorisation to issue new Company Shares up to the new authorised share capital amount on the terms provided in Article 7.2 to Article 7.5 of the Company's existing Articles of Incorporation for a further period of five years. The Company does not, however, have any current intention of using this authority save in respect of the issue of the Transaction Shares and pursuant to the exercise of options under the Company's existing share option arrangements; (v) to make consequential amendments to the Articles of Incorporation of the Company; and (vi) to incorporate such amendments into the French text of the Articles of Incorporation of the Company.

The Founding Partners (including for these purposes Brian Myerson) have agreed that they will not participate in any further share options, other than those already granted, without the prior approval of Shareholders. In addition, the Company will not increase the limit on the Company's existing share option arrangements above 5 per cent. of the Company's issued share capital without the prior approval of Shareholders.

## **9. NOMAD, Valuations and Related Party issues**

Landsbanki was appointed as the Company's nominated adviser and broker for the purposes of the AIM Rules on 25 September 2007. Landsbanki has, in its capacity as the Company's nominated adviser, been engaged by the Company to support the fairness and reasonableness opinion to be issued by me as the Independent Director, as required by AIM Rule 13.

The value of the Transaction Shares is £24,287,500, on the basis of the mid-market price of the Company Shares of £3.35 as at the close of business on 25 September 2007, split as to £20,100,000 for the PCP Minority Transaction and £4,187,500 for the Silex Transaction.

Based on the valuation work undertaken by Landsbanki, and taking into account the factors set out in paragraph 2 above, I believe the Transactions are in the best interests of the Company.

**Having consulted Landsbanki, I consider the terms of the Transactions to be fair and reasonable insofar as Shareholders are concerned and recommend Shareholders to vote in favour of the Resolutions.**

In providing its advice, Landsbanki has taken into account the commercial assessment of the Directors.

## **10. EGM**

The EGM is to be held at 6 rue Adolphe Fischer, L-1520 Luxembourg on 19 October 2007 at 10.00 a.m. CET in order to consider and vote on the Resolutions.

## **11. Irrevocable Undertakings**

Your Board has discussed the above proposals with a number of the Company's largest Shareholders and has, at the date of this document, received irrevocable undertakings from Shareholders owning 25.61 per cent. of the Company Shares to vote in favour of the Resolutions. In addition, Concerto and James Peggie will vote their Company Shares, representing in aggregate 30.83 per cent. of the Company Shares, in favour of the Resolutions as set out in paragraph 13 below.

Therefore, in aggregate, a minimum of 56.44 per cent. of the Company Shares are committed to be voted in favour of the Resolutions.

## **12. Actions to be Taken**

Shareholders will find enclosed a Form of Proxy for use in relation to the EGM. Whether or not you intend to be present at the meeting you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon to Maitland Luxembourg S.A., BP 1361 L-1520, Luxembourg (marked for the attention of Vanessa Molloy, fax +352 4025 0566) as soon as possible and, in any event, so as to arrive no later than 10.00 a.m. CET on 17 October 2007. The completion and return of a Form of Proxy will not preclude you from attending the EGM and voting in person should you so wish.

## **13. Recommendation**

The Resolutions will be passed if more than two thirds (66.6 per cent.) of votes of the Shareholders (or their proxies) are cast in favour of the Resolutions provided that a quorum of more than half of the issued share capital of the Company is present or represented at the EGM.

Your Board believes that the Resolutions contained in the Notice of Meeting are in the best interests of the Company and Shareholders as a whole and unanimously recommends you to vote in favour of the Resolutions, as Concerto, the family vehicle of Brian Myerson (Chief Executive Officer), and James Peggie, the other Founding Partner with an existing holding of Company Shares, shall do in respect of their beneficial shareholdings representing in aggregate 30.83 per cent. of the Company Shares.

Yours sincerely

**Richard Bolton**  
*Independent Director*

27 September 2007

## ANNEXURE A

### Agenda of the EGM

1. To approve the purchase by the Company of respectively, 3,000 PCP Minority Shares for a cash sum of £20,100,000 and 100 Silex Shares in exchange for the issue of 1,250,000 new Company Shares by the Directors;
2. To increase the authorised share capital of the Company from its present amount of twelve million five hundred thousand Pounds Sterling (£12,500,000) divided into twelve million five hundred thousand (12,500,000) Company Shares having a par value of £1 each to eighteen million five hundred thousand Pounds Sterling (£18,500,000) divided into eighteen million five hundred thousand (18,500,000) Company Shares having a par value of £1 each;
3. To reserve out of the Company's new authorised share capital an amount of eight hundred and twelve thousand, four hundred and ninety Pounds Sterling (£812,490) for the issue of new Company Shares pursuant to the exercise of stock options granted or to be granted to employees, executives, non-executives, board members or other officers of the Company and its group including any subsidiaries and/or affiliates as the Directors may determine pursuant to the Company's stock option arrangements;
4. To renew the authorisation of the Directors to issue further Company Shares (for cash and/or contribution in kind) so as to bring the total issued share capital of the Company up to the total authorised share capital in whole or in part from time to time, including the issue of Company Shares within a period expiring on the fifth anniversary of the publication of the notarial deed recording the EGM in the *Mémorial C, Recueil Special des Societes et Association* on the terms and conditions set out in Article 7.2 to Article 7.5 of the Company's Articles of Incorporation;
5. Subject to the approval of resolutions 2, 3 and 4 above, to amend Articles 6.2 and 7.1 of the Articles of Incorporation of the Company to reflect the changes in the authorised share capital of the Company and the renewal of the Directors' authorisation to issue new Company Shares up to the amount of the authorised share capital; and
6. That the changes reflected under paragraph 5 be incorporated into the French text of the Articles of Incorporation of the Company to the extent required.

## ANNEXURE B

### Principle Capital Holdings S.A.

Société Anonyme  
R.C.S Luxembourg B 98144  
Registered Office: 6 rue Adolphe Fischer, L-1520 Luxembourg

(the "Company")

#### FORM OF PROXY FOR THE EGM

Form of Proxy for an EGM of Shareholders to be held at the registered office of the Company on 19 October 2007, or as soon thereafter as it can be held, in the presence of a Notary.

I/We the Undersigned \_\_\_\_\_ being holder of \_\_\_\_\_ Company Shares having a par value of one (1) Pound Sterling (GBP) each in the Company hereby appoints

\_\_\_\_\_ (see note 2 below) the chairman or the secretary of the meeting to whom he/she/it gives all powers to represent me/us at the said meeting, to take part in all deliberations and to vote in my/our name according to the instructions set out below and to perform all acts necessary to give effect to any resolutions proposed by the chairman arising out of the Agenda set out in the notice of the EGM.

*Note:* Shareholders should indicate with a cross (x) in the spaces provided below the manner in which they wish their votes to be cast. In the absence of specific instructions their special attorney may vote as he thinks fit:

#### RESOLUTIONS:

1. To approve the purchase by the Company of respectively, 3,000 PCP Minority Shares for a cash sum of £20,100,000 and 100 Silex Shares in exchange for the issue of 1,250,000 new Company Shares by the Directors;
2. To increase the authorised share capital of the Company from its present amount of twelve million five hundred thousand Pounds Sterling (£12,500,000) divided into twelve million five hundred thousand (12,500,000) Company Shares having a par value of £1 each to eighteen million five hundred thousand Pounds Sterling (£18,500,000) divided into eighteen million five hundred thousand (18,500,000) Company Shares having a par value of £1 each;
3. To reserve out of the Company's new authorised share capital an amount of eight hundred and twelve thousand, four hundred and ninety Pounds Sterling (£812,490) for the issue of new Company Shares pursuant to the exercise of stock options granted or to be granted to employees, executives, non-executives, board members or other officers of the Company and its group including any subsidiaries, affiliates and/or parent company as the Directors may determine pursuant to the Company's stock option arrangements;
4. To renew the authorisation of the Directors to issue further Company Shares (for cash and/or contribution in kind) so as to bring the total issued share capital of the Company up to the total authorised share capital in whole or in part from time to time, including the issue of Company Shares within a period expiring on the fifth anniversary of the publication of the notarial deed recording the EGM in the Mémorial C, Recueil Special des Societes et Association on the terms and conditions set out in Article 7.2 to Article 7.5 of the Company's Articles of Incorporation;
5. Subject to the approval of resolutions 2, 3 and 4 above, to amend Articles 6.2 and 7.1 of the Articles of Incorporation of the Company to reflect the changes in the authorised share capital of the Company and the renewal of the Directors authorisation to issue new Company Shares up to the amount of the authorised share capital; and
6. That the changes reflected under paragraph 5 be incorporated into the French text of the Articles of Incorporation of the Company to the extent required.

<b>RESOLUTION 1</b>	<b>For</b> <input type="checkbox"/>	<b>Against</b> <input type="checkbox"/>	<b>Abstention</b> <input type="checkbox"/>
<b>RESOLUTION 2</b>	<b>For</b> <input type="checkbox"/>	<b>Against</b> <input type="checkbox"/>	<b>Abstention</b> <input type="checkbox"/>
<b>RESOLUTION 3</b>	<b>For</b> <input type="checkbox"/>	<b>Against</b> <input type="checkbox"/>	<b>Abstention</b> <input type="checkbox"/>
<b>RESOLUTION 4</b>	<b>For</b> <input type="checkbox"/>	<b>Against</b> <input type="checkbox"/>	<b>Abstention</b> <input type="checkbox"/>
<b>RESOLUTION 5</b>	<b>For</b> <input type="checkbox"/>	<b>Against</b> <input type="checkbox"/>	<b>Abstention</b> <input type="checkbox"/>
<b>RESOLUTION 6</b>	<b>For</b> <input type="checkbox"/>	<b>Against</b> <input type="checkbox"/>	<b>Abstention</b> <input type="checkbox"/>

Name of the registered Shareholder: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

*Notes:*

1. At the EGM a resolution may validly be adopted by a majority of votes of two thirds of the Company Shares present or represented, provided that a quorum of more than half of the issued and outstanding capital of the Company is present or represented at such meeting; if no quorum is reached at such meeting, a second EGM may be convened at which proposed amendments can be validly adopted, without any quorum requirements by a majority of two thirds of the Company Shares present or represented at such meeting.
2. You may, if you wish, delete the “chairman or the secretary of the meeting” and insert the name and address of some other person(s) who need not to be (a) Shareholder(s).
3. In case of a corporation having a common seal, this Form of Proxy must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. To be valid, this Form of Proxy and the power of attorney or other authority (if any) under which it is signed, or notarially certified or office copy of that power of attorney or other authority must be deposited at the registered office of the Company by whom it must not be received less than 48 hours before the time for the meeting or the adjourned meeting.
5. The completion and return of this Form of Proxy will not prevent Shareholders attending and voting at the meeting if they subsequently wish to do so.

