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If you have sold or otherwise transferred, or sell or transfer before 5.00 p.m. on 7 August 2009, all of your Existing Ordinary Shares, please forward this document (but not the enclosed personalised Form of Proxy and Election Form) as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be distributed, forwarded or transmitted in or into any jurisdiction in which such an act would constitute a breach of the relevant laws of such jurisdiction.

Collins Stewart Europe Limited ("Collins Stewart"), which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as financial adviser and corporate broker to SPARK and is acting for no-one else in connection with the Proposals or any other matter referred to in this document and will not be responsible to anyone other than SPARK for providing the protections afforded to customers of Collins Stewart nor for providing advice to any other person in relation to the Proposals or any other matter referred to in this document.

Application will be made for the New Ordinary Shares to be issued pursuant to the Proposals to be admitted to trading on AIM. It is expected that dealings in the Existing Ordinary Shares will continue until 5.00 p.m. on 7 August 2009 and that Admission of the New Ordinary Shares will become effective and dealings in them will commence on AIM at 8.00 a.m. on 10 August 2009. No application will be made to AIM or any other investment exchange or trading platform for listing or admission to trading of the B Shares, C Shares, D Shares or Deferred Shares to be issued pursuant to the Proposals.



SPARK Ventures plc

(incorporated in England and Wales under registered number 03813450)

Proposed realisation of Existing Investments over the period to 31 March 2014

Proposed Return of Cash to Shareholders equivalent to two pence per Existing Ordinary Share by way of either a Capital Repayment or a Special Dividend

Proposed Management Buyout of Fund Management Business

Notice of General Meeting

This document should be read as a whole. Your attention is drawn to the letter from David Potter, Independent Non-Executive Director of SPARK, which is set out in Part 1 of this document and which recommends that you vote in favour of all of the Resolutions to be proposed at the General Meeting, the notice for which is set out in Part 9 of this document. **The implementation of the Return of Cash and the change to SPARK's investing policy is conditional upon approval by Shareholders of Resolutions 1 and 2 respectively at the General Meeting and Admission. The implementation of the Management Buyout is conditional upon approval by Shareholders of all of the Resolutions at the General Meeting and Admission.**

A summary of the action to be taken by Shareholders is set out in paragraph 12 of Part 1 of this document.

None of the B Shares, C Shares, D Shares, Deferred Shares nor the New Ordinary Shares have been or will be registered under the US Securities Act or the state securities laws of the United States and none of them may be offered or sold in the United States unless pursuant to a transaction that has been registered under the US Securities Act and the relevant state securities laws or that is not subject to the registration requirements of the US Securities Act or such laws, either due to an exemption therefrom or otherwise.

None of the B Shares, C Shares, D Shares, Deferred Shares, New Ordinary Shares nor this document have been approved, disapproved or otherwise recommended by any US federal or state securities commission or other regulatory authority or any non-US securities commission or regulatory authority nor have such authorities confirmed the accuracy or determined the adequacy of this documents. Any representation to the contrary is a criminal offence in the United States.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of the Form of Proxy or CREST Proxy Instruction for the General Meeting	11.00 a.m. on 5 August 2009
General Meeting	11.00 a.m. on 7 August 2009
Latest time and date for receipt of Forms of Election and TTE Instructions in respect of the Alternatives	3.00 p.m. on 7 August 2009
Latest time and date for dealings in Existing Ordinary Shares, Existing Ordinary Shares disabled in CREST and Existing Ordinary Share register closed	5.00 p.m. on 7 August 2009
Share Split Record Date	5.00 p.m. on 7 August 2009
Record Time (for determining entitlement to the Capital Repayment on the B Shares and the Special Dividend on the C Shares)	6.00 p.m. on 7 August 2009
Cancellation of trading of Existing Ordinary Shares	7.00 a.m. on 10 August 2009
New Ordinary Shares admitted to trading on AIM and dealings in the New Ordinary Shares commence and enablement in CREST	8.00 a.m. on 10 August 2009
Credit CREST accounts with, or despatch cheques in respect of, the Capital Repayment on the B Shares and the Special Dividend on the C Shares	By 24 August 2009
Completion of Management Buyout (estimated)	By 30 September 2009

Notes:

1. References to times in this document are to London times. If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on a Regulatory Information Service.
2. Completion of all events in the above timetable following the holding of the General Meeting are conditional upon, *inter alia*, the passing of all of the Resolutions at the General Meeting.

PART 1

LETTER FROM AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF SPARK VENTURES PLC

Directors:

Thomas Alfred Teichman (*Executive Chairman*)
Andrew Bruce Carruthers (*Chief Executive Officer*)
Jayesh Ramesh Patel (*Management Executive Director*)
Andrew David Norman Betton (*Finance Director*)
David Roger William Potter (*Non-Executive Director*)
Michael Keith Whitaker (*Non-Executive Director*)
Charles Richard Berry (*Non-Executive Director*)

SPARK Ventures plc
33 Glasshouse Street
London
W1B 5DG

21 July 2009

To Shareholders and, for information only, to participants in the SPARK Share Option Schemes

Dear Shareholder

Proposed realisation of Existing Investments over the period to 31 March 2014

Proposed Return of Cash to Shareholders equivalent to two pence per Existing Ordinary Share by way of either a Capital Repayment or a Special Dividend

Proposed Management Buyout of Fund Management Business

Notice of General Meeting

1. Introduction

On 20 July 2009 it was announced that, following a strategic review of its business to enhance Shareholder value, the Company intended to seek the approval of Shareholders to an alteration to the Company's investing strategy so that no more investments would be made into new businesses and that Existing Investments would be sold, when appropriate, with a view to all Existing Investments being realised over the period to 31 March 2014. It is intended that the resultant cash reserves of the Company (having regard to its ongoing working and investment capital requirements) should be progressively returned to Shareholders over this period, as it becomes available, in such manner as the Board may consider most appropriate at the relevant time.

SPARK will, for the time being, retain cash reserves of approximately £6 million for possible follow on investment into Existing Investments as required to preserve and maximise Shareholder value. SPARK is now seeking to provide Shareholders with the Return of Cash of an amount equivalent to two pence per Existing Ordinary Share (in aggregate £8.2 million). It is proposed that the Return of Cash will be effected by means of the issue to Shareholders of B Shares and/or C Shares, which are intended to give Shareholders, where eligible under their prevailing tax regime (such as the UK), the flexibility to treat the Return of Cash as either capital or income for tax purposes, or a combination of the two.

The Independent Non-Executive Directors are aware of the impact on the Company's executive management team of committing to an orderly realisation of the Existing Investments and the need on behalf of Shareholders to ensure the maximisation of the value of such assets by the continued availability of the management team. The Independent Non-Executive Directors consider that this is particularly important for the early stage unquoted Existing Investments where the Manager's background knowledge and experience would be hard to replicate and to allow such Existing Investments to have an ongoing relationship with the Manager and access to follow-on funding that has the potential to enhance their value. With this in mind, the Independent Non-Executive Directors have reached agreement with the Executive Directors on the terms on which the management of the business of the Group will be ceded to a separate management company controlled by the Executive Directors by way of the Management Buyout. The Manager will be incentivised to realise value for Shareholders from the Existing Investments through new incentive arrangements in the form of the issue of D Shares by the Company. These incentive arrangements will only commence after aggregate Distributions to Shareholders exceed the Initial Target of £45.2 million (subject to adjustment), which is equivalent to 11 pence per Existing Ordinary Share (net of Existing Ordinary Shares held in treasury). These incentive arrangements are described in more detail in Part 2 of this document.

The Management Buyout, which will be subject to the approval of Shareholders at the General Meeting, will involve the transfer of the existing management team and employees of the Company (except the Independent Non-Executive Directors) to a new group, the parent of which will be a company called SPARK Venture Management Holdings Limited (the "Manager"). The management team of the Manager will be able to offer the resources of an independent fund management business with the necessary scale to provide the Group with continuous and stable fund management service during the period of the realisation of the Existing Investments. The Manager will also become responsible for management of the Quester Funds and the Quester Venture Partnership.

As reported in the results for the year ended 31 March 2009, several of the Company's larger investments are growing rapidly and, in the opinion of the Directors, have the potential to increase significantly in value over the next few years. The Independent Non-Executive Directors therefore believe that the Proposals have the potential to give substantially higher returns to Shareholders over time rather than the possible alternatives of realising the Company's portfolio or seeking a sale of the Company now.

The purpose of this document is to explain and seek Shareholder approval for the Proposals and also to explain the choices available to Shareholders in relation to the Return of Cash. The implementation of the Return of Cash is conditional upon approval by Shareholders of Resolutions 1 and 2 respectively at the General Meeting and Admission. Implementation of the Management Buyout is conditional upon approval by Shareholders of all of the Resolutions at the General Meeting and Admission.

Please read the whole of this document and not just the summarised information set out in this letter. Shareholders' attention is drawn to the further information set out in Parts 2 to 7 of this document.

2. Background to and reasons for the Proposals

On 7 April 2009, the Board announced that it had concluded that the potential strategic investment into the Company by certain Asian investors was unlikely to complete in the near term. The Board also announced that, given the ongoing discount of the Company's share price to the net asset value per share, it was reviewing alternative methods of enhancing Shareholder value, including ways of returning surplus cash to Shareholders.

Having also sought the views of certain of its largest Shareholders, the Independent Non-Executive Directors have concluded that the maximisation of Shareholder value is best achieved by the implementation of the Proposals. The Independent Non-Executive Directors believe that the Management Buyout will enable SPARK to:

- maximise the value of the Company's Existing Investments and, correspondingly, the amount of cash returned to Shareholders as and when those investments are sold;
- retain the continued services of the Executive Directors, who have built up the portfolio of Existing Investments and who have held relationships of many years standing with management teams of the Existing Investments;
- minimise the costs of winding up the Company after the sale of the Existing Investments (including the potential redundancy costs of the employees of the Company at such time);
- maintain the knowledge of, and relationships with, investee companies; and
- maximise the value of the 20 per cent. shareholding in the Manager to be held by the Company after completion of the Management Buyout.

Were the Company's existing structure to be maintained, upon successful realisation of the Existing Investments the Group's only business activity would be to hold the management contracts for those Quester Funds remaining in existence at that time. The Independent Non-Executive Directors do not consider that such an arrangement would constitute a viable business model for the Company and therefore consider that the implementation of the Management Buyout will provide the Group with access to a motivated and incentivised management team over the course of the realisation period. In addition, the transfer of the Querist Group to the Manager will provide continuity for the limited partners in the Quester Funds together with the framework for the Manager to build a long term business of sufficient scale to maintain the service levels of a full investment management team.

3. Change to investing policy

In accordance with Rule 8 of the AIM Rules, the Company will be required to seek the consent of Shareholders at the General Meeting to its proposed revised investing policy. SPARK proposes to:

- make no more investments into new businesses from its own balance sheet resources and will seek to realise its Existing Investments over the period to 31 March 2014. The Company will be restricted to making investments in assets or companies that are included in its Existing Investments;
- make further follow-on investments into and sell its Existing Investments where to do so will enhance Shareholder value on a sale;
- seek to actively manage its Existing Investments where the Directors consider to do so will enhance Shareholder value on a sale. It is intended that the Existing Investments will be progressively sold up to the period ended 31 March 2014; and
- return surplus cash to Shareholders arising from its cash reserves and from the sale of Existing Investments on at least an annual basis (subject to the Company maintaining sufficient working capital). The Company intends to make progressive returns of cash to Shareholders up to 31 March 2014.

It is expected that the Company's portfolio of assets will become more concentrated as Existing Investments are progressively realised.

The Board has no present intention to leverage any of the Existing Investments (although some investee companies may themselves be leveraged) and there are no cross holdings.

Details of the proposed change to the Company's investing policy are set out in Part 3 of this document.

4. Return of Cash

The Return of Cash proposed to be made is the equivalent of two pence per Existing Ordinary Share (representing in aggregate £8.2 million) and represents approximately:

- 28.6 per cent. of the Company's closing middle-market share price of 7.0 pence per Existing Ordinary Share on 17 July 2009 (the dealing day immediately prior to the announcement of the Proposals); and
- 13.9 per cent. of the Group's net asset value as at 31 March 2009, being the date of the last published net asset value of the Group.

It is proposed that the Return of Cash will be effected by means of the issue to Shareholders of B Shares and/or C Shares, which are intended to give Shareholders, where eligible under their prevailing tax regime (such as the UK), the flexibility to treat the Return of Cash as either capital or income for tax purposes, or a combination of the two.

The implementation of the Return of Cash involves a number of steps, which are all subject to approval of the Shareholders at the General Meeting:

- each Existing Ordinary Share in issue on the Share Split Record Date will be sub-divided into one ordinary share of 0.5 pence together with either four C Shares of 0.5 pence each or (at the election of the Shareholders of such Existing Ordinary Shares) four B Shares of 0.5 pence each. The B Shares will entitle their holders to receive the Capital Repayment of 0.5 pence per B Share (equivalent, for every four B Shares, to two pence per Existing Ordinary Share held) and the C Shares will entitle their holders to receive the Special Dividend of 0.5 pence per C Share (equivalent, for every four C Shares, to two pence per Existing Ordinary Share held);
- Shareholders will automatically receive C Shares unless they elect for B Shares;

- Shareholders (except for Non-United Kingdom Shareholders who will be deemed to have elected for C Shares) who elect to receive a Capital Repayment will have their B Shares bought back by the Company at 0.5 pence per B Share. The B Shares will then be cancelled;
- Shareholders (including Non-United Kingdom Shareholders who will be deemed to have elected for C Shares) who elect to receive a Special Dividend will be paid a Special Dividend of 0.5 pence per C Share held and, following such payment, each C Share shall automatically convert into a Deferred Share; and
- the New Ordinary Shares will be traded on AIM in the same way as Existing Ordinary Shares and will be equivalent in all other respects to the Existing Ordinary Shares, with the exception of the difference in nominal value and subject to the rights of the B Shares, C Shares, D Shares and Deferred Shares (as applicable).

If the Return of Cash is approved by Shareholders at the General Meeting, it is expected that CREST accounts will be credited, or cheques despatched, in respect of the Capital Repayment on the B Shares and the Special Dividend on the C Shares, by 24 August 2009.

Further details of the steps required to implement the Return of Cash are set out in Part 4 of this document. The Alternatives are described more fully below in paragraph 5 of this Part 1.

5. The Alternatives

The Alternatives for the Return of Cash available to Shareholders are summarised below and explained in further detail in Part 4 of this document. Shareholders may split the aggregate amount to be returned to them between the Alternatives.

Shareholders who do not make a valid election and Non-United-Kingdom Shareholders will be deemed to have elected for the Dividend Alternative in respect of ALL of their Share Entitlement.

The general guidance on the UK tax treatment included below is only a summary, is based on current UK law and practice as at the date of this document and applies only to Shareholders who are resident and, if they are individuals, ordinarily resident in the UK for tax purposes and who hold their Existing Ordinary Shares, B Shares and/or C Shares beneficially as investments and not on trading account. UK tax resident Shareholders should read Part 7 of this document as the Alternatives will have different UK tax consequences.

Shareholders who are in any doubt as to their tax position, or are subject to tax in a jurisdiction other than the United Kingdom, should consult an appropriate professional adviser without delay.

- **Alternative 1 – Capital Alternative (B Shares)**

Shareholders who elect for the Capital Alternative in respect of some or all of their Share Entitlement will receive four B Shares (in addition to one ordinary share of 0.5 pence) for each Existing Ordinary Share they hold at the Record Time.

It is intended that the B Shares will be bought back by the Company and the Capital Repayment will consist of 0.5 pence for each B Share bought back. Proceeds will be sent to relevant Shareholders on or about 24 August 2009. All B Shares bought back will be subsequently cancelled by the Company.

The amounts received under the Capital Alternative should generally be taxed as capital for UK tax purposes. UK tax resident Shareholders should read Part 7 of this document for further information.

The attention of Non-United Kingdom Shareholders is drawn to paragraph 5 of Part 4 of this document.

- **Alternative 2 – Dividend Alternative (C Shares)**

Shareholders who elect or are deemed to have elected for the Dividend Alternative in respect of some or all of their Share Entitlement will receive four C Shares (in addition to one ordinary share of 0.5 pence) for each Existing Ordinary Share they hold at the Record Time. A Special Dividend of 0.5 pence will become payable on each such C Share and is intended to be paid to relevant Shareholders by 24 August 2009. Immediately after payment of the Special Dividend, the C Shares will automatically convert into worthless Deferred Shares. The Deferred Shares arising on conversion of the C Shares will not be listed, will have extremely limited rights and will have negligible value. The Company will have the right to purchase all of the Deferred Shares for an aggregate sum of one penny. If the Company purchases the Deferred Shares, this will be treated as a disposal of the Deferred Shares by the Shareholders. In view of the negligible amount of this consideration, Shareholders' entitlements will not be paid.

The amounts received under the Dividend Alternative should generally be taxed as income for UK tax purposes. UK tax resident Shareholders should read Part 7 of this document for further information.

The attention of Non-United Kingdom Shareholders is drawn to paragraph 5 of Part 4 of this document.

Details of how to complete and return an Election Form are set out in Part 5 of this document. Shareholders electing through CREST should refer to paragraph 2 of Part 5 of this document for further information.

Shareholders wishing to receive the Special Dividend in respect of all of their Share Entitlement need NOT complete or return the Election Form or make an election through CREST as C Shares will be issued and the Special Dividend paid automatically in respect of all of the Share Entitlement in relation to which a Shareholder has not elected for either of the Alternatives.

6. Management Buyout

Sale of certain assets

The Company has entered into the Sale Agreement with the Manager under which it has conditionally agreed to transfer to the Manager:

- the entire issued share capital of Querist (a wholly-owned subsidiary of the Company), the parent company of the Querist Group; and
- all intellectual property rights owned or used by the Company.

Completion of the Sale Agreement is conditional on, amongst other things, (i) the passing of all of the Resolutions at the General Meeting (ii) the approval by the FSA to the proposed change of control of the existing FSA regulated companies within the Querist Group (iii) completion of the transfer of the entire issued share capital of Quester GP to the Company (iv) completion of the transfer of the entire issued share capital of both SPARK Investors Limited and NewMedia SPARK Directors Limited to the Manager, and (v) the QVP Deed of Variation being entered into.

The consideration payable by the Manager for the assets being transferred by the Company will be the sum of £1 million payable in cash on Completion, of which £200,000 will be reinvested by the Company in the Manager for a 20 per cent. shareholding in the issued share capital of the Manager. The consideration payable by the Manager is subject to a post completion adjustment mechanism to the extent that the net asset value of the Querist Group being acquired is greater, or less than, £42,000. Such adjustments are subject to an upward cap of £500,000 payable by the Manager, or a reduction in consideration by a maximum of £42,000.

On Completion, the Manager will be the parent company of the Querist Group, which operates as the manager of and will hold the various management agreements for the Quester Funds which, as at 31 March 2009, had an aggregate net asset value of £138 million. Prior to Completion, the entire issued share capital of Quester GP will be transferred to the Company pursuant to the Quester GP Sale Agreement and will remain with the Group. The Independent Non-Executive Directors have agreed with the Executive Directors that Quester GP will retain 25 per cent. of the fee received by Quester GP from the Quester Venture Partnership (which will not be part of the Querist Group), with the balance to be paid to the Manager under the terms of the QVP Management Agreement (as varied).

Assuming that the Quester Venture Partnership does not sell or write off substantial investments prior to 2011, it is expected that the value of this income to the Company will equate to approximately £0.9 million in the period to 30 June 2012.

On Completion, the Manager will also enter into the Property Licence with the Company in relation to the Manager's occupation of the Company's premises at 33 Glasshouse Street, London W1B 5DG. The Manager will pay a monthly rent of £12,708 plus VAT for a term expiring two years after Completion.

The Company, the Manager and the Executive Directors have entered into the Investment Protection Agreement that incorporates certain rights for the Company as the holder of 20 per cent. of the issued share capital of the Manager following Completion. The Investment Protection Agreement also sets out the terms of a put-option in favour of the Company that may be exercised between 31 March 2014 and 31 July 2014 which, if exercised, will require the Executive Directors to purchase all of the Company's shareholding in the Manager for a purchase price equal to the Company's proportionate shareholding of the multiple of four times the average profit of the Manager after tax for the two full financial years ending on 31 March 2013 and 31 March 2014.

Management Agreement

The Manager and the Company has entered into the Management Agreement pursuant to which the Manager has conditionally agreed subject to Completion to be responsible, subject to the overall supervision of the Company, for managing the Existing Investments. In consideration for its services under the Management Agreement, the Company shall pay a Management Fee equal to 1.75 per cent. of the Investments' Value. The Management Fee will be reduced by the sum of £187,500 per annum for the initial two year period from the date of Completion. As at 31 March 2009, the Investments' Value was approximately £38 million.

In addition, the Company will pay the Manager an annual fee of £100,000 (together with any applicable VAT) for the provision of certain administrative and secretarial services to the Company.

Unless terminated earlier in accordance with its terms, the Management Agreement shall continue for a fixed period ending on 31 March 2014. The Company will be entitled to terminate the Management Agreement on 31 March 2012 by the service of not less than 6 months' notice. In the event that such notice is served, the Company will be obliged to undertake a tender process for the ongoing provision of management services, in which the Manager will be entitled to participate. The Management Agreement may also be terminated by either party in the event that certain specified events occur (such as a material breach of agreement).

Subject to the approval of Shareholders at the General Meeting, the Company intends to allot and issue up to 2,000,000 D Shares to the Executive Directors and certain employees of the Manager in order to provide them with an appropriate incentive scheme to maximise the return of value to Shareholders as part of the proposed realisation of Existing Investments for the period to 31 March 2014. These incentive arrangements will only commence after Distributions to Shareholders exceed the Initial Target of £45.2 million (subject to adjustment), which is equivalent to 11 pence per Existing Ordinary Share (net of Existing Ordinary Shares held in treasury). Under the terms of the D Share Subscription Agreements, the subscribers shall, on Completion, subscribe initially for, in aggregate, 200,000 D Shares at a price of 5 pence per D Share following which the Company shall grant to the relevant subscribers the option to subscribe for, in aggregate, up to 1,800,000 additional D Shares at a subscription price of 0.5 pence per D Share (the "Option"). The Option shall be exercisable in whole (and not in part only) at any time between the date of Completion and 31 March 2011 but will lapse if it has not been exercised during that period or if the Management Agreement has been terminated.

Each D Share shall be entitled to a D Share Distribution on the following basis:

- in the event that Distributions exceed the Initial Target, an amount equal to 15 per cent. of the Distributions in excess of the Initial Target; and
- in the event that Distributions exceed the Second Target, an additional amount equal to 5 per cent. of the Distributions in excess of the Second Target,

in each case divided by 2,000,000 (being the number of authorised D Shares), less the aggregate per D Share of D Share Distributions (if any) paid in respect of previous financial years.

The Initial Target will be achieved where the Company has made a level of Distributions equal to £45,200,000, subject to adjustment downward by £820,000 for each £4,100,000 of Distributions made before 31 March 2012. The Initial Target may be increased at any time with the written approval of (i) the Board and (ii) a majority in number of holders of D Shares. The Second Target will be met once the Company has made a level of Distributions equal to £57.5 million. As at 31 March 2009, the unaudited net assets of the Group were £58.9 million.

Under the terms of the Management Buyout, three of the Executive Directors (Andrew Carruthers, Andrew Betton and Jayesh Patel) have agreed to cancel their unvested portion of options existing under the 2005 Plan and accept a 2 pence reduction in the exercise price in relation to the vested portion. All other incentive schemes, the benefits of which have not already vested, will be cancelled and no further payments made.

Further details of the rights attaching to the D Shares and the Executive Directors and employees' entitlement to the D Share Distribution are set out in Part 2 of this document.

The executive management team of the Manager will comprise the Executive Directors, who have worked together for the past ten years managing the Company's portfolio of investments. On Completion, Thomas Teichman, currently the chairman of SPARK, will become the chairman of the Manager, and Andrew Carruthers and Jayesh Patel will become the Manager's controlling shareholders. Andrew Betton will be appointed as the Chief Financial Officer of the Manager. It is currently intended that each of the Executive Directors will retain their board positions in relation to the Existing Investments until such investments are realised so as to enhance the return of cash to Shareholders.

Each of the Independent Non-Executive Directors has extensive experience in both making investments of the type comprising the Existing Investments and also managing the SPARK portfolio. Each of the Independent Non-Executive Directors will remain as a director of the Company following Completion.

Upon Completion, the value of the intangible assets held on the Company's balance sheet will reduce from £3.3 million to approximately £1 million. In addition, the Company will receive proceeds of £1 million for the assets being sold pursuant to the Sale Agreement, resulting in an income statement charge (and corresponding reduction in balance sheet value) of £1.3 million in the year to 31 March 2010 being the difference between the £3.3 million of intangible assets held as at 31 March 2009 and the resulting residual values after Completion of £2 million. The proforma annualised EBITDA in the first year attributable to the assets and contracts the subject of the Management Buyout are estimated to be approximately £0.4 million.

The Independent Non-Executive Directors believe the benefit to the Company in the first two years in terms of consideration and the management fee sharing arrangements to be approximately £2 million.

Further details of the terms of the Management Buyout are set out in Part 2 of this document.

7. The Board

Upon Completion, Thomas Teichman and Andrew Betton will resign as directors of the Company and David Potter will take up the role of non-executive Chairman of the Company.

The Board will then comprise five non-executive directors, being the three Independent Non-Executive Directors and two further directors, Andrew Carruthers and Jayesh Patel, who will be the two appointed representatives of the Manager.

8. SPARK Share Option Schemes

Participants in the SPARK Share Option Schemes are not, by virtue of the options they hold, entitled to participate in the Return of Cash. However, the schemes contain provision for adjusting the terms of options where there is a variation of capital. The Return of Cash constitutes such a variation of capital.

2001 Plan

In accordance with the rules of the 2001 Plan, the Board must adjust options in such a manner as the Board thinks fit in the event of a variation of capital. All options outstanding under the 2001 Plan are currently exercisable with an exercise price per share of 2.5 pence. In light of the fact that all optionholders therefore have the opportunity to exercise their options and participate in the Return of Cash, the Board has determined that no adjustment to options under the 2001 Plan should be made. The intention is that any exercise of options will be satisfied by the transfer of shares currently held by the trustees of The NewMedia SPARK plc 2001 Employee Benefit Trust (the "EBT"). To the extent that shares held in the EBT are not transferred in this way prior to the Record Time, the trustees of the EBT will be treated in the same way as other holders of Existing Ordinary Shares.

2005 Plan

Options are outstanding under the 2005 Plan over a total of 20,227,273 ordinary shares, all with an exercise price of 11 pence per share, of which options over a total of 8,090,909 shares are currently vested. It has been agreed between the Remuneration Committee and the holders of outstanding options (three out of four of whom are Executive Directors), that (conditional upon the Return of Cash coming into effect), the unvested options will be cancelled and that the rules of the 2005 Plan relating to variations of capital will be amended, in accordance with the current rules, to allow the vested options to be adjusted by a reduction in the exercise price to 9 pence per share (reflecting the expected reduction in the Company's share price as a result of the Return of Cash), with no adjustment to the number of shares under option. Furthermore, it has been agreed that the adjustment to options made in respect of any subsequent returns of cash will be on the same basis (subject to the overriding requirement that the exercise price per share may not be reduced below the nominal value of a share).

9. Proposed amendments to the Articles of Association

A number of amendments to the Articles of Association are required to implement the Proposals and these amendments require approval at the General Meeting by the passing of a special resolution. The proposed amendments relate to the rights and restrictions attaching to the B Shares, C Shares, D Shares and Deferred Shares and certain consequential amendments to the Articles of Association. The changes are summarised in Part 6 of this document.

If Shareholders approve the Return of Cash but do not approve the Management Buyout at the General Meeting, the proposed amendments to the Articles of Association will relate to the rights and restrictions attaching to the B Shares, C Shares and Deferred Shares (together with certain consequential amendments to the Articles of Association), but will not include amendments for the rights and restrictions attached to the D Shares.

10. Further information

Shareholders' attention is drawn to the further information set out in Parts 2 to 7 of this document.

Shareholders should read and rely on the whole of this document and not just the summarised information set out in this letter.

11. General Meeting

The General Meeting is to be convened at the offices of Nabarro LLP, Lacon House, 84 Theobald's Road, London WC1X 8RW at 11.00 a.m. on 7 August 2009 in order to consider and vote on each of the Resolutions. Shareholders will find enclosed a Form of Proxy for use in respect of the General Meeting.

Resolutions 1 and 5 will be proposed as special resolutions and will be passed if at least 75 per cent. of the votes cast (whether in person or by proxy) are in favour. Resolutions 2, 3 and 4 will be proposed as ordinary resolutions and will be passed if at least 50 per cent. of the votes cast (whether in person or by proxy) are in favour.

Resolution 1

Resolution 1 seeks approval for the Return of Cash and sets out the formal mechanics for its implementation.

Paragraph (a) provides for the sub-division and re-designation of the ordinary shares of 2.5 pence each in issue at 5.00 p.m. on the Share Split Record Date into ordinary shares of 0.5 pence each together with either four C Shares of 0.5 pence each or (at the election of Shareholders) four B Shares of 0.5 pence each. The rights and restrictions attached to the B Shares and the C Shares are summarised in Part 6 of this document.

Paragraph (b) provides for the payment of the Special Dividend on the C Shares, subject to the Company having sufficient distributable reserves.

Paragraph (c) provides for the Company to make purchases of B Shares at a fixed price (exclusive of expenses) of 0.5 pence per B Share.

Paragraph (d) provides for the adoption of new articles of association which set out the rights and restrictions attached to the B Shares, C Shares and Deferred Shares and paragraph (e) provides that the rights of the New Ordinary Shares shall be the same in all respects as the Existing Ordinary Shares with the exception of the difference in nominal value and subject to the rights of the B Shares, C Shares and Deferred Shares.

Resolution 1 is conditional upon and subject to Resolution 2 being passed at the General Meeting.

Resolution 2

Resolution 2 seeks approval for the proposed change to SPARK's investing policy resulting from the Return of Cash for the purposes of Rule 8 of the AIM Rules. Rule 8 of the AIM Rules provides that an investing company must seek the prior consent of its shareholders in general meeting for any material change to its investing policy. Accordingly, the Directors consider that the implementation of the Return of Cash would constitute a material change to the Company's investing policy and as such are seeking the approval of Shareholders for the new proposed revised investing policy.

Resolution 2 is conditional upon and subject to Resolution 1 being passed at the General Meeting.

Resolution 3

Resolution 3 seeks approval of the Related Party Transactions for the purposes of section 190 of the 2006 Act.

Section 190 of the 2006 Act provides that a company may not enter into an arrangement under which a director of the Company or a person connected with a director (which includes companies connected with that director) acquires or is to acquire from the company a substantial non-cash asset unless the arrangement has been approved by a resolution of the shareholders of the company. Section 191 of the 2006 Act provides that an asset is a substantial non-cash asset in relation to a company if its value exceeds 10 per cent. of the company's asset value and is more than £5,000, or exceeds £100,000.

The Directors consider that the Related Party Transactions constitute arrangements for the acquisition of a substantial non-cash asset given the value of assets being acquired by the Manager, which is a connected person of the Executive Directors.

Resolution 3 is conditional upon and subject to Resolutions 1, 2, 4 and 5 being passed at the General Meeting.

Resolution 4

Resolution 4 seeks approval to create the D Shares by the redesignation of 2,000,000 of the authorised but unissued ordinary shares of the Company and to grant authority to the Directors allot those D Shares for the purposes of satisfying the Company's obligations under the D Share Subscription Agreements. Resolution 4 also seeks approval for the Company to buyback D Shares of 5 pence per D Share (being the subscription price for the initial D Shares).

Resolution 4 is conditional upon and subject to Resolutions 1, 2, 3 and 5 being passed at the General Meeting.

Resolution 5

Resolution 5 seeks approval for the adoption of new articles of association of the Company in substitution for those adopted under Resolution 1 which incorporate the rights attaching to the B Shares, C Shares, Deferred Shares and the D Shares.

The adoption of the new articles of association under Resolution 5 is conditional upon and subject to Resolutions 1 to 4 being passed at the General Meeting and, accordingly, the Management Buyout being implemented.

The full text of the Resolutions is set out in the Notice of Meeting in Part 9 of this document.

12. Action to be taken

A Form of Proxy for use in connection with the General Meeting is enclosed. Whether or not Shareholders intend to be present at the General Meeting, they are requested to complete and sign the accompanying Form of Proxy and return it, in accordance with the instructions printed on it, by post or (during normal business hours only) by hand to Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU to arrive as soon as possible and, in any event, by no later than 11.00 a.m. on 5 August 2009. Shareholders who hold their Existing Ordinary Shares in CREST may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Capita Registrars so that it is received by no later than 11.00 a.m. on 5 August 2009. The return of a completed Form of Proxy or the transmission of an electronic proxy or CREST Proxy Instruction will not prevent a Shareholder from attending the General Meeting and voting in person (in substitution for their proxy vote) should they wish to do so and are so entitled.

An Election Form for use by Shareholders (with the exception of Shareholders who hold their Existing Ordinary Shares in CREST) in connection with the Capital Alternative is enclosed with this document. To be valid, Election Forms must be validly completed and returned so as to be received by Capita Registrars by no later than 3.00 p.m. on 7 August 2009. If Shareholders do not use the envelope provided, the Election Form should be sent by post or delivered by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU and postage will (where applicable) be payable. Full details on how to complete and return the Election Form are set out in Part 5 of this document.

Shareholders who hold their Existing Ordinary Shares in CREST will not be sent Election Forms and may only elect for the Capital Alternative through CREST. Please see paragraph 2 of Part 5 of this document for further information.

13. Related party transactions

As the Manager is principally owned and controlled by the Executive Directors, the entry by the Company into the Related Party Transactions also constitutes related party transactions for the purposes of Rule 13 of the AIM Rules.

The Independent Non-Executive Directors, having been advised by the Company's nominated adviser, Collins Stewart, believe that the Related Party Transactions are fair and reasonable insofar as Shareholders are concerned. In giving advice to the Board, Collins Stewart has taken into account the Board's commercial assessments of the Proposals and the Related Party Transactions.

The Related Party Transactions will also require the approval of Shareholders at the General Meeting for the purposes of the 2006 Act as they constitute arrangements for the transfer of substantial non-cash assets of the Company to the Manager, which is a company connected to the Executive Directors.

14. Recommendation

The Directors consider the Return of Cash and the change to SPARK's investing policy to be fair and reasonable insofar as Shareholders are concerned. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolutions 1 and 2 at the General Meeting.

The Independent Non-Executive Directors consider the Related Party Transactions required to give effect to the Management Buyout to be fair and reasonable insofar as Shareholders are concerned. Accordingly, the Independent Non-Executive Directors unanimously recommend that Shareholders vote in favour of Resolutions 3 to 5 at the General Meeting.

The Directors intend to vote in favour of all of the Resolutions at the General Meeting in respect of their own beneficial holdings, amounting in aggregate to 41,348,091 Existing Ordinary Shares (representing approximately 10.1 per cent. of the current issued share capital of SPARK) at the date of this document.

Yours faithfully,

David Potter

Independent Non-Executive Director

PART 2

TERMS OF THE MANAGEMENT BUYOUT

1. The Manager

The Manager is a recently incorporated company registered in England and Wales and has been established by the Executive Directors. The Manager is currently wholly-owned by the Executive Directors but, on Completion, the Company will be issued with such number of ordinary shares in the capital of the Manager as amounts to 20 per cent. of the entire issued share capital. The Company will subscribe for its 20 per cent. of the issued share capital of the Manager under the terms of the Investment Protection Agreement.

The management team of the Manager will comprise the Executive Directors. On Completion, Thomas Teichman, currently the chairman of SPARK, will become chairman of the Manager, and Andrew Carruthers and Jayesh Patel will become the Manager's controlling shareholders. Andrew Betton will be appointed as the Chief Financial Officer of the Manager. It is currently intended that each of the Executive Directors will retain their positions on the board of SPARK's investee companies until such investments are realised so as to enhance the return of cash to Shareholders.

2. Sale Agreement

Under the terms of the Sale Agreement, the Company has conditionally agreed to transfer to the Manager:

- the entire issued share capital of Querist (a wholly-owned subsidiary of the Company), the parent company of the Querist Group; and
- all intellectual property rights owned or used by the Company.

Completion of the Sale Agreement is conditional on, amongst other things, (i) the passing of all of the Resolutions at the General Meeting (ii) the approval by the FSA to the proposed change of control of the existing FSA regulated companies within the Querist Group (iii) entry into and completion of the Quester GP Sale Agreement (iv) completion of the transfer of the entire issued share capital of both SPARK Investors Limited and NewMedia SPARK Directors Limited to the Manager and (v) the QVP Deed of Variation being entered into.

The consideration payable by the Manager for the assets being transferred by the Company will be the sum of £1 million payable in cash on Completion, of which £200,000 will be reinvested in the Manager for a 20 per cent. shareholding in the issued share capital of the Manager. The consideration payable by the Manager is subject to a post completion adjustment mechanism to the extent that the net asset value of the Querist Group being acquired is greater, or less than, £42,000. Such adjustments are subject to an upward cap of £500,000 payable by the Manager, or a reduction in consideration by a maximum of £42,000.

Prior to Completion, the Company and the QVP Manager shall enter into the Quester GP Sale Agreement to transfer the entire issued share capital of Quester GP to the Company so that Quester GP will continue to be part of the Group. From Completion, the Company (through its ownership of Quester GP) will retain 25 per cent. of the fee received by Quester GP from the Quester Venture Partnership (which will not be part of the Querist Group), with the balance to be paid to the Manager under the terms of the QVP Management Agreement (as varied).

The Manager will grant to the Company an irrevocable worldwide royalty-free exclusive licence of all intellectual property rights transferred by the Company to the Manager for the period from the date of Completion until the sixth anniversary of Completion.

On Completion, the Manager will also enter into the Property Licence with the Company in relation to the Manager's occupation of the Company's premises at 33 Glasshouse Street, London W1B 5DG. The Manager will pay a monthly rent of £12,708 plus VAT for a term expiring two years after Completion.

Funds under management

The disposal of the entire issued share capital of Querist to the Manager will result in the Manager becoming the parent company of the Querist Group, the manager of the Querist Funds and the Quester Venture Partnership. The aggregate net asset value of external funds under the management of SPARK as at 31 March 2009 was as follows:

	<i>£m</i>
Quester Funds	
SPARK VCT plc ^(Note 1)	29
SPARK VCT2 plc ^(Note 2)	28
The Isis College Fund No. 1 LP	9
The Isis College Fund No. 2 LP	5
Lachesis Seed Fund LP	7
Quester Venture Partnership ^(Note 3)	60
TOTAL	<u>138</u>

Notes:

1. SPARK VCT plc has a continuation vote at its 2010 annual general meeting (expected to be convened in May 2010).
2. SPARK VCT2 plc has a continuation vote at its 2012 annual general meeting (expected to be convened in May 2012).
3. The Quester Venture Partnership is scheduled to be wound up in June 2012, subject to two further possible extensions of term of one year each.

3. Investment Protection Agreement

The Company, the Manager and the Executive Directors have entered into the Investment Protection Agreement that incorporates certain rights for the Company as the holder of 20 per cent. of the issued share capital of the Manager following completion of the Management Buyout.

The Investment Protection Agreement contains certain restrictions on the actions of the Executive Directors without the consent of the Company. Such matters include the allotment or issue of any warrants, options or other rights convertible into shares in the Manager, amending

the articles of association of the Manager, making or permitting any substantial alteration in the general business of the Manager or taking any steps to undertake a voluntary winding-up or dissolution of the Manager, in each case for such period as the Company holds any shares in the capital of the Company.

The Investment Protection Agreement also sets out the terms of a put-option in favour of the Company that may be exercised between 31 March 2014 and 31 July 2014 which, if exercised, will require the Executive Directors to purchase all of the Company's shareholding in the Manager for a purchase price equal to the Company's proportionate shareholding of the multiple of four times the average profit of the Manager after tax for the two full financial years ending on 31 March 2013 and 31 March 2014.

4. Management Agreement

The Manager and the Company have entered into the conditional Management Agreement pursuant to which the Manager will be responsible, subject to the overall supervision of the Company, for managing the Existing Investments. As at 31 March 2009, the unaudited net assets of the Group were £58.9 million, of which the Existing Investments comprised approximately £38 million.

Management Fee

With effect from Completion, the Company shall pay to the Manager a Management Fee equal to 1.75 per cent. of the Investments' Value. The Management Fee shall be reduced by the sum of £187,500 per annum for the initial two year period from the date of Completion.

The Management Fee shall be paid:

- from the date of Completion, annually in advance for the first two years of the term of the Management Agreement; and
- thereafter, in four equal instalments quarterly in advance in respect of the quarterly periods commencing on 1 April, 1 July, 1 October and 1 January in each year (with the first such payment of Management Fee being payable on a pro-rata basis from the second anniversary of the date of Completion to the end of such quarterly period).

In addition, the Company will pay the Manager an annual fee of £100,000 (together with any applicable VAT) for the provision of certain administrative and secretarial services to the Company.

Termination

Unless terminated earlier in accordance with its terms, the Management Agreement shall continue for a period commencing on the date of Completion and ending on 31 March 2014.

The Company is entitled to terminate the Management Agreement on 31 March 2012 by serving notice in writing on the Manager at any time on or before 30 September 2011 (a "**Break Notice**"). In the event that the Company has served a Break Notice then the following provisions shall apply:

- the Company will undertake a tender process for the appointment of a new manager and will invite the Manager to participate in the tender process on the same basis as the other prospective new managers participating in the tender process;
- the Company shall be entitled to specify, as part of the tender process, such level of services as it shall in its discretion deem appropriate for the management services to be provided by any manager;
- if, following completion of the tender process, the aggregate management fees quoted by the Manager for undertaking the services specified by the Company in the tender process is equal to or lower than those of the prospective new managers participating in the tender process then the Company and the Manager shall enter into a new management agreement on substantially similar terms to the Management Agreement (save in respect of the fees and the scope of services) pursuant to which the Manager shall provide the services specified in the tender process for such fees.

The Management Agreement may be terminated immediately by the Company if the Manager:

- commits an act of negligence, wilful default, fraud, bad faith, or a material violation of any applicable law;
- commits a material breach of the Management Agreement or a breach of duty (which in either case is not remedied within 30 business days);
- suffers an insolvency event;
- does not have appropriate authorisations in place to carry out the services under the Management Agreement.

The Management Agreement may be terminated by the Company on 12 months' written notice if:

- at any time any two of the Executive Directors cease to devote the majority of their time and attention during normal working hours to the business of the Manager and the Management Fee payable is in excess of £400,000; or
- at any time any three of the Executive Directors cease to devote the majority of their time and attention during normal working hours to the business of the Manager and the Management Fee payable is in excess of £200,000 but less than £400,000; or
- at any time any two of the Executive Directors cease to devote the majority of their time and attention during normal working hours to the business of the Manager for reasons of death or permanent incapacity and are not replaced by appropriately qualified persons (in the reasonable opinion of the Board) within six months; or
- in the event that, as at 31 March 2011, the Investments' Value and the gross consideration (in the form of cash or securities listed on a recognised investment exchange) from the sales of Existing Investments between the date of the Management Agreement and 31 March 2011 is less than £25,934,000 (subject to certain adjustments).

D Shares

Subject to the approval of Shareholders at the General Meeting, the Company intends to allot and issue up to 2,000,000 D Shares to the Executive Directors and certain employees of the Manager in order to provide them with an appropriate incentive scheme to maximise the return of value to Shareholders as part of the proposed realisation of Existing Investments for the period to 31 March 2014. Each subscriber shall subscribe for their respective holdings of D Shares pursuant to the terms of the D Share Subscription Agreements.

Under the terms of the D Share Subscription Agreements, the subscribers shall, on Completion, subscribe initially for, in aggregate, 200,000 D Shares at a price of 5 pence per D Share following which the Company shall grant to the relevant subscribers the option to subscribe for, in aggregate, up to 1,800,000 additional D Shares at a subscription price of 0.5 pence per D Share (the “**Option**”).

The Option shall be exercisable in whole (and not in part only) at any time between the date of Completion and 31 March 2011. On exercise of the Option, the subscriber shall deliver the aggregate amount payable for the D Shares under Option together with an exercise notice to the Company. The Option (and the corresponding entitlement to be issued and allotted D Shares) shall lapse if:

- the Option has not been exercised by 31 March 2011; or
- the Management Agreement has been terminated.

Upon the Option lapsing, the Company may buy back the D Shares in issue by delivering written notice to the subscriber exercising its buy back right together with a cheque equal to the subscription price for his holding of initial D Shares.

The D Shares will give no right to receive any dividend or distributions other than a D Share Distribution. The D Shares will give no right to receive a D Share Distribution in respect of a financial year unless and until the Initial Target and/or the Second Target have been achieved.

Each D Share shall be entitled to a D Share Distribution on the following basis:

- in the event that Distributions exceed the Initial Target, an amount equal to 15 per cent. of the Distributions in excess of the Initial Target; and
- in the event that Distributions exceed the Second Target, an additional amount equal to 5 per cent. of the Distributions in excess of the Second Target,

in each case divided by 2,000,000 (being the number of authorised D Shares) less the aggregate per D Share of D Share Distributions (if any) paid in respect of previous financial years.

The Initial Target will be achieved where the Company has made a level of Distributions equal to £45,200,000, subject to adjustment downward by £820,000 for each £4,100,000 of Distributions made before 31 March 2012. The Initial Target may be increased at any time with the written approval of (i) the Board and (ii) a majority in number of holders of D Shares.

The Second Target will be met once the Company has made a level of Distributions equal to £57.5 million.

The entitlement of the holders of D Shares to the D Share Distribution is calculated by reference to the amount by which the level of Distributions exceeds the Initial Target or the Second Target (as the case may be) based on the audited report and accounts of the Company for the financial period ended 31 March in each year. The D Share Distribution in respect of a financial year shall be paid to the holders of D Shares on 1 August following the end of such financial year or, if later, as soon as practicable following the publication of the audited report and accounts of the Company for such financial year.

If the Company is unable to pay in full on the due date any D Share Distribution by reason of having insufficient distributable profits then it shall on such date pay the same to the extent that it is lawfully able to do so and any unpaid amount shall remain due and payable and shall be paid to the holders of D Shares when the Company has sufficient distributable profits with which to pay the relevant D Share Distribution. Any D Share Distribution shall be paid in priority to any dividends or distributions to the holders of New Ordinary Shares.

In the event that any Sale becomes unconditional in all respects in the period commencing on 1 April 2013 and ending on or before 30 September 2014, the proceeds of such Sale (net of any associated costs and after deducting Excess Cash save to the extent that such Excess Cash has been distributed to the holders of New Ordinary Shares) shall be treated as a Distribution of the purposes of determining the level of D Share Distributions.

The D Shares shall not confer on their holders any right to receive notice of or attend any meeting of the Shareholders nor shall they carry any voting rights. The D Shares shall not be convertible into Ordinary Shares.

No application will be made to AIM or any other investment exchange or trading platform for listing or admission to trading of the D Shares.

Under the terms of the Management Buyout, three of the Executive Directors (Andrew Carruthers, Andrew Betton and Jayesh Patel) have agreed to cancel their unvested portion of options existing under the 2005 Plan and accept a 2 pence reduction in the exercise price in relation to the vested portion. All other incentive schemes, the benefits of which have not already vested, will be cancelled and no further payments made.

Further details of the rights attaching to the D Shares are summarised in Part 6 of this document.

PART 3

SPARK'S INVESTING POLICY

1. Introduction

SPARK invests capital from its own balance sheet in accordance with its investing policy.

SPARK also manages several investment vehicles including: two venture capital trusts, University Funds on behalf of leading UK universities (including Oxford University) and a limited partnership on behalf of major institutional investors.

2. Current investing policy

Investment objective and strategy

The existing investment objective in respect of SPARK's own balance sheet investments is to deliver significant capital growth over the medium to longer term to investors through making early stage investments in TMT businesses. SPARK invests directly in companies at various stages of their financing rounds, ranging from early stage through to development and business expansion funding.

Investment focus

SPARK seeks to achieve its stated objectives by engaging in the following investment focus:

Investment characteristics:

SPARK will look to make investments in investee companies with the following characteristics:

- strong management teams;
- identifiable and addressable markets with strong growth potential;
- market ready technology;
- demonstrable route to profitability; and
- clear exit strategy.

Geographic focus:

SPARK will look to invest primarily in Europe but will invest worldwide alongside local venture capital firms.

Stage of investment:

SPARK will make investments as early stage investors, whether at seed, series A and/or B rounds. The Company will also consider investing in more developed businesses at a pre-IPO stage.

Size of investment:

SPARK takes significant minority stakes, investing between £0.5 million and £2.0 million in the first round, and in subsequent funding rounds for companies successfully executing their business plans.

Investment management:

SPARK seeks to fulfil its objectives by actively managing its investments and will do the following:

- network with numerous entrepreneurs and proven management teams;
- conduct the selection process of investee companies' management teams and business models;
- assemble empowered board of directors;
- take board positions on investee companies to influence strategic direction; and
- assist identify opportunities and partners for business expansion or cooperation potential.

3. Material changes to the investing policy following the Management Buyout

The proposed change to the Company's investing policy resulting from the Management Buyout will, in accordance with Rule 8 of the AIM Rules, require the approval of Shareholders at the General Meeting. The Company is resident in the United Kingdom for tax purposes.

The following is provided to ensure Shareholders have adequate information to determine whether to approve the change to the Company's investing policy under Resolution 2 at the General Meeting. In respect of its own balance sheet investments SPARK proposes to:

- make no more investments into new businesses from its own balance sheet resources and will seek to realise its Existing Investments over the period to 31 March 2014. The Company will be restricted to making investments in assets or companies that are included in its Existing Investments;
- make further follow-on investments and realise its Existing Investments where to do so will enhance Shareholder value on a sale;
- seek to actively manage its Existing Investments where the Directors consider to do so will enhance Shareholder value on a sale. It is intended that the Existing Investments will be progressively realised over the period up to 31 March 2014; and

- return surplus cash to Shareholders arising from its cash reserves and from the realisation of Existing Investments on at least an annual basis (subject to the Company maintaining sufficient working capital). The Company intends to make progressive returns of cash to Shareholders up to 31 March 2014.

It is expected that Company's portfolio of assets will become more concentrated as Existing Investments are progressively realised.

The Board has no present intention to leverage any of the Existing Investments (although some investee companies may themselves be leveraged) and there are no cross holdings.

The reasons for, and expected consequences of, the implementation of the proposed new investing policy are set out in paragraph 2 of Part 1 and Part 2 of this document.

PART 4

DETAILS OF THE RETURN OF CASH

1. Return of Cash

The proposed Return of Cash consists of the Share Split (see paragraph 2 below) and the Alternatives (see paragraph 3 below).

The Return of Cash is conditional on:

- the passing of Resolutions 1 and 2 at the General Meeting; and
- Admission.

If these conditions are not satisfied by 8.00 a.m. on 10 August 2009 or such later time and/or date as the Directors may determine (but being not later than 21 August 2009), no New Ordinary Shares will be created, no B Shares or C Shares will be issued and the Return of Cash will not take effect.

2. Share Split

Subject to the approval of Shareholders at the General Meeting, each Existing Ordinary Share in issue on the Share Split Record Date will be sub-divided into one ordinary share of 0.5 pence together with either four C Shares of 0.5 pence each or (at the election of Shareholders) four B Shares of 0.5 pence each.

The exact number of B Shares and C Shares to be issued will depend on the elections made by each Shareholder between the Alternatives, but the number of B Shares and C Shares together will be four times the number of Existing Ordinary Shares held by the relevant Shareholder at the Record Time. As at 20 July 2009 (the latest practicable date prior to the publication of this document) there were 450,000,000 Existing Ordinary Shares in issue, of which 39,245,220 are held in treasury.

The rights and restrictions to be attached to the B Shares and the C Shares are more fully set out in Part 6 of this document. No application has been, or will be, made for the B Shares or the C Shares to be listed or admitted to trading on AIM or any other investment exchange or trading platform.

New Ordinary Shares will be traded on AIM in the same way as the Existing Ordinary Shares and will be equivalent in all other respects to the Existing Ordinary Shares, with the exception of the difference in nominal value and subject to the rights of the B Shares, C Shares, D Shares (if issued) and the Deferred Shares (as applicable).

Application will be made for the New Ordinary Shares to be admitted to trading on AIM, with dealings expected to commence at 8.00 a.m. on 10 August 2009. The Company will apply for the New Ordinary Shares to be admitted to CREST with effect from Admission so that general market transactions in the New Ordinary Shares may be settled within the CREST system.

Share certificates representing the New Ordinary Shares will not be issued as a result of the Share Split and certificates in respect of New Ordinary Shares will only be issued as a result of changes in the register. Shareholders who hold their Existing Ordinary Shares in CREST will automatically have their New Ordinary Shares credited to their CREST account. The relevant CREST accounts are expected to be credited on 10 August 2009.

3. The Alternatives

Shareholders may choose between the Alternatives (the Dividend Alternative and the Capital Alternative) or a combination of the Alternatives in respect of their Share Entitlement. Details of how to make an election are set out in Part 5 of this document and on the Election Form enclosed with this document (for Shareholders holding their Existing Ordinary Shares in certificated form only). Shareholders who hold their Existing Ordinary Shares in CREST will not be sent Election Forms. Such Shareholders may only elect in respect of the Alternatives through CREST and should refer to paragraph 2 of Part 5 of this document for further information.

Shareholders who do not make a valid election and Non-United Kingdom Shareholders will be deemed to have elected for the Dividend Alternative in respect of ALL of their Share Entitlement.

The general guidance on the UK tax treatment included below is only a summary, is based on current UK law and practice as at the date of this document and applies only to Shareholders who are resident and, if they are individuals, ordinarily resident in the UK for tax purposes and who hold their Existing Ordinary Shares, B Shares and/or C Shares beneficially as investments and not on trading account. UK tax resident Shareholders should read Part 7 of this document before electing for any of the Alternatives as the two Alternatives will have different UK tax consequences. **Shareholders who are in any doubt as to their tax position, or are subject to tax in a jurisdiction other than the United Kingdom, should consult an appropriate professional adviser without delay.**

Alternative 1 – Capital Alternative

Shareholders (other than Non-United Kingdom Shareholders who are deemed to have elected for the Dividend Alternative) who elect for the Capital Alternative in respect of some or all of their Share Entitlement will receive four B Shares (in addition to one ordinary share of 0.5 pence) for each Existing Ordinary Share they hold at the Record Time in respect of which a valid election is received.

Shareholders who elect for the Capital Alternative will have all their B Shares bought back by the Company in return for the Capital Repayment of 0.5 pence on each such B Share. The Company will fund the Capital Repayments using its existing distributable reserves.

Shareholders entitled to receive the Capital Repayment pursuant to the Capital Alternative will be sent cheques or, if Shareholders hold their Existing Ordinary Shares in CREST, are expected to have their CREST accounts credited, by 24 August 2009.

The proceeds received under the Capital Alternative should generally be taxed as capital for UK tax purposes. UK tax resident Shareholders should read Part 7 of this document for further information.

To elect for the Capital Alternative in respect of some or all of their Share Entitlement, Shareholders should follow the instructions in Part 5 of this document or, if they hold their Existing Ordinary Shares in CREST, Shareholders should refer to paragraph 2 of Part 5 of this document for further information.

The B Shares will not be listed or admitted to trading on AIM or any other investment exchange or trading platform and cannot be held in CREST. No share certificates will be issued in respect of the B Shares issued pursuant to the Capital Alternative.

The rights and restrictions to be attached to the B Shares are more fully set out in Part 6 of this document.

The attention of Non-United Kingdom Shareholders is drawn to paragraph 5 of this Part 4.

Alternative 2 – Dividend Alternative

Shareholders who elect, or are deemed to have elected, for the Dividend Alternative in respect of some or all of their Share Entitlement will receive four C Shares (in addition to one ordinary share of 0.5 pence) for each Existing Ordinary Share they hold at the Record Time. A Special Dividend of 0.5 pence will be payable on each such C Share. It is expected that Shareholders entitled to receive the Special Dividend will be sent cheques or, if Shareholders hold their Existing Ordinary Shares in CREST, have their CREST accounts credited, by 24 August 2009.

Non-United Kingdom Shareholders will be deemed to have elected for the Dividend Alternative in respect of all of their Existing Ordinary Shares.

The amounts received under the Dividend Alternative should generally be taxed as income for UK tax purposes. UK tax resident Shareholders should read Part 7 of this document for further information.

Shareholders who wish to elect for the Dividend Alternative in respect of ALL of their Share Entitlement need take no further action and need not return their Election Form nor send a TTE Instruction. To elect for the Dividend Alternative in respect of some only of their Share Entitlement, Shareholders should follow the instructions in Part 5 of this document or, if they hold their Existing Ordinary Shares in CREST, Shareholders should refer to paragraph 2 of Part 5 of this document for further information.

Following payment of the Special Dividend, all C Shares will automatically be converted into Deferred Shares, with the Shareholders receiving one Deferred Share for each such C Share. The Deferred Shares will not be listed, will carry extremely limited rights as more fully described in Part 6 of this document and will have negligible value.

The Company will have the right to repurchase all Deferred Shares then in issue at any time for an aggregate consideration of one penny. If the Company repurchases the Deferred Shares, this will be treated as a disposal of the Deferred Shares by Shareholders. In view of the negligible amount of this consideration, Shareholders' entitlements to it will not be paid.

The C Shares will not be listed or admitted to trading on AIM or any other investment exchange or trading platform and cannot be held in CREST. No share certificates will be issued in respect of the C Shares.

The rights and restrictions to be attached to the C Shares are more fully set out in Part 6 of this document.

The attention of Non-United Kingdom Shareholders is drawn to paragraph 5 of this Part 4.

4. Withdrawal rights

Shareholders should note that any election, whether made by the signing of an Election Form or the giving of a TTE Instruction, relating to the Alternatives may be withdrawn by Shareholders at any time prior to the end of the Election Period. If an election is validly withdrawn, the Shareholder may make a new election within the Election Period, but if a new valid election is not made by the end of the Election Period, the Shareholder will be deemed to have elected for the Dividend Alternative in respect of all of their Share Entitlement. After the end of the Election Period, any election made is irrevocable. If the Election Period is extended, withdrawal rights will also be extended.

Shareholders wishing to withdraw their election must inform the Shareholder helpline by calling 0871 664 0321 (+44 (0)208 639 3399 if calling from outside the United Kingdom) between 9.00 a.m. and 5.00 p.m. on any Business Day. Calls to these numbers are charged at 10 pence per minute from a BT landline. Other telephony costs may vary. Different charges may apply to calls from mobile telephones and calls may be randomly monitored or recorded for training and security purposes. Please note that the Shareholder helpline will not provide advice on the merits of the Proposals or give any financial, tax or legal advice. If such Shareholders wish to re-elect in respect of the Alternatives, they can request a replacement Election Form or receive instructions on how to re-elect through CREST from the Shareholder helpline. Shareholders will need to take into account the postal time necessary for a replacement Election Form to reach Capita Registrars by the Election Deadline.

For a withdrawal of any election to be effective, a written notice of withdrawal signed by the person(s) who signed the relevant Election Form or the Shareholder(s) who gave the relevant TTE Instruction must:

- specify the name(s) and address(es) of the person(s) who is/are tendering the election to be withdrawn, the account number (which, for Shareholders who hold their Existing Ordinary Shares in certificated form, appears on the front page of the relevant Election Form) and the exact number of their Share Entitlement to be withdrawn; and
- in the case of an election originally made by a TTE Instruction, be accompanied by a valid ESA Message given by the person(s) who gave the relevant TTE Instruction,

and be received by Capita Registrars not later than one hour before the Election Deadline.

Each ESA Message must, in order to be valid and settle, include the following details:

- the ISIN number for the Existing Ordinary Shares. This is **GB0008550286**;
- the number of Existing Ordinary Shares to be withdrawn;
- the participant ID of the accepting Shareholder;
- the member account ID of the accepting Shareholder;

- the participant ID of the Escrow Agent, Capita Registrars. **This is RA10;**
- the member account ID of Capita Registrars, which is **SPARKBSH;**
- the CREST transaction ID of the electronic acceptance to be withdrawn, to be inserted at the beginning of the shared note field;
- input with a **standard delivery instruction priority of 80;**
- the intended settlement date for the withdrawal; and
- the corporate action number of the Return of Cash. This is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST.

Any such withdrawal will be conditional upon Capita Registrars verifying that the withdrawal is validly made. Accordingly, Capita Registrars will, on behalf of the Company, reject or accept the withdrawal by transmitting in CREST a receiving agent reject (AEAD) or a receiving agent accept (AEAN) message, as the case may be.

Telex, facsimile, electronic mail or other electronic means of transmission or any form of copy of written notice will not constitute a written instruction of withdrawal.

Withdrawals may not be rescinded, but re-elections may be made at any time prior to the end of the Election Period. Withdrawals and any re-elections in respect of Share Entitlements that are received by Capita Registrars after the end of the Election Period will be deemed invalid for the purposes of the Alternatives. Any Shareholder who withdraws their election before the end of the Election Period and does not re-elect their Share Entitlement will be deemed to have elected for the Dividend Alternative in respect of all of their Share Entitlement.

The Company shall determine all questions as to the form and validity (including time and place of receipt) of all notices of withdrawal, in their absolute discretion, which determination shall be final and binding. The Company also reserves the absolute right to waive any defect or irregularity in relation to, or in relation to the receipt of, any withdrawal by any Shareholder, and such determination will be binding on such Shareholder. None of the Company, Capita Registrars or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal or incur any liability for failure to give any such notification or for any reason with regard to withdrawal and re-election.

5. Non-United Kingdom Shareholders

Non-United Kingdom Shareholders will be deemed to have elected for the Dividend Alternative and therefore need not return their Election Form or send a TTE Instruction. Any Election Form or TTE Instruction from a Non-United Kingdom Shareholder purporting to elect for the Capital Alternative will be void and of no effect.

Non-United Kingdom Shareholders should consult their professional advisers to ascertain whether the Return of Cash (including, as may be relevant in each case, the creation, holding or conversion (into Deferred Shares) of the B Shares and/or the C Shares) will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of, or any body or authority located in, the jurisdiction in which they are resident or to which they are subject. In particular, it is the responsibility of any Non-United Kingdom Shareholder to satisfy himself as to full observance of the laws of each relevant jurisdiction in connection with the Return of Cash, including the obtaining of any government, exchange control or other consents which may be required, or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties in such jurisdiction.

The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Neither this document nor any other document issued or to be issued by or on behalf of the Company in connection with the Return of Cash constitutes an invitation, offer or other action on the part of the Company in any jurisdiction in which such invitation, offer or other action is unlawful.

Each Shareholder by whom, or on whose behalf, an Election Form is executed or TTE Instruction is given, irrevocably represents, warrants, undertakes and agrees to and with the Company that such Shareholder has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in connection with any election for either or both of the Alternatives in any territory and such Shareholder has not taken or omitted to take any action which may result in the Company or any other persons acting in breach of the legal or regulatory requirements of any territory in connection with the Return of Cash or such Shareholder's election for either or both of the Alternatives.

The above provisions of this paragraph relating to Non-United Kingdom Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Directors in their absolute discretion.

6. Proposed amendments to the Articles of Association

A number of amendments to the Articles of Association are required to implement the Proposals and these amendments require approval at the General Meeting by the passing of a special resolution. The proposed amendments relate to the rights and restrictions attaching to the B Shares, C Shares, D Shares and Deferred Shares and certain consequential amendments to the Articles of Association. The changes are summarised in Part 6 of this document.

If Shareholders approve the Return of Cash but do not approve the Management Buyout at the General Meeting, the proposed amendments to the Articles of Association will relate to the rights and restrictions attaching to the B Shares, C Shares and Deferred Shares (together with certain consequential amendments to the Articles of Association), but will not include amendments for the rights and restrictions attaching to the D Shares.

7. SPARK Share Option Schemes

Participants in the SPARK Share Option Schemes are not, by virtue of the options they hold, entitled to participate in the Return of Cash. However, the schemes contain provision for adjusting the terms of options where there is a variation of capital. The Return of Cash constitutes such a variation of capital.

2001 Plan

In accordance with the rules of the 2001 Plan, the Board must adjust options in such a manner as the Board thinks fit in the event of a variation of capital. All options outstanding under the 2001 Plan are currently exercisable with an exercise price per share of 2.5 pence. In light of the fact that all optionholders therefore have the opportunity to exercise their options and participate in the Return of Cash, the Board has determined that no adjustment to options under the 2001 Plan should be made. The intention is that any exercise of options will be satisfied by the transfer of shares currently held by the trustees of The NewMedia SPARK plc 2001 Employee Benefit Trust (the "EBT"). To the extent that shares held in the EBT are not transferred in this way prior to the Record Time, the trustees of the EBT will be treated in the same way as other holders of Existing Ordinary Shares.

2005 Plan

Options are outstanding under the 2005 Plan over a total of 20,227,273 ordinary shares, all with an exercise price of 11 pence per share, of which options over a total of 8,090,909 shares are currently vested. It has been agreed between the Remuneration Committee and the holders of outstanding options (three out of four of whom are Executive Directors), that (conditional upon the Return of Cash coming into effect), the unvested options will be cancelled and that the rules of the 2005 Plan relating to variations of capital will be amended, in accordance with the current rules, to allow the vested options to be adjusted by a reduction in the exercise price to 9 pence per share (reflecting the expected reduction in the Company's share price as a result of the Return of Cash), with no adjustment to the number of shares under option. Furthermore, it has been agreed that the adjustment to options made in respect of any subsequent returns of cash will be on the same basis (subject to the overriding requirement that the exercise price per share may not be reduced below the nominal value of a share).

8. Dealings and despatch of documents

The Return of Cash will be made by reference to holdings of Existing Ordinary Shares on the Company's register of members at the Record Time.

Dealings and settlement within the CREST system of the Existing Ordinary Shares will continue until 5.00 p.m. on 7 August 2009 when, in the case of Existing Ordinary Shares held in certificated form, the register of members will be closed for transfers and no further transfers of Existing Ordinary Shares will be possible. The registration of uncertificated holdings in respect of the Existing Ordinary Shares will be 'disabled' in CREST at such time.

The Company will apply for the New Ordinary Shares to be admitted to CREST with effect from the Admission Date. Accordingly, settlement of transactions in the New Ordinary Shares may take place within the CREST system in respect of general market transactions. The New Ordinary Shares, the B Shares and the C Shares are not renounceable and will be in registered form.

Shareholders who hold their Existing Ordinary Shares in CREST are expected to have their CREST accounts credited with New Ordinary Shares on 10 August 2009. Existing Ordinary Share certificate(s) will remain valid after the Share Split.

No share certificates will be issued by the Company in respect of B Shares, C Shares or Deferred Shares. Shareholders holding New Ordinary Shares through the CREST system will not receive any share certificates.

Shareholders entitled to receive the Special Dividend are expected to be sent cheques or, if Shareholders hold their Existing Ordinary Shares in CREST, have their CREST accounts credited, by 24 August 2009.

Shareholders entitled to receive the Capital Repayment pursuant to the Capital Alternative are expected to be sent cheques or, if Shareholders hold their Existing Ordinary Shares in CREST, have their CREST accounts credited, by 24 August 2009.

All cheques will be sent by post, at the risk of the Shareholder entitled to them, to the registered address of the relevant Shareholders (or, in the case of joint Shareholders, to the address of that joint Shareholder whose name stands first in the register in respect of such joint shareholding).

Subject to any instructions to the contrary, share registration and dividend payment mandates in respect of holdings of Existing Ordinary Shares will continue to apply in respect of New Ordinary Shares.

9. Share capital

The authorised and issued fully paid share capital of the Company as at the date of this document is as follows:

	<i>Authorised</i>		<i>Issued</i>	
	<i>Number</i>	<i>£'000</i>	<i>Number</i>	<i>£'000</i>
Existing Ordinary Shares	950,000,000	23,750	450,000,000	11,250

The number of issued Existing Ordinary Shares includes 39,245,220 Existing Ordinary Shares held in treasury.

Following completion of the Share Split, 450,000,000 New Ordinary Shares of the Company will be in issue and admitted to trading on AIM and 39,245,220 New Ordinary Shares of the Company will be held in treasury.

Each recipient of C Shares will hold one Deferred Share for every C Share received once the Special Dividend has been paid, which will be repurchased and subsequently cancelled on or before 31 December 2010. Each recipient of B Shares will have their B Shares bought back by the Company and thereafter cancelled.

PART 5

MAKING YOUR ELECTION

1. Completing your Election Form

To make an election for the Capital Alternative, Shareholders who hold their Existing Ordinary Shares in certificated form must complete and return the Election Form enclosed with this document. Shareholders who hold their Existing Ordinary Shares in CREST will not be sent Election Forms and instead should refer to paragraph 2 of this Part 5 for further information.

Shareholders wishing to receive the Special Dividend in respect of all of their Share Entitlement need NOT complete or return the Election Form or make an election through CREST. C Shares will be issued and the Special Dividend paid automatically in respect of all of the Share Entitlement in relation to which a Shareholder has not elected for either of the Alternatives.

The following instructions describe what Shareholders should do when completing an Election Form. Any decisions reached by Shareholders as between the Alternatives should be based on the information contained in this document.

References to Boxes refer to the boxes indicated on the Election Form.

Name(s) of Shareholder(s)

The Election Form shows the name of the Shareholder, or names of joint Shareholders, of Existing Ordinary Shares for which an election can be made. When the Election Form is completed, the Shareholder, or all joint Shareholders, must sign the Election Form (in Box 2, as applicable) and the signatures of Shareholders who are individuals signing in Box 2A need to be witnessed (the witness must be over 18 years of age and cannot be the Shareholder or one of the joint Shareholders, although one person could separately witness the signature of all joint Shareholders). If the Election Form is executed under a power of attorney, such power of attorney should be lodged with the Election Form.

Number of Existing Ordinary Shares held

Box A shows the number of Existing Ordinary Shares in the name(s) of Shareholder(s) at 5.00 p.m. on 17 July 2009 and is for information purposes only. If Shareholders do not purchase, sell or transfer any Existing Ordinary Shares registered in their name(s) between that date and the Record Time, then this number will remain the number of Existing Ordinary Shares upon which your Share Entitlement will be based. If Shareholders do, prior to the Record Time, purchase, sell or transfer any Existing Ordinary Shares registered in their name(s), they should take care to ensure that their election is in respect of their Share Entitlement that corresponds to the number of Existing Ordinary Shares that will be registered in their name(s) at the Record Time.

How Shareholders may elect for one Alternative in respect of all of their Share Entitlement

- To elect for the **Capital Alternative** in respect of all of their Share Entitlement, Shareholders should mark an "X" in Box 1.
- To elect for the **Dividend Alternative** in respect of all of their Share Entitlement, Shareholders should take no further action. Shareholders who do not complete or return the Election Form will automatically receive only C Shares in respect of all of their Share Entitlement on which the Special Dividend will be paid.

How Shareholders may split their Share Entitlement between both Alternatives

To split their Share Entitlement between both Alternatives, a Shareholder should enter, in numbers, the number of Existing Ordinary Shares they wish to elect for the Capital Alternative in Box 1. The balance of their Share Entitlement will automatically receive the Dividend Alternative.

The default position where a Shareholder makes an election which in total exceeds their holding of Existing Ordinary Shares at the Record Time

If Shareholders enter a number in Box 1 of the Election Form, which in total exceeds their holding of Existing Ordinary Shares at the Record Time, their election for the Capital Alternative will only apply to the number of shares held in their name at the Record Time.

The default position where a Shareholder makes an election which in total is less than their holding of Existing Ordinary Shares at the Record Time

If Shareholders enter a number in Box 1 of the Election Form, which in total is less than their holding of Existing Ordinary Shares at the Record Time, they will be deemed to have elected for the Dividend Alternative in respect of the balance of their holding.

Subsequent dematerialisation of Existing Ordinary Shares

If the Existing Ordinary Shares to which any election made on the enclosed Election Form relates are currently held in certificated form and are subsequently dematerialised into uncertificated form before the Election Deadline, any election made by the submission of an Election Form will become invalid. Shareholders who subsequently hold their Existing Ordinary Shares in uncertificated form in CREST will need to give a valid TTE Instruction in place of the submitted Election Form by the Election Deadline.

General

The Company shall determine all questions as to the form and validity (including time and place of receipt) of any Election Form, in its absolute discretion, which determination shall be final and binding. The Company also reserves the absolute right to waive any defect or irregularity in relation to, or in relation to the receipt of, any Election Form completed by or on behalf of any Shareholder, and such determination will be binding on such Shareholder. The Company shall not be liable to Shareholders for any loss arising from the determination of questions as to the form and validity (including time and place of receipt) of any Election Form and the Company shall not be under any duty to give notification of any defect or irregularity in any Election Form or incur any liability for failure to give any such notice.

After the end of the Election Period, any election made is irrevocable. If the Election Period is extended, withdrawal rights will also be extended (withdrawal rights are described more fully in paragraph 4 of Part 4 of this document). No authority conferred by or agreed to by the signing of an Election Form will be affected by, and all such authorities will survive, the death or incapacity of the Shareholder executing such form or giving such instruction. All obligations of such Shareholder will be binding upon the heirs, personal representatives, successors and assigns of such Shareholder.

Final instructions on completing an Election Form

Shareholders returning an Election Form must sign in Box 2A or Box 2B.

All Shareholders named on an Election Form must sign the Election Form. Once completed, signed and witnessed, this Election Form should be returned in the prepaid envelope provided. No stamps will be needed if posted in the United Kingdom. To be valid, Election Forms must be returned so as to be received by Capita Registrars by the Election Deadline (expected to be 3.00 p.m. on 7 August 2009). If Shareholders do not use the envelope provided, the Election Form should be sent by post or delivered by hand (during normal business hours) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU and postage will (where applicable) be payable.

Shareholders who do not validly complete and return their Election Form or, in the case of Shareholders who hold their Existing Ordinary Shares in CREST, do not send a valid TTE Instruction, will be deemed to have elected for the Dividend Alternative in respect of all of their Share Entitlement.

2. Electing through CREST

If Shareholders hold their Existing Ordinary Shares in CREST they will not be sent an Election Form with this document. Such Shareholders should take (or procure to be taken) the action set out below to transfer (by means of a TTE Instruction) the number of Existing Ordinary Shares held at the Record Time in respect of which they are making an election to an escrow balance, specifying Capita Registrars in its capacity as a CREST receiving agent (under its participant ID referred to below) as the escrow agent, as soon as possible and in any event so that the transfer to escrow settles not later than the Election Deadline. If Shareholders purchase, sell or transfer any Existing Ordinary Shares registered in their name(s) before the Record Time, they should take care to ensure that their election is in respect of the number of Existing Ordinary Shares that will be registered in their name(s) at the Record Time.

If Shareholders are CREST personal members, they should refer to their CREST sponsor before taking any action. CREST sponsors will be able to confirm details of Shareholders' participant ID and the member account ID under which their Existing Ordinary Shares are held. In addition, only CREST sponsors will be able to give the TTE Instruction to Euroclear by which Shareholders are making their election.

How to elect for the Capital Alternative

Shareholders who hold their Existing Ordinary Shares in CREST and who wish to elect for the Capital Alternative in respect of some or all of their Share Entitlement should give (or, if they are a CREST personal member, procure that their CREST sponsor gives) a TTE Instruction with the information listed below.

To make an election for the Capital Alternative, Shareholders should give (or, if they are a CREST personal member, procure that their CREST sponsor gives) a TTE Instruction, which must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- the ISIN number for the Existing Ordinary Shares. **This is GB0008550286;**
- the number of Existing Ordinary Shares to be transferred to the escrow account;
- the participant ID;
- the member account ID;
- the participant ID of Capita Registrars, which is **RA10;**
- the member account ID of Capita Registrars, which for these purposes is **SPARKBSH;**
- the corporate action number of the Return of Cash. This is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- the intended settlement date for the transfer to escrow, which should be as soon as possible and in any event not later than the Election Deadline;
- the standard delivery instruction priority of **80;** and
- the name and contact number inserted in the shared note field.

The default position where a Shareholder makes an election which in total exceeds their holding of Existing Ordinary Shares at the Record Time

If Shareholders send a TTE Instruction which details a number of Existing Ordinary Shares to be transferred to the escrow account which in total exceeds their holding of Existing Ordinary Shares at the Record Time, their election will only apply to the number of shares held at the Record Time.

The default position where a Shareholder makes an election which in total is less than their holding of Existing Ordinary Shares at the Record Time

If Shareholders send a TTE Instruction which details a number of Existing Ordinary Shares to be transferred to the escrow account which in total is less than their holding of Existing Ordinary Shares at the Record Time, they will be deemed to have elected for the Dividend Alternative in respect of the balance of their holding.

General

The Company shall determine all questions as to the form and validity (including time and place of receipt) of any TTE Instruction, in its absolute discretion, which determination shall be final and binding. The Company also reserves the absolute right to waive any defect or irregularity in relation to, or in relation to the receipt of, any TTE Instruction completed by or on behalf of any Shareholder, and such determination will be binding on such Shareholder. The Company shall not be liable to Shareholders for any loss arising from the determination of questions as to the form and validity (including time and place of receipt) of any Election Form or TTE Instruction and the Company shall not be under any duty to give notification of any defect or irregularity in any TTE Instruction or incur any liability for failure to give any such notice.

After the end of the Election Period, any election made is irrevocable. If the Election Period is extended, withdrawal rights will also be extended (withdrawal rights are described more fully in paragraph 4 of Part 4 of this document). No authority conferred by or agreed to by the giving of a TTE Instruction will be affected by, and all such authorities will survive, the death or incapacity of the Shareholder giving such instruction. All obligations of such Shareholder will be binding upon the heirs, personal representatives, successors and assigns of such Shareholder.

Final instructions on sending a TTE Instruction

In order for an election through CREST to be valid, the TTE Instruction must comply with the requirements as to authentication and contents set out above and must settle by the Election Deadline (expected to be 3.00 p.m. on 7 August 2009).

CREST members and (where applicable) their CREST sponsors should note that the last time at which a TTE Instruction may settle is the Election Deadline.

Shareholders who do not send a valid TTE Instruction or, in the case of Shareholders who hold their Existing Ordinary Shares in certificated form, do not validly complete and return their Election Form, will be deemed to have elected for the Dividend Alternative in respect of all of their Share Entitlement.

Shareholder helpline

Shareholders who need assistance completing the Election Form, transmittal of electronic proxies, CREST Proxy Instructions or TTE Instructions, may telephone the Shareholder helpline on 0871 664 0321 (+44 20 8639 3399 if calling from outside the United Kingdom) between 9.00 a.m. and 5.00 p.m. on any Business Day. Calls to these numbers are charged at 10 pence per minute from a BT landline. Other telephony costs may vary. Different charges may apply to calls from mobile telephones and calls may be recorded for security and training purposes. Please note that the Shareholder helpline will not provide advice on the merits of the Proposals or give any financial, tax or legal advice. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

PART 6

RIGHTS AND RESTRICTIONS ATTACHED TO THE B SHARES, C SHARES, D SHARES AND THE DEFERRED SHARES

1. Rights attaching to the B Shares

The following constitutes the proposed article to be incorporated into the Articles of Association relating to the rights and restrictions attaching to the B Shares:

“167. RIGHTS AND RESTRICTIONS ATTACHED TO THE B SHARES

167.1 Election Form

167.1.1 Together with a circular to all Shareholders dated 21 July 2009 (the “Circular”), Shareholders who held their Existing Ordinary Shares in certificated form were sent a form of election (“Election Form”) relating to the B Shares and C Shares proposed to be created by the Company, as more fully described in the Circular. Pursuant to the Election Form or, where Shareholders held their Existing Ordinary Shares in uncertificated form, by following the instructions set out in the Circular, Shareholders could elect (an “Election”), among other things, to receive B Shares that would then be bought back by the Company (and subsequently cancelled) pursuant to the Return of Cash (as defined and described in the Circular) (the “Capital Alternative”).

167.1.2 Shareholders who do not validly complete and return their Election Form or, in the case of Shareholders who hold their Existing Ordinary Shares in uncertificated form, do not send a valid TTE instruction by 3.00 p.m. on 7 August 2009 (or such later time and/or date as the Directors may determine in their absolute discretion (but being not later than 21 August 2009)), will be deemed to have elected for the Dividend Alternative (as defined and described in the Circular) in respect of each Existing Ordinary Share held by them.

167.1.3 The Directors, in their absolute discretion, shall determine all questions as to the form and validity (including time and place of receipt) of any Election Form or TTE instruction, which determination shall be final and binding. The Directors also reserve the absolute right to waive any defect or irregularity in relation to, or in relation to the receipt of, any Election Form or TTE instruction completed by or on behalf of any Shareholder and such determination will be binding on such Shareholder.

167.2 Income

The B Shares shall confer no right to participate in the profits of the Company.

167.3 Capital

167.3.1 Except as provided in Article 167.5, on a return of capital on winding-up or otherwise (including a court-approved reduction of capital paid up on the B Shares pursuant to the 1985 Act or the 2006 Act, as applicable), the holders of B Shares shall be entitled, in priority to any payment to the holders of every other class of share in the capital of the Company (except the C Shares) but *pari passu* with any payment to the holders of C Shares, to 0.5 pence for each B Share held by them.

167.3.2 On a winding-up, the holders of the B Shares shall not be entitled to any further right of participation in the profits or assets of the Company in excess of that specified in Article 167.3.1 above. In the event that there is a winding-up to which Article 167.3.1 applies and the amounts available for payment are insufficient to pay the amounts due on all the B Shares in full, the holders of the B Shares shall be entitled to their pro-rata proportion of the amounts to which they would otherwise be entitled.

167.3.3 The aggregate entitlement of each holder of B Shares on a winding-up in respect of all of the B Shares held by him shall be rounded up to the nearest penny.

167.3.4 The holders of the B Shares shall not be entitled to any further right of participation in the assets of the Company.

167.4 Voting and general meetings

The holders of B Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the Company nor to attend, speak or vote at any such general meeting.

167.5 Class rights

167.5.1 The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority or subsequent to the B Shares. The creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the B Shares) shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the B Shares.

167.5.2 A reduction by the Company of the capital paid up or credited as paid up on the B Shares and the cancellation of such shares shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the B Shares.

167.5.3 Without prejudice to the foregoing, the Company is authorised to reduce (or purchase shares in) its capital of any class or classes and such reduction (or purchase) shall not involve a variation of any rights attaching to the B Shares for any purpose or require the consent of the holders of the B Shares.

167.5.4 If at any time a currency other than Sterling is accepted as legal tender in the United Kingdom in place of or in addition to Sterling, the Directors shall be entitled, without the consent of holders of ordinary shares, B Shares, C Shares, D Shares or

Deferred Shares, to make such arrangements and adjustments in respect of the method of calculation and payment of any of the entitlements of holders of B Shares under these Articles as the Directors consider necessary, fair and reasonable in the circumstances to give effect to the rights of the B Shares. Any such arrangements and adjustments shall not involve a variation of rights attaching to the B Shares for any purpose.

167.6 Deletion of Articles 167.1 to 167.6

Articles 167.1 to 167.6 shall remain in force until there are no longer any B Shares in existence notwithstanding any provision in the Articles to the contrary. Thereafter Articles 167.1 to 167.6 shall be deemed to be of no effect (save to the extent that the provisions of Articles 167.1 to 167.6 are referred to in other Articles) and shall be deleted and replaced with the wording “Articles 167.1 to 167.6 have been deleted”, and the separate register for the holders of B Shares shall no longer be required to be maintained by the Company; but the validity of anything done under Articles 167.1 to 167.6 before that date shall not otherwise be affected and any actions taken under Articles 167.1 to 167.6 before that date shall be conclusive and shall not be open to challenge on any grounds whatsoever.”

2. Rights attaching to the C Shares

The following constitutes the proposed article to be introduced into the Articles of Association relating to the rights and restrictions attaching to the C Shares:

“168. RIGHTS AND RESTRICTIONS ATTACHED TO THE C SHARES

168.1 Election Form

168.1.1 Together with the Circular, Shareholders who held their Existing Ordinary Shares in certificated form were sent an Election Form relating to the B Shares and C Shares proposed to be created by the Company, as more fully described in the Circular. Pursuant to the Election Form or, where Shareholders held their Existing Ordinary Shares in uncertificated form, by following the instructions set out in the Circular, Shareholders could make an Election, among other things, to receive C Shares in respect of which the Special Dividend (as defined in Article 168.2.1 below) would be paid.

168.1.2 Shareholders who do not validly complete and return their Election Form or, in the case of Shareholders who hold their Existing Ordinary Shares in uncertificated form, do not send a valid TTE instruction by 3.00 p.m. on 7 August 2009 (or such later time and/or date as the Directors may determine in their absolute discretion (but being not later than 21 August 2009)) and all Non-United Kingdom Shareholders, will be deemed to have elected for the Dividend Alternative (as defined and described in the Circular) in respect of each Existing Ordinary Share held by them.

168.1.3 The Directors, in their absolute discretion, shall determine all questions as to the form and validity (including time and place of receipt) of any Election Form, which determination shall be final and binding. The Directors also reserve the absolute right to waive any defect or irregularity in relation to, or in relation to the receipt of, any Election Form completed by or on behalf of any Shareholder and such determination will be binding on such Shareholder.

168.2 Income

168.2.1 Out of the profits available for distribution, a special dividend of 0.5 pence per C Share (the “**Special Dividend**”) shall, subject to such conditions as the Directors may determine, be payable to those holders of C Shares who have elected or be deemed pursuant to Article 168.1.2 above to have elected to receive the Special Dividend.

168.2.2 Such Special Dividend shall, if declared, become payable on 24 August 2009 or such later date as the Directors may determine. Each C Share in respect of which such dividend becomes payable shall, on such date (or such other date as the directors may determine), subject to and following such declaration, be automatically converted into a deferred share of 0.5 pence nominal value with the rights and restrictions described in Article 170 (a “**Deferred Share**”).

168.2.2 Neither the Company nor any of its Directors, officers or employees shall have any liability to any person for any loss or damage arising as a result of the choice of the date on which the Special Dividend is declared or paid.

168.3 Capital

The holders of the C Shares will not be entitled to be paid any amount on a return of capital on a winding-up or otherwise (including a court-approved reduction of capital paid up on the C Shares pursuant to the 1985 Act or the 2006 Act, as applicable).

168.4 Voting and general meetings

The holders of C Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the Company nor to attend, speak or vote at any such general meeting.

168.5 Class rights

168.5.1 The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority or subsequent to the C Shares. The creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the C Shares) shall be treated as being in accordance with the rights attaching to the C Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the C Shares.

168.5.2 A reduction by the Company of the capital paid up or credited as paid up on the C Shares without the payment of any amount to holders of the C Shares and the cancellation of such shares shall be treated as being in accordance with the rights attaching to the C Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the C Shares.

168.5.3 Without prejudice to the foregoing, the Company is authorised to reduce (or purchase shares in) its capital of any class or classes and such reduction (or purchase) shall not involve a variation of any rights attaching to the C Shares for any purpose or require the consent of the holders of the C Shares.

168.5.4 If at any time a currency other than Sterling is accepted as legal tender in the United Kingdom in place of or in addition to Sterling, the Directors shall be entitled, without the consent of holders of ordinary shares, B Shares, C Shares, D Shares or Deferred Shares, to make such arrangements and adjustments in respect of the method of calculation and payment of any of the entitlements of holders of C Shares under these Articles as the Directors consider necessary, fair and reasonable in the circumstances to give effect to the rights of the C Shares. Any such arrangements and adjustments shall not involve a variation of rights attaching to the C Shares for any purpose.

168.6 Deletion of Articles 168.1 to 168.6

Articles 168.1 to 168.6 shall remain in force until there are no longer any C Shares in existence notwithstanding any provision in the Articles to the contrary. Thereafter Articles 168.1 to 168.6 shall be deemed to be of no effect (save to the extent that the provisions of Articles 168.1 to 168.6 are referred to in other Articles) and shall be deleted and replaced with the wording “Articles 168.1 to 168.6 have been deleted”, and the separate register for the holders of C Shares shall no longer be required to be maintained by the Company; but the validity of anything done under Articles 168.1 to 168.6 before that date shall not otherwise be affected and any actions taken under Articles 168.1 to 168.6 before that date shall be conclusive and shall not be open to challenge on any grounds whatsoever.”

3. Rights attaching to the D Shares

The following constitutes the proposed article to be introduced into the Articles of Association relating to the rights and restrictions attaching to the D Shares:

“169. RIGHTS AND RESTRICTIONS ATTACHED TO THE D SHARES

169.1 Voting and general meetings

The holders of D Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the Company nor to attend, speak or vote at any such general meeting.

169.2 Capital

In the event that the D Shares have become entitled to a D Share Distribution in accordance with the provisions of Article 169.4, on a return of assets on a liquidation, the assets of the Company remaining after payment of its liabilities (“**Net Proceeds**”) shall be distributed as follows:

169.2.1 first, in paying any accrued and/or unpaid amounts of D Share Distribution payable on each D Share due or declared but unpaid down to the date of the return of assets;

169.2.2 thereafter, the balance of the Net Proceeds, if any, shall be distributed to the holders of Ordinary Shares in proportion to the number of Ordinary Shares held by them respectively.

169.3 Conversion

169.3.1 Subject to the provisions of Article 169.3.2, the D Shares shall not carry any rights of conversion into any other class of shares in the capital of the Company.

169.3.2 In the event that a Termination Event occurs, each D Share shall, on the date of such Termination Event (or, if any amounts of D Share Distribution payable on each D Share are accrued and/or unpaid at the date of the Termination Event, such date as all outstanding accrued and/or unpaid amounts are paid to the holders of the D Shares), be automatically converted into a deferred share of 0.5 pence nominal value with the rights and restrictions described in Article 170 (a “**Deferred Share**”). Any D Shares not immediately converted to a Deferred Share on the occurrence of a Termination Event (as a consequence of accrued and/or unpaid amounts of D Share Distribution existing on such date) shall cease to accrue any entitlement to a D Share Distribution from the date of such Termination event.

169.4 Income

169.4.1 The D Shares will give no right to receive any dividend or distributions (other than the D Share Distribution). The D Shares will give no right to a D Share Distribution in respect of a financial year unless and until the Initial Target and/or the Second Target have been achieved.

169.4.2 Subject to Article 169.4.1, the Company shall without resolution of the Board or of the Company in general meeting pay in respect of a financial year the D Share Distribution on each D Share before application of any profits to reserve or for any other purpose and in priority to application of any profits or distributions to any holders of Ordinary Shares.

169.4.3 Subject to the occurrence of a Termination Event, each D Share shall be entitled to a D Share Distribution on the following basis:

- (a) in the event that Distributions exceed the Initial Target, an amount equal to 15 per cent. of the Distributions in excess of the Initial Target; and
- (b) in the event that Distributions exceed the Second Target, an additional amount equal to 5 per cent. of the Distributions in excess of the Second Target,

in each case divided by 2,000,000 (being the number of authorised D Shares) less the aggregate per D Share of the D Share Distributions (if any) paid in respect of previous financial years.

- 169.4.4 The D Share Distribution shall be calculated by reference to the amount by which the level of Distributions exceeds the Initial Target or the Second Target (as the case may be) based on the audited report and accounts of the Company for the financial period ended 31 March in each year.
- 169.4.5 The D Share Distribution in respect of a financial year shall be paid to the holders of D Shares on 1 August following the end of such financial year or, if later, as soon as practicable following the publication of the audited report and accounts of the Company for such financial year.
- 169.4.6 If the Company is unable to pay in full on the due date any D Share Distribution by reason of having insufficient Distributable Profits then it shall on such date pay the same to the extent that it is lawfully able to do so and any unpaid amount shall remain due and payable and shall be paid to the holders of D Shares when the Company has sufficient Distributable Profits with which to pay the relevant D Share Distribution.
- 169.4.7 Where, by reason of the Company having had insufficient Distributable Profits, it is in arrears with the payment of the D Share Distribution, the first Distributable Profits arising thereafter shall be applied in the following order of priority:
- (a) first, in or towards paying off all accruals and/or unpaid amounts of the D Share Distribution to the holders of D Shares;
 - (b) second, in or towards paying off all amounts of the D Share Distribution due and payable in respect of that financial year in which the Company has Distributable Profits.
- 169.4.8 In the event that a Sale becomes unconditional in all respects in the period commencing on 1 April 2013 and ending on or before 30 September 2014, the proceeds of such Sale (net of any costs associated with such Sale and after deducting any Excess Cash save to the extent that such Excess Cash has been distributed to holders of Ordinary Shares prior to such sale becoming unconditional in all respects) shall be treated as a distribution by the Company to its shareholders for the purposes of this Article 169.4 (in particular the definition of "Distributions"). The proceeds of any Sale which becomes unconditional in all respects prior to 1 April 2013 or after 30 September 2014 shall not be so treated.
- 169.4.9 The D Share will give no right to receive any D Share Distribution in respect of any financial year ending after 31 March 2014, provided that, where Article 169.4.8 applies to treat the proceeds of a Sale which becomes unconditional in all respects on or after 1 April 2014 as a distribution by the Company to its shareholders, a D Share Distribution shall be calculated in accordance with Article 169.4.3 as if a financial year of the Company ended on the date such Sale becomes unconditional in all respects and there were no other distributions to shareholders of the Company during such financial year end and no Excess Cash at the end of such financial year.

169.5 Issue

No D Shares shall be allotted unless, at the date of subscription, the proposed allottee of such D Shares is a director, officer or employee of the Manager or any subsidiary undertaking of the Manager.

169.6 Transfers

169.6.1 No holder of D Shares shall be entitled to:

- (a) create or grant any mortgage, charge, lien or encumbrance in, over, or in respect of any D Shares or effect any other dealing in such D Shares (or any interest whether legal, equitable or otherwise in such D Shares or any rights in respect of them); or
- (b) transfer or dispose of any D Shares (or any interest whether legal, equitable or otherwise in such D Shares or any rights in respect of them) unless such transfer is a Permitted Transfer.

169.6.2 Notwithstanding Article 169.5.1, a holder of D Shares may transfer all (but not some) of his D Shares:

- (a) to a Privileged Relation;
 - (b) to another person holding D Shares as at the date of adoption of these Articles; or
 - (c) to any other person with the prior written consent of the Board,
- (each a "**Permitted Transfer**").

169.7 General

If, during the period commencing on the date of adoption of these Articles and ending on 31 March 2014, the financial year-end of the Company is changed from 31 March in each year, to another date (the "**Revised Year-End Date**") then the calculation of the D Share Distribution shall be made on the basis of such Revised Year-End Date and appropriate adjustments made accordingly.

4. Rights attaching to the Deferred Shares

The following constitutes the proposed article to be introduced into Articles of Association relating to the rights and restrictions attaching to the Deferred Shares:

"170. RIGHTS AND RESTRICTIONS ATTACHED TO THE DEFERRED SHARES

170.1 Rights and restrictions

In this Article 170: "**Deferred Shares**" means the Deferred Shares of 0.5 pence each in the capital of the Company.

170.2 Income

The Deferred Shares shall confer no right to participate in the profits of the Company.

170.3 Capital

170.3.1 On a return of capital on a winding-up (excluding any intra-group re-organisation on a solvent basis) there shall be paid to the holders of the Deferred Shares the nominal capital paid up or credited as paid up on such Deferred Shares after first paying to the holders of the Ordinary Shares the nominal capital paid up or credited as paid up on the Ordinary Shares held by them respectively, together with the sum of £100,000 on each Ordinary Share.

170.3.2 The holders of the Deferred Shares shall not be entitled to any further right of participation in the assets of the Company.

170.4 Voting and general meetings

The holders of the Deferred Shares shall not be entitled to receive notice of any general meeting of the Company or to attend, speak or vote at any such meeting.

170.5 Class rights

170.5.1 The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority to the Deferred Shares, and on such creation, allotment or issue any such further shares (whether or not ranking in any respect in priority to the Deferred Shares) shall be treated as being in accordance with the rights attaching to the Deferred Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the Deferred Shares.

170.5.2 The reduction by the Company of the capital paid up on the Deferred Shares shall be in accordance with the rights attaching to the Deferred Shares and shall not involve a variation of such rights for any purpose and the Company shall be authorised at any time to reduce its capital (subject to the confirmation of the court in accordance with the 1985 Act and 2006 Act) without obtaining the consent of the holders of the Deferred Shares.

170.6 Transfer and purchase

The Company may at any time (and from time to time), without obtaining the sanction of the holder or holders of the Deferred Shares:

170.6.1 appoint any person to accept any offer and agree to sell and to execute on behalf of any holder of Deferred Shares a transfer of all of the Deferred Shares or any part thereof (and/or an agreement to transfer the same) to the Company or to such person as the Directors may determine (whether or not an officer of the Company), in any case for not more than 1 penny for all the Deferred Shares then being purchased without any requirement to indemnify or to obtain the consent or sanction of the holders thereof or any of them and for the purposes of such purchase to appoint a person to execute (on behalf of the holders of such Deferred Shares) a contract for the sale to the Company of any Deferred Shares held by any such holders and to receive the consideration on behalf of any such holders without any obligation to pay such consideration (or any proportion thereof) or otherwise be accountable in respect thereof to such holders; and

170.6.2 cancel all or any of the Deferred Shares so purchased by the Company in accordance with the 1985 Act and 2006 Act.

170.7 Deletion of Articles 170.1 to 170.7 when no Deferred Shares in existence

Articles 170.1 to 170.7 shall remain in force until there are no longer any Deferred Shares, notwithstanding any provision in the Articles to the contrary. Thereafter Articles 170.1 to 170.7 shall be deemed to be of no effect (save to the extent that the provisions of Articles 170.1 to 170.7 are referred to in other Articles) and shall be deleted and replaced with the wording "Articles 170.1 to 170.7 have been deleted", and the separate register for the holders of Deferred Shares shall no longer be required to be maintained by the Company; but the validity of anything done under Articles 170.1 to 170.7 before that date shall not otherwise be affected and any actions taken under Articles 170.1 to 170.7 before that date shall be conclusive and shall not be open to challenge on any grounds whatsoever."

PART 7

UNITED KINGDOM TAXATION IN RELATION TO THE RETURN OF CASH

The comments below are intended only as a general guide to the current tax position under United Kingdom law and HM Revenue & Customs practice. These comments apply to Shareholders who, unless express reference is made to non-United Kingdom residents, are resident in or (in the case of individuals) ordinarily resident in the United Kingdom for tax purposes, are the beneficial owners of their Existing Ordinary Shares and hold such shares as investments and not on trading account. Some of these comments may not apply to a Shareholder who owns 10 per cent. or more of any class of shares in the Company.

Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction outside the United Kingdom should consult their independent professional adviser. In particular, the attention of UK resident corporate Shareholders is drawn to the provisions of sections 91A and 91B of the Finance Act 1996 (the "Finance Act"). The Finance Act contains provisions which could result in all returns on certain types of shares, whether capital or income in nature, being taxed as income under the "loan relationship rules". Shareholders who are subject to tax in accordance with the "loan relationship" rules should consult an appropriate adviser.

1. Share Split

For the purposes of United Kingdom taxation of chargeable gains, the receipt of the New Ordinary Shares together with either B Shares or C Shares (as the case may be) pursuant to the Share Split should constitute a reorganisation of share capital. As such this should not constitute a disposal or part disposal of a Shareholder's holding of Existing Ordinary Shares.

Pursuant to the Share Split, a Shareholder's original base cost in Existing Ordinary Shares will be apportioned between his New Ordinary Shares and his B and/or C Shares.

If a Shareholder opts to receive B Shares it is expected that the Shareholder's original base cost in Existing Ordinary Shares will be apportioned between his New Ordinary Shares and his B Shares, by reference to their respective market values on date of disposal of the B Shares. For these purposes, it is expected that HM Revenue & Customs will calculate the market value of a holding of New Ordinary Shares by reference to the price quoted or published for the New Ordinary Shares on the first day of dealings in the New Ordinary Shares (this is expected to be the Closing Mid-market Price as disclosed in the AIM Appendix to the London Stock Exchange Daily Official List). It is expected that the market value of each B Share on that date will be approximately 0.5 pence.

When attributing base cost to New Ordinary Shares, it is not expected that any of a Shareholder's original base cost in Existing Ordinary Shares could be apportioned to any C Shares that the Shareholder opts to receive as the Record Time will have passed for the payment of the Special Dividend by the time that such a Shareholder receives their New Ordinary Shares. Therefore, it is expected that the New Ordinary Shares held by a Shareholder who opts entirely for C Shares will have a base cost broadly equal to his original base cost in Existing Ordinary Shares.

2. Capital Repayment on B Shares

The Capital Repayment made to Shareholders in respect of the buyback of B Shares by the Company should not be treated as an income distribution (but see section below headed "Chapter 1, Part 13 Income Tax Act 2007") and therefore should not be subject to tax as income in the hands of Shareholders and accordingly will carry no tax credit.

The buyback of B Shares by the Company will be regarded as a disposal of those shares for the purposes of the taxation of chargeable gains. This may give rise to a chargeable gain or an allowable loss, depending upon the Shareholder's circumstances, including the Shareholder's base cost in the B Shares. Any gains realised by individual Shareholders above their applicable annual exemption (this is £10,100 for the tax year 2009/2010) would be subject to capital gains tax at 18 per cent. Gains realised by Shareholders who are subject to corporation tax would be subject to corporation tax on chargeable gains at up to 28 per cent.

3. Payment of Special Dividend on C Shares

The payment of the Special Dividend in respect of each C Share should be treated as an income distribution. The payment of the Special Dividend in respect of each C Share will not be treated as giving rise to a disposal of the C Share for the purposes of the taxation of chargeable gains.

An individual Shareholder who is resident in the United Kingdom for tax purposes will be entitled to a tax credit in respect of the Special Dividend, currently equal to one-ninth of the cash dividend received or 10 per cent. of the aggregate of the cash dividend received and the related tax credit (the "gross dividend"). The related tax credit can be set against the individual Shareholder's total liability to income tax on the Special Dividend.

An individual Shareholder who is liable to income tax at no more than the basic rate of income tax will be subject to income tax at the rate of 10 per cent. on the gross dividend and so the tax credit will satisfy in full the individual Shareholder's liability to income tax on the dividend received.

An individual Shareholder who is liable to income tax at the higher rate will be subject to tax at the rate of 32.5 per cent. on the gross dividend to the extent that the gross dividend, when treated as the top slice of the Shareholder's income, falls above the threshold for higher rate income tax. The related tax credit will not fully satisfy the individual Shareholder's liability to income tax on the gross dividend and the Shareholder will have to account for additional tax equal to 22.5 per cent. of the gross dividend or 25 per cent. of the cash dividend received.

United Kingdom resident Shareholders who have no liability to United Kingdom tax on the Special Dividend will not be entitled to claim repayment of the tax credit attaching to the Special Dividend.

Subject to certain exceptions for traders in securities, a corporate Shareholder resident in the United Kingdom for tax purposes should not be subject to corporation tax on the Special Dividend. In Finance Bill 2009, certain anti-avoidance rules have been proposed in respect of dividends received. Shareholders should consult their professional adviser if they consider such provisions may apply to them.

A Shareholder who is not resident in the United Kingdom for tax purposes and who receives the Special Dividend will generally not be able to claim repayment from HM Revenue & Customs of any part of the tax credit attaching to the Special Dividend and any ability to do so will depend on the terms of any applicable double tax treaty between the United Kingdom and the country in which the Shareholder is resident.

A Shareholder who is not resident in the United Kingdom may be subject to foreign taxation on dividend income under local law and should consult his own tax adviser concerning his liabilities to tax on dividends received from the Company.

4. Chapter 1, Part 13 Income Tax Act 2007 (“ITA 2007”)

If Chapter 1, Part 13 ITA 2007 applied in respect of Capital Repayment on B Shares, Shareholders who are United Kingdom income taxpayers might be liable to taxation as if they had received a dividend equal to the amount received. The Company has not applied for a clearance under section 701 ITA 2007 in this regard. However, having consulted with leading tax counsel, the Company does not expect that Chapter 1, Part 13 ITA 2007 should apply to Shareholders who elect for B Shares. If, however, Chapter 1, Part 13 ITA 2007 were to apply, UK income taxpayers who elect for B Shares are likely to be liable to taxation as if they had received a dividend equal to the Capital Repayment.

5. Chapter 1, Part XVII Income and Corporation Taxes Act 1988 (“ICTA 1988”)

If Chapter 1, Part XVII ICTA 1988 applied in respect of the Special Dividend, Shareholders who are UK corporation tax payers might be liable to taxation as if they had received a capital sum equal to the Special Dividend payable on their C Shares. The Company has not applied for a clearance under section 707 ICTA 1988 in this regard. However, having consulted with leading tax counsel, the Company does not expect that Chapter 1, Part XVII ICTA 1988 will be applied to Shareholders who are UK corporation tax payers and who elect to receive C Shares in respect of some or all of their Existing Ordinary Shares.

6. Stamp duty and stamp duty reserve tax

Except in relation to depositary receipt arrangements or clearance services, where special rules apply (see below):

- no stamp duty or stamp duty reserve tax (“SDRT”) will be payable on allocation or issue in uncertificated or certificated form of the New Ordinary Shares and B Shares or C Shares pursuant to the Share Split; and
- an unconditional agreement to sell New Ordinary Shares and B Shares or C Shares will normally give rise to a liability on the purchaser to SDRT, at a rate of 0.5 per cent. of the value or the amount of the actual consideration paid. Subject to an exemption for certain low value transactions, the transfer or sale of the relevant New Ordinary Shares and B Shares or C Shares outside the CREST system will be subject to stamp duty on the system of transfer at the same rate of 0.5 per cent. of the actual consideration paid (rounded up to the nearest £5). If the relevant instrument of transfer is executed and duly stamped within six years of the date of the agreement, or if the agreement was conditional the date when the agreement became unconditional, the SDRT charge will be cancelled and any SDRT already paid will be refunded.
- Stamp duty at 0.5 per cent. will be payable by the company on the repurchase of the B Shares.

Under the CREST system for paperless share transfers, deposits of shares into CREST will not be subject to stamp duty or SDRT provided that, in the case of SDRT the transfer is not for money or money’s worth. A transfer of shares effected on a paperless basis through CREST will generally be liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable, which HMRC will collect and which will be accounted for by Euroclear (such SDRT generally being payable by the transferee or purchaser).

The above statements are intended only as a general guide to the current stamp duty and SDRT position. Transfers to certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for SDRT, be required to notify and account for it. For example, where shares are issued or transferred to a depositary or clearance service operator, or in either case its nominee, stamp duty or SDRT will generally be payable at a higher rate of 1.5 per cent. of the value or amount of the consideration payable, or, in certain circumstances, the value of the securities (rounded up in the case of stamp duty to the nearest £5). Shareholders are strongly advised to consult their own professional tax advisers if they consider these special rules may apply to them.

PART 8

DEFINITIONS

The following definitions apply throughout this document and the accompanying documents including the Form of Proxy and the Election Form, unless the context otherwise requires:

“1985 Act”	the Companies Act 1985, as amended
“2006 Act”	the Companies Act 2006, as amended
“2001 Plan”	the NewMedia SPARK 2001 Unapproved Share Option Plan
“2005 Plan”	the NewMedia SPARK 2005 Executive Share Option Scheme
“Admission”	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“Admission Date”	10 August 2009 (or such later date as the Directors may determine, being not later than 21 August 2009)
“AIM”	a market operated by the London Stock Exchange
“AIM Rules”	the AIM rules for companies and the AIM rules for investing companies issued by the London Stock Exchange, as amended from time to time
“Alternatives”	the Dividend Alternative and the Capital Alternative, or either of them as the context may require
“Articles” or “Articles of Association”	the articles of association of the Company from time to time
“B Shares”	the non-cumulative preference shares of 0.5 pence each in the capital of the Company carrying the rights and restrictions set out in Article 167 of the Articles
“Board” or “Directors”	the board of Directors present at a duly convened and quorate meeting of Directors or a duly authorised committee of the Directors as the context requires
“Business Day”	a day other than a Saturday, Sunday or a day on which banks are authorised to close in London
“C Shares”	the non-cumulative preference shares of 0.5 pence each in the capital of the Company carrying the rights and restrictions set out in Article 168 of the Articles
“Capital Alternative”	the election for B Shares to be bought back by the Company and conferring a right to the Capital Repayment as more fully described in Parts 1 and 4 of this document
“Capital Repayment”	the proposed repayment of 0.5 pence per B Share
“Capita Registrars”	a trading name of Capita Registrars Limited (incorporated in England and Wales with company number 2605568)
“certificated” or “certificated form”	a share which is not in uncertificated form (that is, not in CREST)
“Collins Stewart”	Collins Stewart Europe Limited, the Company’s nominated adviser and broker, a member of the London Stock Exchange and which is authorised and regulated by the FSA
“Companies Acts”	the 1985 Act and the 2006 Act
“Company” or “SPARK”	SPARK Ventures plc (incorporated in England and Wales with company number 03813450)
“Completion”	completion of the Management Buyout in accordance with the terms of the Sale Agreement
“Connected Person”	in relation to a person, any other person: <ul style="list-style-type: none">(a) who is a connected person (as defined in section 839 of the Income and Corporation Taxes Act 1988) to the first mentioned person; or(b) with whom the first mentioned person is acting in concert (as defined in The City Code on Takeovers and Mergers)
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear is the Operator (as defined in such regulations)
“CREST Proxy Instruction”	a properly authenticated CREST message appointing and instructing a proxy to attend and vote in place of a Shareholder at the General Meeting and containing the information required to be contained in the manual published by Euroclear
“D Share Subscription Agreements”	the subscription agreements to be entered into on Completion between (1) the Company (2) the Manager and (3) each subscriber respectively setting out the terms and conditions

	of subscription for the D Shares, the terms of which are set out in paragraph 4 of Part 2 of this document
“D Shares”	the unlisted preference shares of 0.5 pence each in the capital of the Company carrying the rights and restrictions set out in Article 169 of the Articles
“Distributions”	means, in relation to any financial year of the Company, the aggregate of (i) Excess Cash and (ii) any distributions or returns of capital by the Company made to its shareholders in respect of ordinary shares (including, without limitation, by way of dividends or share buy backs) after the date of the General Meeting and prior to the end of that financial year
“Dividend Alternative”	the election (or deemed election) for C Shares and conferring a right to the Special Dividend as more fully described in Parts 1 and 4 of this document
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“Election Deadline”	3.00 p.m. on 7 August 2009 (or such later time and/or date as the Directors in their absolute discretion may determine, being not later than 21 August 2009)
“Election Form”	the election form enclosed with this document, where this document is sent to Shareholders who hold their Existing Ordinary Shares in certificated form
“Election Period”	the period from the date of this document until the Election Deadline during which time Shareholders may make elections for one or more of the Alternatives
“ESA Message”	a message through CREST to Capita Registrars in its capacity as escrow agent requesting a withdrawal of Existing Ordinary Shares from the escrow balance
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST (formerly known as CRESTCo Limited)
“Excess Cash”	the amount of cash held by the Company on 31 March in each year (in respect of each financial year from the date of the General Meeting up to and including the financial year ending on 31 March 2014) less: <ul style="list-style-type: none"> (a) the Investment Reserves (to the extent not utilised for Further Investments); and (b) an amount deemed necessary by the Board to meet the Company’s working capital requirements including, without limitation, such amount required to meet all fees and expenses payable by the Company pursuant to the Management Agreement
“Executive Directors”	Thomas Teichman, Andrew Carruthers, Andrew Betton and Jayesh Patel
“Existing Investments”	the investments held by the Company in investee companies as at the date of this document (including unlisted securities or equivalent received in relation to any disposal of such existing investment(s) but excluding either (i) cash or (ii) securities which are listed on a recognised investment exchange)
“Existing Ordinary Shares”	the existing ordinary shares of 2.5 pence each in the capital of the Company
“Finance Act”	the Finance Act 1996
“Form of Proxy”	the form of proxy enclosed with this document for use by Shareholders in connection with the General Meeting
“Further Investments”	any follow-on investments into any Existing Investments made by any member of the Group following the date of the General Meeting
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000, as amended
“General Meeting”	the general meeting of the Company (or any adjournment thereof) to be held at the offices of Nabarro LLP, Lacon House, 84 Theobald’s Road, London WC1X 8RW at 11.00 a.m. on 7 August 2009
“Group”	the Company and any company which is a subsidiary undertaking of the Company from time to time
“HM Revenue and Customs”	Her Majesty’s Revenue and Customs
“Independent Non-Executive Directors”	David Potter, Charles Berry and Michael Whitaker
“Initial Target”	in respect of any financial year, means a level of Distributions equal to ‘C’, to be calculated in accordance with the following formula: $C = A - (B \times \text{£}820,000)$ <p>where:</p> <p>‘A’ = $\text{£}45,200,000$;</p>

	‘B’ = (i) the level of Distributions to 31 March 2012 divided by (ii) £4,100,000, rounded down to the nearest whole number,
	provided that the Initial Target may be increased to such number in excess of ‘C’ with the written approval of (i) the Board and (ii) a majority in number of the holders of D Shares
“Investment Protection Agreement”	the investment protection agreement to be entered into on Completion between the (1) Company (2) the Manager and (3) the Executive Directors setting out the terms of the Company’s subscription for shares in the Manager and the operation of the business of the Manager, the terms of which are set out in paragraph 3 of Part 2 of this document
“Investment Reserves”	the sum of £6 million (less an amount equal to any further investments made or committed by any member of the Group in the period from 1 April 2009 to the date of the General Meeting and any follow-on investment requested but withheld by the Company) which may be used by the Company to make Further Investments
“Investments’ Value”	the aggregate investment value of the Existing Investments in the books of account of the Company based upon valuations being undertaken on a semi-annual basis on 31 March and 30 September in each year (including, for the avoidance of doubt, any amounts attributable to deferred consideration or sums held in escrow (whether or not any warranty claims have been made against such sums) and held in the books of the Company as investments or debtors provided that such amounts are reflected in the audited accounts of the Company)
“ITA 2007”	the Income Tax Act 2007
“London Stock Exchange”	London Stock Exchange plc
“Management Agreement”	the conditional management agreement entered into on 20 July 2009 between (1) the Company and (2) the Manager pursuant to which the Manager will provide certain management and administrative services, the terms of which are set out in paragraph 4 of Part 2 of this document
“Management Buyout”	the proposed externalisation of the existing management team and acquisition of certain assets by the Manager, to be effected in accordance with the terms of the Sale Agreement, the Investment Protection Agreement and the Management Agreement
“Management Fee”	the fee payable to the Manager pursuant to the terms of the Management Agreement, further details of which are set out in paragraph 4 of Part 2 of this document
“Manager”	SPARK Venture Management Holdings Limited (incorporated in England and Wales with company number 06906082)
“New Ordinary Shares”	following the Share Split, the new ordinary shares of 0.5 pence each in the capital of the Company
“Non-United Kingdom Shareholder”	a Shareholder who is not resident in the United Kingdom or who is a citizen, resident or national of a country other than the United Kingdom. For the avoidance of doubt, a Shareholder who is not resident in the United Kingdom includes a Shareholder who is resident in the Channel Islands or the Isle of Man
“Property Licence”	the property licence to be entered into on Completion between (1) the Company and (2) the Manager pursuant to which the Manager will occupy the Company’s premises at 33 Glasshouse Street, London W1B 5DG
“Proposals”	the Share Split, the Return of Cash, the Management Buyout and the change to SPARK’s investing policy
“Querist”	Querist Limited (incorporated in England and Wales with company number 02944008)
“Quester Funds”	the funds managed by various members of the Querist Group including, without limitation, SPARK VCT plc (incorporated in England and Wales with company number 03139019), SPARK VCT2 plc (incorporated in England and Wales with company number 04063505), the Lachesis Seed Fund Limited Partnership (registered in England and Wales with number LP008365), The Isis College Fund No. 1 Limited Partnership (registered in England and Wales with number LP006582) and The Isis College Fund No. 2 Limited Partnership (registered in England and Wales with number LP006583)
“Querist Group”	Querist, its subsidiaries and its subsidiary undertakings
“Quester GP”	Quester Venture GP Limited (incorporated in Scotland with company number SC220736)
“Quester GP Sale Agreement”	the agreement to be entered into prior to Completion between (1) the Company and (2) the QVP Manager for the purchase by the Company of the entire issued share capital of Quester GP
“Quester Venture Partnership”	the limited partnership registered in England and Wales under number LP007736 having its principal place of business at 33 Glasshouse Street, London W1B 5DG

“QVP Deed of Variation”	the deed to be entered into on Completion between (1) the Quester Venture Partnership (acting through its general partner, Quester Venture GP Partnership, itself acting through its general partner, Quester GP) and (2) the QVP Manager varying the terms of the QVP Management Agreement
“QVP Management Agreement”	the management agreement dated 1 August 2001 between (1) the Quester Venture Partnership and (2) the QVP Manager
“QVP Manager”	SPARK Venture Management Limited (incorporated in England and Wales with company number 02454345)
“Record Time”	5.00 p.m. on 7 August 2009 (or such later time and/or date as the Directors in their absolute discretion may determine, being not later than 21 August 2009)
“Regulatory Information Service”	a Regulatory Information Service on the list of Regulatory Information Services maintained by the FSA
“Related Party Transactions”	the entry into and completion of the Sale Agreement, the Management Agreement, the Investment Protection Agreement, the Property Licence and the D Share Subscription Agreements
“Resolutions”	the resolutions set out in the notice of General Meeting contained in Part 9 of this document
“Return of Cash”	the transaction comprising the Share Split and the Alternatives
“Sale”	the transfer or other disposal (whether through a single transaction or a series of transactions) of the legal and/or beneficial interest or title to a majority or more of the ordinary shares in issue taken together to a person (and/or any Connected Person or the acceptance of an offer as a result of which the offeror (and/or any Connected Person) becomes entitled or bound to acquire the remainder of such shares
“Sale Agreement”	the conditional agreement entered into on 20 July 2009 between (1) the Company and (2) the Manager for the sale of certain assets of the Company, the terms of which are set out in paragraph 2 of Part 2 of this document
“Share Entitlement”	the entitlement of each Shareholder to be allotted four B Shares or four C Shares for each Existing Ordinary Share held at the Record Time
“Shareholders”	holders of Existing Ordinary Shares, New Ordinary Shares, B Shares, C Shares, D Shares or Deferred Shares, as the context may require
“SPARK Share Option Schemes”	the 2001 Plan and the 2005 Plan
“Share Split”	the proposed sub-division of each Existing Ordinary Share in issue at the Share Split Record Date into one ordinary share of 0.5 pence each and either four C Shares of 0.5 pence each or (at the election of Shareholders) four B Shares of 0.5 pence each
“Share Split Record Date”	5.00 p.m. on 7 August 2009 (or such other time and/or date as the Directors in their absolute discretion may determine, being not later than 21 August 2009)
“Special Dividend”	a special dividend of 0.5 pence per C Share to be declared and paid in accordance with the Dividend Alternative
“TTE Instruction”	transfer to escrow instruction
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories, possessions, any State of the United States of America and the District of Columbia
“US Securities Act”	the United States Securities Act of 1933 (as amended) and the rules and regulations promulgated thereunder

PART 9

Notice of General Meeting

SPARK Ventures plc

(incorporated in England and Wales with company number 03813450)
(the "Company")

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held at the offices of Nabarro LLP, Lacon House, 84 Theobald's Road, London WC1X 8RW at 11.00 a.m. on 7 August 2009 to consider and, if thought fit, pass the following resolutions, of which Resolutions 1 and 5 will be proposed as special resolutions and Resolutions 2, 3 and 4 will be proposed as ordinary resolutions:

Special Resolution

1. THAT, conditional upon and subject to the passing of Resolution 2:
 - (a) with effect from 5.00 p.m. on 7 August 2009 (or such later time and/or date as the Directors may in their absolute discretion determine), each of the ordinary shares of 2.5 pence each in the capital of the Company then in issue be sub-divided into one ordinary share of 0.5 pence and:
 - (i) as regards any issued ordinary share of 2.5 pence in respect of which the holder thereof has validly elected to receive a B Share by notifying the Company's registrars in writing in a form approved by the Directors (or any authorised committee of the Directors) on or before 3.00 p.m. on 7 August 2009 (or such later time and/or date as the Directors may in their absolute discretion determine), four shares of 0.5 pence which shall be designated as B Shares, having the rights and restrictions set out in the articles of association of the Company as proposed to be adopted pursuant to paragraph (d) of this Resolution; or
 - (ii) as regards any other issued ordinary share of 2.5 pence in respect of which no such election as is referred to in subparagraph (i) of paragraph (a) of this Resolution has been made (or deemed to have not been made) by the holder thereof, four shares of 0.5 pence which shall be designated as C Shares, having the rights and restrictions set out in the articles of association of the Company as proposed to be adopted pursuant to paragraph (d) of this Resolution;
 - (b) a dividend of 0.5 pence per C Share shall, subject to the Company having sufficient distributable reserves, be payable to those persons who become holders of C Shares and whose names appear on the register of members of the Company at 6.00 p.m. on 7 August 2009 (or such later time and/or date as the Directors may in their absolute discretion determine);
 - (c) the Company be generally and unconditionally authorised to make purchases of B Shares of 0.5 pence each in the capital of the Company provided that:
 - (i) the maximum number of B Shares authorised to be purchased is 1,800,000,000;
 - (ii) each B Share shall be purchased at a fixed price (exclusive of expenses) of 0.5 pence;
 - (iii) the authority hereby conferred shall expire on the earlier of 18 months after the date of this Resolution;
 - (iv) the Company may make a contract for the purchase of B Shares under this authority before the expiry of this authority which would or might be executed wholly or partly after the expiry of such authority, and may make purchases of B Shares in pursuance of such a contract as if such authority had not expired;
 - (d) the articles of association set out in the printed document produced to the meeting marked "A" and initialled for the purpose of identification by the Chairman be adopted as the articles of association of the Company in substitution for and to the exclusion of the articles of association of the Company existing as at the time of this Resolution; and
 - (e) the rights and restrictions attaching to the ordinary shares of 0.5 pence each resulting from the sub-division pursuant to paragraph (a) of this Resolution shall be the same in all respects as those attached to the ordinary shares of 2.5 pence each as set out in the articles of association of the Company existing as at the time of this Resolution of the Company (save in respect of their nominal value and subject to the rights of the B Shares, C Shares and Deferred Shares);

Ordinary Resolutions

2. THAT, conditional upon and subject to the passing of Resolution 1, the proposed revised Company's investing policy as set out in paragraph 3 of Part 3 of the circular to shareholders of the Company dated 21 July 2009 (the "Circular") be and is hereby approved;
3. THAT, conditional upon and subject to the passing of Resolutions 1, 2, 4 and 5, the entry by the Company into the Related Party Transactions (as described in the Circular) be and are hereby approved for the purposes of section 190 of the Companies Act 2006 and that the Directors be authorised to take all actions necessary in contemplation of, or in connection with, the Related Party Transactions and all agreement or documents which the directors of the Company, or any duly authorised committee may determine are required, or are expedient to, give effect to the Related Party Transactions;
4. THAT, conditional upon and subject to the passing of Resolution 1, 2, 3 and 5:
 - (a) 2,000,000 of the authorised but unissued ordinary shares in the capital of the Company be converted into and redesignated as D Shares of 0.5 pence each having the rights and being subject to the restrictions set out in the articles of association of the Company as proposed to be adopted pursuant to Resolution 5 below;

- (b) the Directors (for the purposes of section 80 of the Companies Act 1985) be and are hereby generally and unconditionally authorised to allot and issue up to 2,000,000 D Shares of 0.5 pence each in the capital of the Company, having the rights and restrictions set out in the articles of association of the Company as proposed to be adopted pursuant to Resolution 5;
- (c) the Company be generally and unconditionally authorised to make purchases of D Shares of 0.5 pence each in the capital of the Company provided that:
 - (i) the maximum number of D Shares authorised to be purchased is 200,000;
 - (ii) each D Share shall be purchased at a fixed price (exclusive of expenses) of 5 pence;
 - (iii) the authority hereby conferred shall expire on the earlier of 18 months after the date of this Resolution;
 - (iv) the Company may make a contract for the purchase of D Shares under this authority before the expiry of this authority which would or might be executed wholly or partly after the expiry of such authority, and may make purchases of D Shares in pursuance of such a contract as if such authority had not expired; and

Special Resolution

5. THAT, conditional upon and subject to the passing of Resolutions 1 to 4, the articles of association set out in the printed document produced to the meeting marked "B" and initialled for the purpose of identification by the Chairman be adopted as the articles of association of the Company in substitution for and to the exclusion of the articles of association of the Company produced to the meeting marked "A" and adopted pursuant to Resolution 1.

By order of the Board

Andrew Betton
Company Secretary

21 July 2009

Registered Office:
33 Glasshouse Street
London
W1B 5DG

NOTES:

1. A member of the Company entitled to attend and vote at this meeting may appoint one or more proxies to attend and vote in his place. A proxy need not also be a member of the Company. Appointment of a proxy will not preclude a Shareholder from attending the meeting and voting in person. In order to facilitate voting by corporate representatives at the General Meeting, arrangements will be put in place at the General Meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.
2. A form of proxy is provided with this notice and instructions for use are shown on the form. In order to be valid an appointment of proxy must be returned by one of the following methods:
 - in hard copy form by post, by courier or by hand to the Company's registrars, Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or
 - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below,and in each case must be received by the Company not less than 48 hours before the time of the meeting.

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent RA10 by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
3. The following documents will be available for inspection at the offices of Nabarro LLP, Lacon House, 84 Theobald's Road, London WC1X 8RW the registered office of the Company during usual business hours on any weekday (except Saturdays, Sundays and public holidays) until the date of the General Meeting and at the place of the General Meeting for a period of fifteen minutes prior to and during the meeting:
 - (a) the current articles of association of the Company;
 - (b) the articles of association marked "A" as proposed to be amended together with a copy marked to show the differences between the existing articles of association of the Company and those proposed to be adopted pursuant to Resolution 1;
 - (c) the articles of association marked "B" as proposed to be amended together with a copy marked to show the differences between the existing articles of association of the Company and those proposed to be adopted pursuant to Resolution 5; and
 - (d) the Circular.
4. The Company pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 specifies that only those Shareholders registered in the register of members of the Company as at 6.00 p.m. on 5 August 2009 shall be entitled to attend or vote at the General Meeting in respect of the number of shares registered in their name at that time and changes to the Register after that time shall be disregarded in determining the rights of any person to attend or vote at the General Meeting.