

**CIRCULAR DATED 5 NOVEMBER 2009**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) takes no responsibility for the correctness of any statements made or opinions expressed, or reports contained, in this Circular. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold your ordinary shares in the capital of Global Investments Limited (the “**Company**”), please immediately forward this Circular together with the Notice of Special General Meeting and the accompanying Proxy Form in this Circular, to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.



**GLOBAL INVESTMENTS LIMITED**

(A mutual fund company incorporated with limited liability in Bermuda)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

**THE PROPOSED CHANGE IN THE MANAGER OF THE COMPANY**

**STRATEGIC ADVISER**



**STANDARD CHARTERED BANK**

**IMPORTANT DATES AND TIMES:**

Last date and time for lodgement of Proxy Form	: 23 November 2009 at 9.00 a.m.
Date and time of Special General Meeting	: 25 November 2009 at 9.00 a.m.
Place of Special General Meeting	: Hibiscus Room, Grand Hyatt Singapore, 10 Scotts Road, Singapore 228211

**If you have any queries or require clarification, please call the information helpline manned by Standard Chartered Bank as the Strategic Adviser at +65 6530 3357.**



## CONTENTS

	PAGE
OVERVIEW OF THE PROPOSED CHANGE IN THE MANAGER	1
DEFINITIONS	3
LETTER TO SHAREHOLDERS	
1. INTRODUCTION	8
2. PROPOSED CHANGE IN THE MANAGER OF THE COMPANY	10
3. DETAILS OF THE NEW MANAGEMENT AGREEMENT	14
4. REQUIREMENT FOR SHAREHOLDERS' APPROVAL	24
5. RATIONALE FOR THE PROPOSED CHANGE IN THE MANAGER	25
6. SPECIAL GENERAL MEETING	30
7. DIRECTORS' RECOMMENDATIONS	30
8. ACTION TO BE TAKEN BY SHAREHOLDERS	30
9. DIRECTORS' RESPONSIBILITY STATEMENT	31
10. STRATEGIC ADVISER'S RESPONSIBILITY STATEMENT	31
11. ADDITIONAL INFORMATION	32
APPENDIX A - THE PROPOSED NEW MANAGER OF THE COMPANY	33
APPENDIX B - THE FEES PAYABLE UNDER THE NEW MANAGEMENT AGREEMENT	46
APPENDIX C - ADDITIONAL INFORMATION	58
NOTICE OF SPECIAL GENERAL MEETING	61

[This page is intentionally left blank]

## OVERVIEW OF THE PROPOSED CHANGE IN THE MANAGER

*The following summary is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the section entitled "Definitions" on pages 3 to 7 of this Circular.*

### Introduction

The Board (with the Manager Appointed Directors dissenting) is convening a special general meeting to be held on 25 November 2009 (the "**SGM**") to seek Shareholders' approval, by way of an Ordinary Resolution, for the proposed change in the manager of the Company by the removal of Babcock & Brown Global Investments Management Pty Limited ("**BBGIM**") as the manager of the Company in accordance with the terms and conditions of the Existing Management Agreements and the appointment of ST Asset Management Ltd ("**STAM**") as the manager of the Company in place of BBGIM in accordance with the terms and conditions of the New Management Agreement.

The purpose of this Circular is to provide Shareholders with information relating to the proposal to be tabled at the SGM.

### Proposed Change in the Manager of the Company

The Directors unanimously approved the removal of BBGIM as the manager of the Company.

The Independent Directors are of the opinion that the appointment of STAM as the new manager of the Company is in the best interests of Shareholders for the reasons set out below:

- (i) there is very limited benefit in a continued relationship with the Babcock & Brown Group;
- (ii) STAM is a credible alternate manager with the relevant expertise to manage the Existing Asset Portfolio;
- (iii) the Company has agreed to a competitive fee structure with STAM which is accretive to Shareholders from a cost perspective; and
- (iv) consideration of other strategic options would represent a significant departure from the management structure and objectives of the Company as set out in the Prospectus.

The Manager Appointed Directors do not support the appointment of STAM as the new manager of the Company.

### The Requisition Notice

As announced by the Company on 9 October 2009, the Company received a notice (the "**Requisition Notice**") from AGSO Property Pty Limited ("**AGSO**") (in its capacity as trustee for the Babcock & Brown Prime Broking Trust), which holds 54,393,086 Shares representing approximately 13.85 per cent. of the Company's issued share capital. By the Requisition Notice,

AGSO sought to requisition a special general meeting of the Shareholders for the purpose of, *inter alia*:

- (A) removing BBGIM as manager of the Company; and
- (B) appointing an entity which will be controlled by Pengana, as the new manager of the Company.

As further announced by the Company on 23 October 2009, the Board has decided not to act on the Requisition Notice because the matters proposed in paragraphs (A) and (B) above relate to the removal and appointment of service providers to the Company and, therefore, to the management of the Company, which is properly a matter for determination by the Board alone, not the Shareholders. Although the Listing Rules require Shareholders' approval to be sought for any change in the Company's investment manager, neither the Bermuda Companies Act, the Bye-laws nor the Listing Rules give Shareholders the right to direct the Board as to which manager is selected to be put forward to Shareholders for approval.

Following receipt of a further letter from AGSO dated 30 October 2009 reserving its rights with respect to convening a special general meeting itself, the Board remains of the view that the determination of who to present to Shareholders as the new manager is a matter for the Board, and that determination process has already been properly undertaken by the Board. A special general meeting thus cannot be lawfully convened by AGSO for the purpose for which it is being summoned. The selection of a suitable replacement manager is clearly within the remit of the Board acting in the best interests of the Company.

The full text of the announcements may be found at [www.sgx.com](http://www.sgx.com) and at [www.bbglobalinvestmentslimited.com](http://www.bbglobalinvestmentslimited.com).

Accordingly, by this Circular and the enclosed Notice of SGM, the Board (with the Manager Appointed Directors dissenting) is convening the SGM to be held on 25 November 2009 to seek Shareholders' approval for the proposed appointment of STAM as the new manager of the Company.

## DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

<b>“Acquisition Fee”</b>	The acquisition fee payable by the Company to STAM under the New Management Agreement in respect of new asset acquisitions by the Company as more fully described in paragraphs 3.3 and 5.3 and Appendix B.
<b>“AGSO”</b>	AGSO Property Pty Limited.
<b>“Babcock &amp; Brown”</b>	Babcock & Brown Limited (In Liquidation).
<b>“Babcock &amp; Brown Group”</b>	Babcock & Brown and its subsidiaries, including BBGIM.
<b>“Base Fee”</b>	The base fee payable by the Company to STAM under the New Management Agreement as more fully described in paragraphs 3.3 and 5.3 and Appendix B.
<b>“BBGIM”</b>	Babcock & Brown Global Investments Management Pty Limited, the current manager of the Company.
<b>“BBGIM Associates”</b>	BBGIM, Babcock & Brown, any Related Body Corporate of Babcock & Brown and any entity in respect of which Babcock & Brown or a Related Body Corporate of Babcock & Brown has been appointed a responsible entity or with whom Babcock & Brown or a Related Body Corporate of Babcock & Brown has entered into a management, trustee or similar agreement.
<b>“Bermuda Companies Act”</b>	The Companies Act 1981 of Bermuda, as amended or modified from time to time.
<b>“Board”</b>	The board of directors of the Company.
<b>“Business Day”</b>	A day on which banks are open for business in Bermuda and Singapore, excluding a Saturday, Sunday or public holiday.
<b>“Bye-laws”</b>	The bye-laws of the Company, as amended from time to time.
<b>“CDP”</b>	The Central Depository (Pte) Limited.

<b>“Commencement Date”</b>	The day on which the conditions precedent for the New Management Agreement have been satisfied, as more fully described in paragraph 3.1.
<b>“Company”</b>	Global Investments Limited.
<b>“Debt Raising Fee”</b>	The debt raising fee payable by the Company to STAM from time to time under the New Management Agreement as more fully described in paragraphs 3.3 and 5.3 and Appendix B.
<b>“Directors”</b>	The directors of the Company at the date of this Circular.
<b>“Divestment Fee”</b>	The divestment fee payable by the Company to STAM under the New Management Agreement in respect of asset divestments by the Company, other than in relation to the Existing Asset Portfolio, as more fully described in paragraphs 3.3 and 5.3 and Appendix B.
<b>“Existing Asset Portfolio”</b>	Any assets and investments owned by the Group as at the Commencement Date.
<b>“Existing Management Agreements”</b>	The two management agreements, each dated 12 December 2006, as amended and restated from time to time between the Company and BBGIM.
<b>“First Half Year”</b>	The period from the Commencement Date to 30 June 2010.
<b>“Fixed Fee”</b>	The fixed fee payable by the Company to STAM under the New Management Agreement as more fully described in paragraphs 3.3 and 5.3 and Appendix B.
<b>“Group”</b>	The Company and its subsidiaries.
<b>“Half Year”</b>	Each period of six consecutive months respectively ending on 30 June and 31 December save in respect of the First Half Year.
<b>“Incentive Fee”</b>	The incentive fee payable by the Company to STAM under the New Management Agreement as more fully described in paragraphs 3.3 and 5.3 and Appendix B.
<b>“Independent Directors”</b>	The independent directors of the Company from time to time and at the date of this Circular being Ms Tara Leonard <u>Railton</u> , Mr Nicholas <u>Campbell</u> , Mr <u>Chan</u>

Pengee Adrian, Mr Lee Soon Kie, Mr Sanjiv Misra, Mr Dilhan Pillay Sandrasegara and Mr Joel Peter Schaefer.

<b>“Latest Practicable Date”</b>	The latest practicable date prior to the printing of this Circular, being 29 October 2009.
<b>“Listing Manual”</b>	The listing manual of the SGX-ST, including any amendments made thereto up to the Latest Practicable Date.
<b>“Listing Rules”</b>	The listing rules of the SGX-ST as set out in the Listing Manual.
<b>“Manager Appointed Director”</b>	A director nominated by BBGIM in accordance with its rights under the Existing Management Agreements and the Bye-laws for so long as the Existing Management Agreements remain in full force and effect.
<b>“Manager Nominated Director”</b>	If so requested by the Board, a director nominated by STAM to be appointed to the Board in accordance with the New Management Agreement as more fully described in paragraph 3.5.
<b>“Market Day”</b>	A day on which the SGX-ST is open for trading in securities.
<b>“MAS”</b>	Monetary Authority of Singapore.
<b>“New Management Agreement”</b>	The management agreement dated 24 September 2009 between the Company and STAM as more fully described in paragraphs 3 and 5.3 and Appendix B.
<b>“Ordinary Resolution”</b>	A resolution proposed and passed as such by a majority consisting of more than 50% of the total number of votes cast for and against such resolution at a meeting of Shareholders duly convened.
<b>“Pengana”</b>	Pengana Holdings Pty Limited.
<b>“Prospectus”</b>	The Company’s initial public offering prospectus dated 12 December 2006.
<b>“Quarter”</b>	Each period of three consecutive months respectively ending on 31 March, 30 June, 30 September and 31 December.

<b>“Register of Members”</b>	The register of members of the Company.
<b>“Related Body Corporate”</b>	Has the meaning given to it in section 9 of the Australian Corporations Act 2001.
<b>“Related Corporation”</b>	In relation to a corporation means any corporation deemed to be related to it under section 6 of the Singapore Companies Act.
<b>“Requisition Notice”</b>	The requisition notice received from AGSO as announced by the Company on 9 October 2009.
<b>“SCB”</b>	Standard Chartered Bank.
<b>“SGM”</b>	The special general meeting of the Company, notice of which is given on page 61 of this Circular.
<b>“SGX-ST”</b>	Singapore Exchange Securities Trading Limited.
<b>“Shareholders”</b>	Persons who are registered as holders of Shares in the Register of Members of the Company.
<b>“Shares”</b>	Ordinary shares of par value \$0.01 per share in the capital of the Company.
<b>“Singapore Companies Act”</b>	The Companies Act, Chapter 50 of Singapore.
<b>“STAM”</b>	ST Asset Management Ltd, the proposed new manager of the Company.
<b>“STAM Associates”</b>	STAM, Temasek, any Related Corporation of Temasek and any entity in respect of which Temasek or a Related Corporation of Temasek has been appointed a responsible entity or with whom Temasek or a Related Corporation of Temasek has entered into a management, trustee or similar agreement.
<b>“Strategic Adviser”</b>	Standard Chartered Bank, the strategic adviser to the Company.
<b>“Strategic Review”</b>	The review undertaken by the Strategic Adviser of the Company’s assets and businesses, and the recommendation on the Company’s strategic options, as announced by the Company on 3 October 2008 and with updates provided to the market on 19 March 2009, 2 July 2009, 7 August 2009, 25 September 2009 and 23 October 2009.

<b>“Substantial Shareholder”</b>	A person with an interest in one or more Shares constituting not less than 5.0% of the total votes attached to all the Shares in the Company.
<b>“Temasek”</b>	Temasek Holdings (Private) Limited.
<b>“\$” or “dollar” and “cents”</b>	Singapore dollars and cents, respectively.
<b>“%” or “per cent.”</b>	Per centum or percentage.

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 130A of the Singapore Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Bermuda Companies Act, or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Bermuda Companies Act or any statutory modification thereof, as the case may be.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancy in the tables in this Circular between the listed amounts and the totals thereof is due to rounding.

**Forward-Looking Statements.** All statements other than statements of historical facts included in this Circular are or may be forward looking statements. Forward-looking statements include but are not limited to those using words such as “intend”, “project”, “plan”, “potential”, “strategy”, “forecast” and similar expressions or verbs such as “will”, “would”, “should”, “could”, “may” or “might”. These statements reflect current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and neither the Company nor STAM undertakes any obligation to update publicly or revise any forward-looking statements.



Penboss Building  
50 Parliament Street  
Hamilton HM 12  
Bermuda

[www.bbglobalinvestmentslimited.com](http://www.bbglobalinvestmentslimited.com)

## LETTER TO SHAREHOLDERS

### Board of Directors

Mr Philip John Mackey (Chairman and Manager Appointed Director), based in Australia  
Ms Tara Leonard Railton (Deputy Chairman and Independent Director), based in Bermuda  
Mr Julian Blackley (Manager Appointed Director), based in Australia  
Mr Nicholas Campbell (Independent Director), based in Bermuda  
Mr Chan Pengee Adrian (Independent Director), based in Singapore  
Mr Lee Soon Kie (Independent Director), based in Singapore  
Mr Sanjiv Misra (Independent Director), based in Singapore  
Mr Dilhan Pillay Sandrasegara (Independent Director), based in Singapore  
Mr Joel Peter Schaefer (Independent Director), based in Bermuda

5 November 2009

To: The Shareholders of  
Global Investments Limited

Dear Sir/Madam

### Proposed Change in the Manager of the Company (Ordinary Resolution)

#### 1. INTRODUCTION

1.1 **SGM.** The Board (with the Manager Appointed Directors dissenting) is convening the SGM to be held on 25 November 2009 to seek Shareholders' approval, by way of an Ordinary Resolution, for the proposed change in the manager of the Company by the removal of BBGIM as the manager of the Company in accordance with the terms and conditions of the Existing Management Agreements and the appointment of STAM as the manager of the Company in place of BBGIM in accordance with the terms and conditions of the New Management Agreement.

1.2 **Requisition Notice.** As announced on 9 October 2009, the Company received the Requisition Notice from AGSO (in its capacity as trustee for the Babcock & Brown Prime Broking Trust), which holds 54,393,086 Shares representing approximately 13.85 per cent. of the Company's issued share capital, requisitioning a special general meeting of the Shareholders for the purpose of, *inter alia*:

1.2.1 removing BBGIM as manager of the Company; and

1.2.2 appointing an entity which will be controlled by Pengana, as the new manager of the Company.

As further announced by the Company on 23 October 2009, the Board has decided not to act on the Requisition Notice because the matters proposed in paragraphs 1.2.1 and 1.2.2 above relate to the removal and appointment of service providers to the Company and therefore, to the management of the Company, which is properly a matter for determination by the Board alone, not the Shareholders.

Although the Listing Rules require Shareholders' approval to be sought for any change in the Company's investment manager, neither the Bermuda Companies Act, the Bye-laws nor the Listing Rules give Shareholders the right to direct the Board as to which manager is selected to be put forward to Shareholders for approval.

Following receipt of a further letter from AGSO dated 30 October 2009 reserving its rights with respect to convening a special general meeting itself, the Board remains of the view that the determination of who to present to Shareholders as the new manager is a matter for the Board, and that determination process has already been properly undertaken by the Board. A special general meeting thus cannot be lawfully convened by AGSO for the purpose for which it is being summoned. The selection of a suitable replacement manager is clearly within the remit of the Board acting in the best interests of the Company.

1.3 **Circular.** The purpose of this Circular is to provide Shareholders with information relating to the proposal to be tabled at the SGM.

1.4 **Board's recommendation.** The Directors (with the Manager Appointed Directors dissenting) recommend that Shareholders vote in favour of the proposed change in the manager of the Company. Further details relating to the Board's recommendations are set out in paragraph 7 below.

1.5 **Manager Appointed Directors' position.** The Manager Appointed Directors have voted against the convening of the SGM as proposed by the Independent Directors in this Circular and the enclosed Notice of Meeting. Having regard to their primary obligation as Directors to act in the best interests of Shareholders, which obligation is expressly embodied in the Australian Financial Services Licence held by BBGIM and the Existing Management Agreements, the Manager Appointed Directors consider that, firstly, they are not conflicted from forming a view as to what they believe is in Shareholders' interests and, secondly, that the view they have reached would have been the same had a party other than AGSO (a member of the Babcock & Brown Group) issued the Requisition Notice. The

reasons for the Manager Appointed Directors voting against the convening of the SGM are as follows:

- 1.5.1 the Manager Appointed Directors voted in support of the proposed termination of the Existing Management Agreements with BBGIM. However, they consider it inappropriate to convene the SGM as proposed in this Circular when the resolution proposing to appoint STAM as the new manager has a high risk of failure due to the potential for a number of Substantial Shareholders, holding in aggregate in excess of 20 per cent. of the Shares in issue, to vote against this proposal;
- 1.5.2 BBGIM, as the current manager of the Company, recommended to the Board that any new manager should align its interests with Shareholders by holding a significant stake in the Company as currently held by the Babcock & Brown Group;
- 1.5.3 the decision of the Board to not resolve or otherwise address the position of a number of Substantial Shareholders may expose the Company to a protracted legal process which the Manager Appointed Directors believe would not be in the best interests of all Shareholders; and
- 1.5.4 the costs of the Strategic Review to date are material and this has already impacted the economic returns to Shareholders. Any further delays in resolving the ongoing management of the Company will only continue to impact these returns.

## **2. PROPOSED CHANGE IN THE MANAGER OF THE COMPANY**

- 2.1 **Introduction.** The Company was listed on the SGX-ST on 20 December 2006 as an investment fund managed by BBGIM, a member of the Babcock & Brown Group, and the contractual relationship between the Company and BBGIM was set out in the Existing Management Agreements.
- 2.2 **Recommendations of Strategic Adviser.** On 3 October 2008, the Company announced that it had appointed the Strategic Adviser as its independent strategic adviser for the purpose of undertaking a review of the Company's assets and businesses, and making recommendations on the Company's strategic options (the "**Strategic Review**").

As announced on 19 March 2009, the Board had, following consideration of the recommendations of the Strategic Adviser at the conclusion of Phase 1 of the Strategic Review, resolved, *inter alia*, to:

- 2.2.1 continue to de-lever by repaying the corporate debt facility;
- 2.2.2 resume distributing the majority of cash economic income in line with the Company's current distribution policy following the full repayment of the Company's corporate debt facility; and

2.2.3 take steps to explore options to de-link from the Babcock & Brown Group.

Subsequently, the Strategic Adviser made the following key recommendations pursuant to Phase 2 of the Strategic Review, including:

2.2.4 replacement of BBGIM as the manager of the Company is in the best interests of Shareholders; and

2.2.5 on balance, the appointment of STAM as the new manager of the Company is in the best interests of Shareholders.

In arriving at the above recommendations pursuant to Phase 2 of the Strategic Review, the Strategic Adviser took into consideration the reasons set out in paragraph 5 below and the proposals submitted by various parties that had indicated their interest in acting as the new manager of the Company. In evaluating these proposals, the Strategic Adviser and the Independent Directors discussed and agreed upon a set of key criteria that included the following:

- (a) credibility of the new manager and the sponsors or shareholders of the new manager;
- (b) experience and expertise in managing the Existing Asset Portfolio;
- (c) business plan and strategy proposed by the new manager;
- (d) ability of the new manager to provide future acquisition opportunities to the Company; and
- (e) proposed management structure and fee.

Pursuant to the presentation and interview shortlisting process, the Strategic Adviser and the Independent Directors took into consideration the following additional attributes that are particularly relevant to the Company, including (i) strong knowledge and understanding of the Singapore market, (ii) possession of an existing capital markets services licence for fund management and (iii) experience and expertise in managing funds listed on the SGX-ST.

2.3 **Outcome of Phase 2 of the Strategic Review.** Following consideration of the recommendations of the Strategic Adviser on Phase 2 of the Strategic Review, the Independent Directors are, for the reasons set out in paragraph 5 below, of the view that the removal of BBGIM as the manager of the Company and the appointment of STAM as the new manager of the Company in place of BBGIM is in the best interests of Shareholders.

Accordingly, the Company on 24 September 2009, entered into the New Management Agreement with STAM to set out the proposed contractual relationship between the Company and STAM, as the new manager of the Company, conditional upon (i)

Shareholders' approval of the change in the manager of the Company and (ii) approval from the Bermuda Monetary Authority for the change in the manager of the Company having been obtained. Further details of the New Management Agreement may be found in paragraphs 3 and 5.3 below and Appendix B.

- 2.4 **Removal of BBGIM as the manager of the Company.** Under the Existing Management Agreements and as set out in the Prospectus, the Company may terminate the Existing Management Agreements immediately upon written notice if Shareholders by an Ordinary Resolution, with (notwithstanding Listing Rule 748(5)) no Shareholder (including Babcock & Brown and BBGIM Associates) being disenfranchised, vote to remove BBGIM as manager of the Company.

Listing Rule 748(5) provides that the custodian, investment manager, any of their connected persons and any director of the investment fund and investment manager, is prohibited from voting their own shares at, or being part of a quorum for, any meeting to approve any matter in which they have a material interest.

For the avoidance of doubt, and as noted above, irrespective of whether Babcock & Brown and BBGIM Associates have a material interest in the proposed change in the manager of the Company, Babcock & Brown and BBGIM Associates will be entitled to vote on this proposal.

While the Independent Directors had entered into discussions with the Babcock & Brown Group to terminate the Existing Management Agreements by mutual agreement, parties were unable to reach final agreement on the terms of such termination, in particular:

- 2.4.1 Babcock & Brown had indicated that it supported a change in the manager of the Company but proposed that the new manager should:
- (i) articulate a clear strategy for the Company including proposals for any future capital raising; and
  - (ii) acquire the Babcock & Brown Group's shareholding in the Company to align the interests between the manager and the Shareholders, consistent with the existing alignment between the Babcock & Brown Group and Shareholders and remove the risk of overhang in the Shares should the Babcock & Brown Group seek to exit its shareholding in the Company.
- 2.4.2 The Company and the Babcock & Brown Group were unable to agree on the nature and extent of proposed mutual releases.

In light of the fact that parties were unable to reach final agreement on the terms of a termination of the Existing Management Agreements, the Board (with the Manager Appointed Directors dissenting) is convening the SGM to seek Shareholders' approval for the removal of BBGIM as the manager of the Company in accordance with the terms and conditions of the Existing Management Agreements by way of an Ordinary Resolution,

with no Shareholder being disenfranchised as required by the Existing Management Agreements.

- 2.5 **Details of the proposed manager of the Company.** STAM, the proposed new manager of the Company, was incorporated in Singapore under the Singapore Companies Act on 2 April 2002 and its current issued share capital is \$5,000,000, comprising 5,000,000 shares. Its registered office and principal place of business is at 51 Cuppage Road, #10-03 StarHub Centre, Singapore 229469.

STAM holds a capital markets services licence for fund management issued by the MAS, and is wholly owned by Temasek.

In relation to the concerns raised by Babcock & Brown in paragraph 2.4.1 above, STAM has informed the Board that:

- (i) it may recommend to the Board that capital raising activities be undertaken if it is able to identify any investment for the Company. If STAM does make such a recommendation to the Board, the decision lies with the Board whether or not to proceed with such recommendation; and
- (ii) its agreement to accept payment of its fees fully in the form of Shares ensures commitment to the long term performance of the Company and provides a strong alignment of interest. As the holder of a capital markets services licence for fund management, STAM has to act in the interests of its clients at all times. Further it is in STAM's interest to ensure that the Company is well managed.

Further details relating to STAM are set out in Appendix A and further details relating to the fees payable to STAM under the New Management Agreement are set out in paragraphs 3.3 and 5.3 below and Appendix B.

- 2.6 **Investment objectives and policies.** STAM will comply with the current investment objectives and policies of the Company, that is, to invest in a portfolio of assets in the Company's three target sectors, namely operating lease assets, loan portfolio and securitisation assets and alternative assets (each as set out in the Prospectus), to create a portfolio with predictable cash flows, potential for long term capital growth and diversity across each target sector and across geographies and currencies and provide Shareholders with an attractive yield and a competitive rate of return by paying regular dividends and achieving capital growth.
- 2.7 **Approval from the Bermuda Monetary Authority.** Approval from the Bermuda Monetary Authority for the proposed change in manager of the Company from BBGIM to STAM, which holds a capital markets services licence for fund management, was obtained on 5 October 2009.
- 2.8 **Implications if STAM is approved as the new manager.** In the event Shareholders approve the proposed change in the manager of the Company, then with effect from the Commencement Date, the New Management Agreement will come into effect. As a result:

- 2.8.1 BBGIM will cease to be the manager of the Company and the Existing Management Agreements will be terminated;
- 2.8.2 STAM will be appointed as the manager of the Company;
- 2.8.3 Mr Philip John Mackey (Chairman) and Mr Julian Blackley, being Manager Appointed Directors appointed to the Board by BBGIM in accordance with its rights under the Existing Management Agreements and the Bye-laws, will be deemed to have automatically retired; and
- 2.8.4 Mr Boon Swan Foo will be appointed as the Manager Nominated Director. In addition, upon STAM's appointment as manager taking effect, the Independent Directors propose that Mr Boon be appointed as Chairman of the Board – please refer to paragraph 3.5 below for further details.

- 2.9 **Implications if STAM is not approved as the new manager.** In the event that Shareholders do not approve the proposed change in the manager of the Company, the New Management Agreement will not come into effect, and as a result BBGIM will remain the manager of the Company, and the retirement of the Manager Appointed Directors and the appointment of Mr Boon as a Manager Nominated Director will not become effective.

The Company had earlier agreed to make certain retention payments to the existing management team of BBGIM to incentivise them to remain in their roles. In the event that STAM is not approved as the new manager of the Company, these retention payments will become payable at the conclusion of the SGM. Although BBGIM will remain the manager of the Company, there is no assurance that the existing management team of BBGIM will remain in their roles after such retention payments are made and so the Company will continue to explore additional arrangements to incentivise the existing management team of BBGIM to remain in their roles until a solution for the ongoing management of the Company has been achieved.

If STAM is not approved as the new manager of the Company, the Board will then have to re-consider other strategic options available to the Company, including identifying and appointing a new manager of the Company, internalisation of management or a managed realisation of the Company's assets. Any resulting recommendation and decision by the Board will be subject to the support and approval of Shareholders at a separate special general meeting to be convened.

### **3. DETAILS OF THE NEW MANAGEMENT AGREEMENT**

**New Management Agreement.** On 24 September 2009, the Company and STAM entered into the New Management Agreement whereby STAM agreed to act as the manager of the Company following Shareholders' approval for the change in manager of the Company. The New Management Agreement commences on the Commencement Date and continues until the date it is terminated in accordance with its terms as set out in

paragraphs 3.7 and 3.8 below. Some of the salient terms of the New Management Agreement are set out below.

3.1 **Conditions precedent.** The New Management Agreement does not become effective until and unless:

3.1.1 Shareholders have approved, by way of an Ordinary Resolution, the change in the manager of the Company by the removal of BBGIM as the manager of the Company and the appointment of STAM as the new manager of the Company in place of BBGIM; and

3.1.2 approval from the Bermuda Monetary Authority to the change in the manager of the Company by the removal of BBGIM as the manager of the Company and the appointment of STAM as the new manager of the Company in place of BBGIM has been obtained.

3.2 **Services to be provided.** STAM's duties and responsibilities as the manager of the Company (the "**Services**"), which are substantially the same as BBGIM's duties and responsibilities under the Existing Management Agreements, includes:

3.2.1 managing the Company's assets and investments as agent;

3.2.2 reviewing and monitoring the Company's assets and investments and regularly conferring with the Company regarding the investment and management of the Company's assets and investments;

3.2.3 providing consultation and management services generally in relation to the Company's assets and investments;

3.2.4 if requested by the Board and subject to the mutual agreement of the Company and STAM as to the identity of such person, (i) procuring the appointment of an officer or employee of STAM or a STAM Associate as the Company's nominee on the board of directors of any investee entity, (ii) seconding any officer or employee of STAM or a STAM Associate to any investee entity and/or (iii) facilitating the involvement of an officer or employee of STAM in the management of an investee entity on an interim basis;

3.2.5 identifying and implementing appropriate risk management policies and procedures in respect of the Company's investments and reporting on the adequacy and effectiveness of those policies and procedures on a regular basis to the Board;

3.2.6 assisting with the implementation of Board decisions;

3.2.7 performing or procuring the performance of all reasonable accounting, tax, audit, information technology and compliance (including corporate secretarial) services for the Company (but not any investee entity);

- 3.2.8 providing to the Company and each investee entity at the request of the Company or such investee entity suitably qualified and experienced persons to perform the Services for the Company or such investee entity;
- 3.2.9 managing the Company's relations with its investors and the public;
- 3.2.10 (i) immediately after its appointment, obtaining professional tax advice from the Company's tax advisers on proposals or measures for the Company to adopt a business structure or organisation that optimises and maximises tax and cost efficiencies, and implementing any Board decision regarding such proposals or measures;
- (ii) as and when STAM becomes aware of a change in the tax laws and/or regulatory regime in Singapore or the place of domicile of the Company, obtaining professional tax advice on proposals or measures for the Company to adopt a business structure or organisation that optimises and maximises tax and cost efficiencies, and implementing any Board decision regarding such proposals or measures; and
- (iii) ensuring compliance by the Company with good corporate governance practices on an on-going basis;
- 3.2.11 preparing and arranging the audit of the Company's annual reports and preparing accounts and quarterly financial statements;
- 3.2.12 assisting with the preparation and issue of notices of meetings of Shareholders and papers, reports and agendas relating to such meetings;
- 3.2.13 opening, closing, operating and managing the Company's bank accounts including making deposits and withdrawals;
- 3.2.14 assisting in the resolution of complaints by and disputes with Shareholders and litigation involving the Company (other than litigation involving STAM or a STAM Associate);
- 3.2.15 procuring all technical, business, management and other resources in respect of the Company's investments and assets;
- 3.2.16 assisting with the preparation and filing of all annual, quarterly and current reports the Company is required to file with the applicable regulators;
- 3.2.17 carrying out or assisting with all other day to day management, secretarial, accounting, administrative, liaison, representative and reporting functions for the Company;

3.2.18 save where it would result in a breach of any insider trading laws or similar securities laws in Singapore or the place of domicile of the Company, providing:

- (i) recommendations on investment opportunities for the Company, including any opportunities identified by the Company and opportunities involving STAM Associates, or in which STAM Associates may have interests;
- (ii) recommendations on opportunities for the Company to exit its investments; and
- (iii) recommendations on restructuring of any of the Company's investments;

3.2.19 implementing any Board decision regarding any recommendation made by STAM in accordance with paragraph 3.2.18 above;

3.2.20 in implementing any Board decision regarding a Company's investment or acquisition of an investment, and in forming any recommendation referred to in paragraphs 3.2.18 and 3.2.21, STAM must, to the extent necessary, provide in relation to any transaction, whether it be an origination, acquisition, divestment, refinancing, or restructure of an asset or economic exposure of the Company, the following services:

- (i) planning and implementation of due diligence with respect to the transaction by appropriate advisers in relation to legal, tax, accounting, regulatory, insurance, technical, engineering, environmental, human resource and financial model audit matters;
- (ii) arranging the provision of any expert and/or specialist reports;
- (iii) developing an investment strategy for the transaction;
- (iv) developing a cash flow financial model for the transaction which could be utilised for the adoption of appropriate commercial, tax, accounting and financing parameters, and showing the impact of the transaction on the Company;
- (v) carrying out preliminary economic and risk analysis and valuation of the transaction as they impact on the Company, assisted and advised by appropriate advisers;
- (vi) providing advice on valuation metrics, sensitivity analysis, price range, bid tactics and offer structure for the transaction;

- (vii) identifying suitable corporate structures for the transaction with regard to commercial, tax, accounting and financing parameters, as assisted and advised by appropriate advisers;
- (viii) identifying suitable funding structures with regard to an investment or economic exposure;
- (ix) developing appropriate acquisition and negotiating strategies and tactics for the transaction;
- (x) developing marketplace competitor analysis for the transaction as an input to transaction decision-making; and
- (xi) negotiating and preparing any pre-bid agreement in respect of a transaction.

In each case STAM will not be required to provide tax or accounting advice as part of these services;

3.2.21 save where it would result in a breach of any insider trading laws or similar securities laws in Singapore or the place of domicile of the Company, providing in relation to the on-going business of the Company and any transaction:

- (i) recommendations in relation to mergers and acquisitions (including the arrangement, reconstruction or take-over of a corporation or any of its assets or liabilities);
- (ii) recommendations in relation to equity and debt raisings (including capital markets issues);
- (iii) assistance in the preparation of materials in relation to equity and debt raisings; and
- (iv) general financial and commercial advice.

In each case STAM will not be required to provide tax or accounting advice as part of these services;

3.2.22 providing to the Company any and all services that are necessary or incidental to those services that STAM is obliged to provide pursuant to the New Management Agreement; and

3.2.23 providing the Company such other services and upon such other terms as may be agreed from time to time between the Company and STAM.

All of the above duties and responsibilities are subject to the oversight and supervision of the Board.

3.3 **Fees.** Under the terms of the New Management Agreement, the Company will compensate STAM for providing the Services set out in paragraph 3.2 above through the Base Fee, the Fixed Fee and the Incentive Fee. The Base Fee, the Fixed Fee and the Incentive Fee (if any) will be payable in arrear. The Base Fee and the Fixed Fee are payable for each Quarter ending on 31 March, 30 June, 30 September and 31 December of each year. The Fixed Fee is payable to STAM in lieu of the expense recovery mechanism that BBGIM has in place with the Company pursuant to the Existing Management Agreements. The Incentive Fee (if any) is payable half yearly for each Half Year ending on 30 June and 31 December.

An Acquisition Fee will also be payable to STAM in relation to any new acquisition by the Company. Similarly, a Divestment Fee will be payable to STAM in relation to any divestment by the Company, other than in relation to the Existing Asset Portfolio (in respect of which no Divestment Fee will be payable under any circumstance).

In addition, a Debt Raising Fee will be payable to STAM for senior debt and subordinated or mezzanine debt raised at the Company level and/or at any investee entities' level for which the relevant creditor has recourse to the Company, including debt raised from any member of STAM Associates.

Any changes to the fee structure under the New Management Agreement will be subject to the approval of Shareholders by Ordinary Resolution in general meeting, and for the purposes of such approval, STAM and STAM Associates, if they hold any Shares at the time of such meeting, will abstain from voting on the relevant resolution.

Please see paragraph 5.3 below for a comparison between the fees payable to BBGIM under the Existing Management Agreements and the fees payable to STAM under the New Management Agreement, and Appendix B for details on the fees payable under the New Management Agreement.

3.4 **Expenses.** Other than as compensated by the Fixed Fee, STAM shall bear all of the ordinary day-to-day expenses incidental to providing the Services under the New Management Agreement, including general overhead expenses and the compensation of its directors, officers and employees who discharge the obligations of STAM under the New Management Agreement. For the avoidance of doubt, any third party expenses incurred by STAM incidental to providing the Services shall be borne by the Company.

The Company shall bear all expenses related to its operations and administration, transactional costs and expenses of making, holding, hedging, mortgaging, transferring, or disposing of any of its assets and investments, including but not limited to costs and expenses in connection with:

3.4.1 the New Management Agreement. For the avoidance of doubt:

- (A) STAM shall bear its own legal costs and other fees and expenses incurred in connection with the New Management Agreement; and

- (B) the Company shall bear all out-of-pocket expenses properly incurred by STAM in relation to the transition of authority over the business and affairs of the Company and the handover of all books of account, records, other registers, correspondence, documents and assets relating to the affairs of or belonging to the Company in the possession of or under the control of BBGIM from BBGIM to STAM provided that such expenses have been pre-approved by the Board by way of a reasonably detailed budget plan;
- 3.4.2 distributing and/or promoting any offering documents, information memorandum or other disclosure documents;
- 3.4.3 borrowing arrangements and guarantees (including hedging costs) in connection with the Company;
- 3.4.4 compliance with the Listing Rules (including but not limited to annual listing fees charged by the SGX-ST);
- 3.4.5 company secretarial expenses including but not limited to those in connection with convening meetings of the Board, Shareholders or holders of any other securities issued by the Company, or which are required by the constitution (including the Bye-laws) of the Company or applicable law, implementing resolutions and communications with Shareholders or holders of any other securities issued by the Company, fees charged by the share transfer agent or registrar;
- 3.4.6 engaging agents, valuers, contractors and advisers — whether STAM Associates or not;
- 3.4.7 auditing the Company's tax returns, financial statements and accounts, the printing and despatch of the annual report;
- 3.4.8 court proceedings, arbitration or other disputes involving the Company;
- 3.4.9 all custodian and brokerage fees;
- 3.4.10 all tax and insurance premiums (including but not limited to officers' errors and omissions insurance);
- 3.4.11 all legal audit, tax and other professional fees of advisers, third party brokerage and appraisal fees, corporate secretarial service fees and other expenses incurred in connection with the making, holding, hedging, mortgaging, transferring or disposing of any of the investments and assets of the Company;
- 3.4.12 directors' fees and expenses;
- 3.4.13 custodian or trustee services;

3.4.14 rating agencies; and

3.4.15 any extraordinary items.

The Company shall also bear any costs associated with the provision of information and other assistance required in relation to the Company under any applicable law or regulation, except to the extent the information or other assistance is required as a direct result of STAM's misconduct or breach of the New Management Agreement, in which case, STAM must bear any such costs.

3.5 **Manager Nominated Director.** STAM shall, if requested by the Board but not otherwise, nominate up to two Manager Nominated Directors to the Board on the following basis:

3.5.1 the Manager Nominated Director shall be appointed for a term to be determined by the Board but in any event not exceeding three years without need for an election by Shareholders and can be re-appointed (if such re-appointment is supported by the Board);

3.5.2 notwithstanding paragraph 3.5.1 above, the Manager Nominated Director shall retire upon request from the Board;

3.5.3 the Manager Nominated Director will not have a right to any director fees, but the Company will ensure that the Manager Nominated Director will get full costs reimbursements and indemnification on the same basis as the Independent Directors; and

3.5.4 STAM shall be responsible for the maintenance of adequate insurance coverage for the Manager Nominated Director in respect of officers' errors and omissions risks that are normally insured against by a corporation carrying on a business similar to the Company.

3.6 **Indemnity.** The Company indemnifies STAM and its Related Corporations and their respective directors, officers, employees, affiliates, associates and agents (each, a "**STAM Indemnified Party**") against any claims, loss, liabilities, costs, charges, damages or expenses suffered or reasonably incurred by a STAM Indemnified Party arising out of or in connection with a STAM Indemnified Party acting under the New Management Agreement, any transaction or proposal contemplated by the New Management Agreement or on account of any bona fide investment decision made by a STAM Indemnified Party except insofar as any claims, loss, liabilities, costs, charges, damages or expenses is caused by a breach of the New Management Agreement by a STAM Indemnified Party, or the fraud, recklessness, dishonesty or negligence of a STAM Indemnified Party.

The Company will reimburse any STAM Indemnified Party for all reasonable expenses (including any reasonable legal costs) as they are incurred in connection with the investigation of, preparation for or defence of any pending or threatened claim or any action or proceeding arising from such claim or action in respect of which indemnification could be sought under the indemnity in the New Management Agreement, whether or not

such STAM Indemnified Party is a party and whether or not such claim, action or proceeding is initiated or brought by or on behalf of the Company.

The Company also agrees that no STAM Indemnified Party will have any liability (whether direct or indirect, in contract or tort or otherwise) to the Company (or entities owned by it) related to or arising out of any transaction or proposal contemplated by the New Management Agreement, or the performance by STAM of the Services, except to the extent that any claims, loss, liabilities, costs, charges, damages or expenses arises out of or in connection with a breach of the New Management Agreement, or the fraud, recklessness, dishonesty or negligence of a STAM Indemnified Party. In any event, a STAM Indemnified Party will be liable only for direct or reasonably foreseeable losses.

**3.7 Termination by Company.** The Company may terminate the New Management Agreement immediately upon written notice if:

3.7.1 the Shareholders by an Ordinary Resolution resolve to remove STAM as manager of the Company;

3.7.2 STAM materially breaches the New Management Agreement and fails to remedy the breach within 60 days of receiving written notice from the Company requiring it to do so;

3.7.3 any licence, permit or authorisation (including a capital markets services licence for fund management issued by the MAS) held by STAM which is necessary for it to perform the Services and its other duties and functions under the New Management Agreement is breached, suspended or revoked, or otherwise made subject to conditions which, in the opinion of the Company, would prevent STAM from performing the Services and its other duties and functions under the New Management Agreement and STAM fails to remedy the breach, suspension, revocation or condition to the Company's reasonable satisfaction within 60 days of receiving written notice from the Company requiring it to do so;

3.7.4 Temasek and/or its controlled entities in aggregate cease to hold (directly or indirectly) more than 50% of the issued share capital of STAM;

3.7.5 STAM is:

(i) unable to pay its debts as and when they fall due; or

(ii) insolvent or presumed to be insolvent under any law;

3.7.6 STAM has:

(i) a liquidator or provisional liquidator appointed;

(ii) a receiver, receiver and manager, trustee, controller, official manager or similar officer appointed; or

(iii) an administrator appointed,

over all or any part of the business, assets or revenues of STAM;

3.7.7 an order is made for the winding up of STAM; or

3.7.8 in the event the Company ceases to be listed on the SGX-ST or a resolution has been passed by the Company approving the delisting of the Shares from the SGX-ST, the Company and STAM fail to reach agreement on the amendments and modifications to be made to the New Management Agreement (including but not limited to the provision on the determination of STAM's fees) at the end of 30 days after the date on which the Shares cease to be so listed.

**3.8 Termination by STAM.** STAM may terminate the New Management Agreement immediately upon written notice if:

3.8.1 the Company materially breaches the New Management Agreement and fails to remedy the breach within 60 days of receiving written notice from STAM requiring it to do so;

3.8.2 the Company is:

(i) unable to pay its debts as and when they fall due; or

(ii) insolvent or presumed to be insolvent under any law;

3.8.3 the Company has:

(i) a liquidator or provisional liquidator appointed;

(ii) a receiver, receiver and manager, trustee, controller, official manager or similar officer appointed; or

(iii) an administrator appointed,

over all or any part of the business, assets or revenues of the Company;

3.8.4 an order is made for the winding up of the Company; or

3.8.5 in the event the Company ceases to be listed on the SGX-ST or a resolution has been passed by the Company approving the delisting of the Shares from the SGX-ST, the Company and STAM fail to reach agreement on the amendments and modifications to be made to the New Management Agreement (including but not limited to the provision on the determination of STAM's fees) at the end of 30 days after the date on which the Shares cease to be so listed.

3.9 **Effect of termination on the New Management Agreement.** If the New Management Agreement is terminated by the Company as a result of the Shareholders by an Ordinary Resolution resolving to remove STAM as the manager of the Company as set out in paragraph 3.7.1 above, save where the Company internalises its management such that the Company ceases to be an externally managed fund, STAM will remain the manager of the Company until another person is appointed as manager by Shareholders by Ordinary Resolution and the effective date of termination of the New Management Agreement shall be deemed the date on which such other person is appointed. The Company shall use its best endeavours to facilitate the appointment of such other person as manager.

In the event that the appointment of STAM is validly terminated, STAM shall co-operate in the transition of authority over the business and affairs of the Company to the Company or any successor manager of the Company and STAM shall, as soon as reasonably practicable, deliver or cause to be delivered to the Company, or as the Company shall direct, all books of account, records, other registers, correspondence, documents and assets relating to the affairs of or belonging to the Company in the possession of or under the control of STAM, and shall, reasonably promptly, take all necessary steps to vest in the Company or any successor manager any assets previously held in the name of or to the order of STAM or its delegates or appointees on behalf of the Company. The Company shall reimburse STAM all reasonable costs and expenses properly incurred in connection with STAM's obligations under this paragraph.

Certain provisions of the New Management Agreement will survive the termination of the New Management Agreement. These include the indemnity given by the Company to STAM Indemnified Parties as set out in paragraph 3.6 above and the confidentiality provisions whereby, save in certain circumstances, the Company and STAM agree not to, and must ensure that their respective officers, employees and agents do not, without the prior written consent of the other party, disclose any confidential information of that other party.

3.10 **Governing law.** The New Management Agreement is governed by the laws of Singapore.

#### 4. **REQUIREMENT FOR SHAREHOLDERS' APPROVAL**

As mentioned in paragraph 2.4 above, under the Existing Management Agreements and as set out in the Prospectus, the Company may terminate the Existing Management Agreements immediately upon written notice if Shareholders by an Ordinary Resolution, with (notwithstanding Listing Rule 748(5)) no Shareholder (including Babcock & Brown and BBGIM Associates) being disenfranchised, vote to remove BBGIM as manager of the Company.

In addition, Listing Rule 748(4) provides that an investment fund must seek shareholders' approval for any change of the investment manager.

As at the Latest Practicable Date, AGSO has not confirmed whether it will vote in favour of or against the proposed change in the manager of the Company.

For the avoidance of doubt, and as noted above, irrespective of whether Babcock & Brown and BBGIM Associates have a material interest in the proposed change in the manager of the Company, Babcock & Brown and BBGIM Associates will be entitled to vote on this proposal.

The Independent Directors are of the view that their recommendation of STAM as the new manager of the Company is in the best interests of Shareholders.

## **5. RATIONALE FOR THE PROPOSED CHANGE IN THE MANAGER**

The proposed change in the manager of the Company is consistent with the Company's announcement on 19 March 2009 to take steps to explore options to de-link from the Babcock & Brown Group. The Independent Directors believe that the change in the manager of the Company by the removal of BBGIM as the manager of the Company in accordance with the terms and conditions of the Existing Management Agreements and the appointment of STAM as the new manager of the Company in accordance with the terms and conditions of the New Management Agreement is in the best interests of Shareholders for the reasons set out below.

- 5.1 **Very limited benefit in a continued relationship with the Babcock & Brown Group.** Babcock & Brown announced on 21 August 2008 that its Corporate & Structured Finance ("CSF") Division would be gradually wound down. On 6 February 2009, Babcock & Brown announced that it had reached agreement with its banking syndicate on a restructure of its corporate debt facilities and a revised business plan involving a management controlled program for the sell down of its assets in an orderly fashion over a two to three year period to reduce debt. The combined global financial crisis significantly affected the financial condition of Babcock & Brown and subsequently on 13 March 2009, Babcock & Brown was placed under voluntary administration and on 24 August 2009, after five months of administration, creditors supported the recommendation of the administrators to liquidate the company (the "**Babcock & Brown Liquidation**"). The Company was originally one of Babcock & Brown's CSF managed funds. Notwithstanding that the Babcock & Brown Liquidation is not currently expected to impact Babcock & Brown International Pty Ltd, the main operating and asset owning entity of the Babcock & Brown Group, and has not affected the solvency of BBGIM (a subsidiary of Babcock & Brown International Pty Ltd) or the ability of BBGIM to fulfill its duties as manager of the Company, the Babcock & Brown Group is not expected to provide a source of acquisition opportunities for the Company to assist the Company in fulfilling its investment objectives and growth strategy in the future. In view of the above, there is considered to be very limited benefit to the Company to remain in a continued relationship with the Babcock & Brown Group.
- 5.2 **Credibility and expertise of STAM.** STAM is a credible Singapore fund manager that has experience and expertise in managing assets similar to some of the Existing Asset Portfolio. STAM also has a strong knowledge and understanding of the Singapore equity and debt markets, and its management team has experience in managing funds listed on the SGX-ST. In addition, STAM enjoys strong institutional support, which the Independent Directors believe is important from a corporate governance perspective. As set out in paragraph 2.6 above, STAM will comply with the Company's existing investment

objectives and policies as the Independent Directors are of the opinion that it would not be beneficial to change the investment strategy of the Company at this point in time.

- 5.3 **Competitive fee structure offered by STAM which is accretive to Shareholders from a cost perspective.** The fee structure offered by STAM under the New Management Agreement is competitive and is lower than the existing fee structure under the Existing Management Agreements. A comparative table showing the differences in fee structures between the Management Agreements and the New Management Agreement is set out below.

In addition, as set out in the table below, the Board has the sole discretion to pay up to 100% of STAM's fees in the form of Shares rather than cash. The flexibility to pay STAM's fees in the form of Shares will assist in aligning STAM's interests with those of the Shareholders.

	<b>Existing Management Agreements</b>	<b>New Management Agreement</b>	<b>Major Changes</b>
Base Fee	<p>1.0% of net investment value up to \$1.5 billion and 1.5% of net investment value in excess of \$1.5 billion.</p> <p>Net investment value is defined to include:</p> <ul style="list-style-type: none"> <li>• Average market capitalisation; and</li> <li>• Debt (Company and wholly-owned subsidiaries)</li> </ul>	<p>1.0% of net investment value up to \$1.5 billion and 1.5% of net investment value in excess of \$1.5 billion.</p> <p>Net investment value is defined as average market capitalisation.</p>	Debt at any level in the Group will no longer be included in the Base Fee.
Incentive Fee	<ul style="list-style-type: none"> <li>• 20.0% of increase in market capitalisation over benchmark return</li> <li>• Benchmark return: 8% per annum on market capitalisation</li> <li>• Deficit, if any, carried forward for two years</li> </ul>	<ul style="list-style-type: none"> <li>• 20.0% of increase in market capitalisation over benchmark return</li> <li>• Benchmark return: 8% per annum on market capitalisation</li> <li>• Initial threshold: Higher of (a) \$0.25 or (b) the Company's latest Quarter unaudited net asset value prior to the Commencement Date</li> <li>• Deficit, if any, carried forward for three years</li> </ul>	<ul style="list-style-type: none"> <li>• Initial threshold concept introduced such that no Incentive Fee will become payable until the share price exceeds the threshold</li> <li>• Deficit period extended to three years from two years</li> </ul>
Expense Recovery/ Fixed Fee	<ul style="list-style-type: none"> <li>• Full costs recovery mechanism subject to the Board's approval</li> <li>• Third party expenses reimbursed by the Company</li> </ul>	<ul style="list-style-type: none"> <li>• Fixed Fee of \$0.65 million per annum is payable which covers overheads and day-to-day expenses incidental to providing the Services</li> <li>• Third party expenses reimbursed by the Company</li> </ul>	<ul style="list-style-type: none"> <li>• Fixed Fee of \$0.65 million as compared to BBGIM's cost recovery (on a comparable basis) of \$1.44 million in FY2008 and \$1.23 million in FY2009</li> </ul>

	<b>Existing Management Agreements</b>	<b>New Management Agreement</b>	<b>Major Changes</b>
Acquisition Fee	<ul style="list-style-type: none"> <li>• 1.5% of: <ul style="list-style-type: none"> <li>– Total risk capital invested by the Company in the investment; and</li> <li>– Percentage interest in the investment acquired by the Company multiplied by the quantum of debt facilities of the investment arranged by BBGIM in relation to the acquisition (but excluding debt provided by the Company)</li> </ul> </li> </ul> <p>Note: the fee payable is further subject to risk / complexity of the relevant transaction. The actual payment may range between 0.8x – 1.5x of fee.</p>	<ul style="list-style-type: none"> <li>• 1.0% of: <ul style="list-style-type: none"> <li>– Total risk capital invested by the Company in the investment; and</li> <li>– Percentage interest in the investment acquired by the Company multiplied by the quantum of debt facilities of the investment arranged by STAM in relation to the acquisition (but excluding debt provided by the Company)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Acquisition Fee reduced from 1.5% to 1.0%</li> </ul>
Divestment Fee	<ul style="list-style-type: none"> <li>• 3.0% of net disposal proceeds</li> </ul> <p>Note: the fee payable is further subject to risk / complexity of the relevant transaction. The actual payment may range between 0.8x – 1.5x of fee.</p>	<ul style="list-style-type: none"> <li>• Existing Asset Portfolio: Nil</li> <li>• New assets: 3.0% on net disposal proceeds, subject to profit after divestment being greater than zero</li> </ul> <p>If the Divestment Fee payable is greater than the Company's profit after divestment, the Divestment Fee shall equal the Company's profit after divestment.</p>	<ul style="list-style-type: none"> <li>• No Divestment Fee payable on the Existing Asset Portfolio</li> <li>• Additional mechanism to reduce Divestment Fee if the amount of such fee is greater than the Company's profit from the divestment</li> </ul>

	<b>Existing Management Agreements</b>	<b>New Management Agreement</b>	<b>Major Changes</b>
Equity Raising Fee	<ul style="list-style-type: none"> <li>• 1.5% of amount raised</li> </ul> <p>Note: the fee payable is further subject to risk / complexity of the relevant transaction. The actual payment may range between 0.8x – 1.5x of fee.</p>	<ul style="list-style-type: none"> <li>• Nil</li> </ul>	<ul style="list-style-type: none"> <li>• Equity Raising Fee removed</li> </ul>
Debt raising	<ul style="list-style-type: none"> <li>• 0.5% of senior debt raised</li> <li>• 0.7% of subordinated or mezzanine debt raised</li> </ul> <p>Note: the fee payable is further subject to risk / complexity of the relevant transaction. The actual payment may range between 0.8x – 1.5x of fee.</p>	<ul style="list-style-type: none"> <li>• 0.5% of senior debt raised</li> <li>• 0.7% of subordinated or mezzanine debt raised</li> </ul> <p>Note: the fee payable is only applicable to debt raised at the Company level and/or at any investee entities' level for which the relevant creditor has recourse to the Company.</p>	<ul style="list-style-type: none"> <li>• Debt Raising Fee only payable for debt raised at the Company level and/or at any investee entities' level for which the relevant creditor has recourse to the Company</li> </ul>
Payment of Fees	<ul style="list-style-type: none"> <li>• A majority of the Independent Directors may require the Company to pay up to 50% of the Base Fee and the Incentive Fee in the form of Shares rather than cash</li> </ul>	<ul style="list-style-type: none"> <li>• The Board has the sole discretion to pay up to 100% of STAM's fees in the form of Shares rather than cash</li> </ul>	<ul style="list-style-type: none"> <li>• 100% of all fees must be paid in Shares rather than cash if so directed by the Board</li> <li>• Applies to all fees (previously only applicable up to 50% of the Base Fee and the Incentive Fee)</li> </ul>

Please see Appendix B for details on the fees payable to STAM pursuant to the New Management Agreement.

- 5.4 **Other strategic options represent a significant departure from the management structure and objectives of the Company as set out in the Prospectus.** In connection with the Strategic Review, the Independent Directors had also considered other strategic options, including internalisation of management and a managed realisation of the Company's assets. However internalisation of management was considered to be less likely to provide adequate infrastructure to manage the Company. A managed realisation of the Company's assets is in substance the equivalent of a winding up of the Company, which would not be in line with the objectives of the Company as long as there is a competent, credible and qualified potential manager willing and able to be appointed as the manager of the Company.

Shareholders are advised that as set out in paragraph 2.9 above, if the appointment of STAM as the new manager of the Company is not approved by Shareholders, the Board will then have to re-consider other strategic options available to the Company, including identifying and appointing a new manager of the Company, internalisation of management or a managed realisation of the Company's assets. Any resulting recommendation and decision by the Board will be subject to the support and approval of Shareholders at a separate special general meeting to be convened.

## 6. **SPECIAL GENERAL MEETING**

The SGM, notice of which is set out on page 61 of this Circular, will be held at Hibiscus Room, Grand Hyatt Singapore, 10 Scotts Road, Singapore 228211 on 25 November 2009 at 9.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the resolution set out in the Notice of SGM.

## 7. **DIRECTORS' RECOMMENDATIONS**

**Ordinary Resolution - Proposed Change in the Manager of the Company.** Having considered the recommendations of the Strategic Adviser as set out in paragraph 2.2 above and the rationale for the proposed change in the manager of the Company set out in paragraph 5 above, all the Directors (with the Manager Appointed Directors dissenting) recommend that Shareholders vote in favour of the proposed change in the manager of the Company.

Mr Joel Peter Schaefer, Independent Director, who beneficially owns 145,000 Shares, will vote in favour of the proposed change in the manager of the Company.

Mr Julian Blackley, Manager Appointed Director, who owns 94,322 Shares, will abstain from voting on the proposed change in the manager of the Company.

## 8. **ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who are unable to attend the SGM and who wish to appoint a proxy to attend and vote on their behalf are requested to complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and in any event, so as to reach the office of the Company's Share Transfer Agent, Boardroom

Corporate & Advisory Services Pte. Ltd. at 3 Church Street, #08-01 Samsung Hub, Singapore 049483, not later than 9.00 a.m. on 23 November 2009. The completion and sending of the Proxy Form by a Shareholder of the Company will not preclude the Shareholder from attending and voting in person at the SGM in place of his or her proxy if he or she wishes to do so.

Depositors who wish to attend and vote at the SGM, and whose names are shown in the records of CDP as at a time not earlier than 48 hours prior to the time of the SGM ("**Record Depositors**"), may attend as CDP's proxies. Record Depositors who are individuals and who wish to attend the SGM in person need not take any further action and can attend and vote at the SGM without lodgment of any proxy form. Record Depositors who cannot attend the SGM personally and/or wish to appoint their nominees to attend, and Record Depositors who are not individuals must complete, sign and return the Depositor Proxy Form enclosed in accordance with the instructions printed thereon as soon as possible and in any event, so as to reach the office of the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 3 Church Street, #08-01 Samsung Hub, Singapore 049483, not later than 9.00 a.m. on 23 November 2009.

Shareholders may call the information helpline manned by SCB, the Strategic Adviser, at +65 6530 3357 if they have any queries or require clarification.

#### **9. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Circular are fair and accurate in all material respects as at the date of this Circular and that there are no material facts the omission of which would make any statement in this Circular misleading in any material respect. Where information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular.

#### **10. STRATEGIC ADVISER'S RESPONSIBILITY STATEMENT**

SCB, the Strategic Adviser, confirms that the information relating to its recommendations contained in paragraph 2.2 above ("**SCB's Advice**"), constitutes fair and accurate disclosure of all material facts relating to its recommendations pursuant to the Strategic Review as at the date of this Circular, and that it is not aware of any material facts the omission of which would render any statement about its recommendations pursuant to the Strategic Review contained in the said paragraph misleading in any material respect as at the date of this Circular.

In rendering SCB's Advice, SCB did not have regard to the specific investment objectives, financial situation or unique needs and constraints of any shareholder or any specific group of shareholders. Therefore, any individual shareholder or group of shareholders

who may require specific advice in relation to their investment portfolio should consult their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser. SCB's Advice is addressed to and for the benefit of the Directors only and the recommendations made by the Directors in connection with SCB's Advice or this Circular shall remain the exclusive responsibility of the Directors. SCB and its affiliates will not be responsible for any claims, losses, damages, costs, charges, expenses, actions, demands, proceedings, liabilities or judgments which may be suffered or incurred directly or indirectly by any party, in connection with this Circular. This disclaimer extends to any statements, opinions or conclusions contained in, or any omissions from or in connection with this Circular.

#### **11. ADDITIONAL INFORMATION**

Please refer to Appendix C for certain additional information relevant to the matters and proposals set out in this Circular.

Yours faithfully  
For and on behalf of  
Global Investments Limited

Ms Tara Leonard Railton  
Deputy Chairman

## THE PROPOSED NEW MANAGER OF THE COMPANY

### (i) Background and Description of STAM

STAM was established in April 2002 and holds a capital markets services licence for fund management issued by the Monetary Authority of Singapore. STAM offers integrated investment management services to institutional and private clients over a broad range of diversified asset classes that include public and private equities, fixed income instruments, loans, derivatives, structured finance and alternative investments.

STAM is headquartered in Singapore with staff strength of 37, of which 18 are investment professionals. The team has a multi-disciplinary background and is able to leverage on its combined wealth of investment experience to provide customized asset allocation strategies to meet the diversified needs of its clients. The majority of STAM's investment committee members have more than 20 years of experience in international portfolio management having managed global investments in developed and emerging markets. The investment experience of its fund managers range from eight to 28 years. The investment committee members have worked together for more than 11 years and many of its fund managers and analysts have worked as a team for several years.

STAM aims to deliver high-quality asset management services and performance to its clients through active asset allocation and security selection, as well as advance its knowledge frontiers through careful research and understanding of new and innovative investment instruments which help to further STAM's objectives of adding value to its clients and producing reasonable returns.

STAM's investment approach focuses on active sourcing of potentially rewarding investment opportunities, constant monitoring of investments combined with disciplined risk management. STAM has acquired and maintained strong relative value insight in investment and arbitrage opportunities for various assets/securities under different economic and financial environment.

### (ii) Ownership of STAM

STAM is wholly owned by Temasek through Temasek's 100% ownership of Fullerton (Private) Limited ("**Fullerton**", a holding company) and Fullerton's 100% ownership of STAM's parent company, Singapore Technologies Capital Services Pte Ltd (a holding company). Temasek is, in turn, wholly-owned by the Government of Singapore. Each of Temasek, Fullerton and Singapore Technologies Capital Services Pte Ltd is incorporated in Singapore with limited liability.

### (iii) Management Team and Expertise

The majority of the senior management team of STAM was from OUB Asset Management Ltd ("**OUBAM**"), a wholly owned subsidiary of Overseas Union Bank Limited ("**OUB**"),

which was the fourth largest bank in Singapore before its merger with United Overseas Bank Ltd in 2001. The OUB group offered a full range of banking services with 64 offices in 16 countries spanning Asia, Australia, Europe and the United States. The OUB group was also involved in insurance, hospitality business and commercial & residential property development and management. OUBAM grew from being the smallest local bank-backed fund management firm in 1990 to be the largest before the merger in terms of assets under management.

During their tenure at OUBAM, the senior management team had experience managing Overseas Union Securities Ltd, a fund listed on the Stock Exchange of Singapore. The senior management team steered the investment focus of OUBAM in the mid-90s from an Asian equities house to global bonds and equities, a business decision which proved timely during the Asian currency crisis in the late-1990s. In 1998, senior management initiated OUBAM's entry into global structured finance products resulting in the company managing seven collateralised debt obligations (“CDO’s”) with investments in developed and emerging markets.

To date, STAM has been involved in the launch of 12 CDO's making STAM a leading Asian fund manager with expertise in global structured finance securities market. As both an investor and manager of structured finance securities, STAM maintains a strong credit culture with emphasis on cashflow analysis.

The 12 CDO's that STAM is involved in are primarily invested in loans (broadly syndicated loans, middle market loans, bridge loans and debtor-in- possession loans), mezzanine debt, bonds (cash and synthetic), emerging market debt and structured finance securities. The structured finance securities that were eligible to be invested by some of these 12 CDO's were mainly senior and mezzanine tranches of residential mortgage backed securities; commercial mortgage backed securities; CDO securities; trust preferred securities and other asset-backed securities whose underlying pool of assets include aircraft leases; automobile receivables; credit card receivables; equipment leases; franchise loans; home equity loans; small business loans and student loans. Such asset-backed securities were issued in jurisdictions such as the United States, Australia, Canada, France, Germany, Ireland, Italy, Japan, New Zealand, Sweden, Switzerland and the United Kingdom.

STAM also manages two other funds, namely, a private equity fund registered in the Cayman Islands, India China Pre-IPO Equity (C.I.) Ltd (“ICPE”), and a stand-alone open-ended collective investment scheme constituted in Singapore, Asia Equity Fund (“AEF”). ICPE is not regulated by any regulatory authority in the Cayman Islands while AEF is registered with the MAS as a collective investment scheme.

The board of directors of STAM comprises Mrs Elizabeth Sam (Chairman), Mrs Goh Mui Hong (President & Chief Executive Officer), Mr John Lim (Managing Director & Chief Operating Officer), Mr Gan Chee Yen, Mr Richard Tan, Ms Christina Ong and Mr William Toh.

Information on the business and working experience of the members of the board of STAM is set out below:

**Mrs Elizabeth Sam**  
***Chairman***

Mrs Sam is Chairman and Non-Executive Director of STAM. She is also Chairman of the Remuneration Committee.

Apart from STAM, Mrs Sam is also a non-executive director in a number of public listed companies including Boardroom Ltd, SC Global Ltd, AV Jennings Homes Ltd and Kasikorn Bank PLC.

Mrs Sam has over 40 years of experience in the financial sector having held senior appointments in the Ministry of Finance, the MAS, Mercantile House Holdings Ltd and OCBC Bank where she retired in the position of Deputy President. She was a director of the Singapore International Monetary Exchange since its reorganization in 1983 till its merger with the Stock Exchange of Singapore and she served two three-year terms as its Chairman. She was awarded the BBM, Republic of Singapore in 1966 for contributions to financial centre developments.

Mrs Sam graduated with a BA (Hons) Economics from the University of Singapore.

**Mr Gan Chee Yen**  
***Director***

Mr Gan is a non-executive director of STAM. He is also a member of the Audit Committee.

Mr Gan is the Senior Managing Director and Co-Chief Investment Officer of Temasek. He was the Director, Finance of Singapore Technologies Pte Ltd before he joined Temasek in May 2003.

He has served on the boards of several prominent Singapore-based companies including Neptune Orient Lines Limited and is currently a member of the Board of Commissioner of PT Bank Danamon Indonesia, Tbk.

Mr Gan is a member of the Institute of Certified Public Accountants of Singapore. He received his Bachelor of Accountancy from the National University of Singapore. He attended the Harvard's Program for Management Development in September 2001.

**Mr Richard Tan Tew Han**  
***Director***

Mr Tan is an independent non-executive director of STAM. He is also a member of the Audit Committee.

Mr Tan brought with him an impressive 25 years of banking experience. He held several senior positions in Citibank, Banque Paribas, Bank of America, International Bank of Singapore and Overseas Union Bank. Prior to his retirement in 2001, he had been the Executive Vice President and Head of Investment Banking and Corporate Finance Division in OUB since 1993. He is also a member of the board of directors of Full Apex (Holdings) Ltd, Lux King Group Holdings Ltd and C&O Pharmaceutical Technology (Holdings) Ltd.

Mr Tan graduated with a Bachelor of Science (Honours) from the University of Singapore in 1970 and obtained an MBA in 1978 from the University of British Columbia, Canada.

**Ms Christina Ong**  
***Director***

Ms Ong is an independent non-executive director of STAM. She is also a member of the Remuneration Committee.

Ms Ong joined Allen & Gledhill as a Partner in 1987 and is Head of the Financial Services Department. Ms Ong specialises in Corporate Regulatory and Compliance.

A graduate from the National University of Singapore, she was awarded the Aw Boon Haw and Aw Boon Par memorial prize for being first in her Postgraduate Law Course. She is a member of the Law Society of Singapore, the International Bar Association, and the Singapore International Chamber of Commerce. Christina was called to the Singapore Bar in 1975.

She is recognised as a leading banking and finance lawyer in Singapore by various notable legal directories including Chambers Global, Chambers Asia, IFLR 1000, The Asia Pacific Legal 500 and AsiaLaw Leading Lawyers.

**Mr William Toh Thiam Siew**  
***Director***

William Toh Thiam Siew is an independent non-executive director of STAM. He is also Chairman of the Audit Committee.

Mr Toh is currently the director of New Harbour Capital Partners Limited.

Prior to his appointment in New Harbour Capital Partners Limited in June 2007, Mr Toh was the Deputy Chief Executive of the CIMB-GK Group in Singapore. Between 2001 and April 2006, Mr Toh was the Chief Investment Officer of the Asia General Holdings Group responsible for managing the assets of the Group's insurance subsidiaries. He was also a Board Director and member of the Executive Committee of Asia Life (M) Berhad. Mr Toh is active in the non-profit sector and co-founded Moris Rasik, the largest microfinance program in Timor-Leste.

He also held senior appointments at several global financial institutions including Lehman Brothers Inc. and the Government of Singapore Investment Corporation.

Mr Toh attended the University of Tasmania, Australia on a Colombo Plan Scholarship and graduated with a First Class Honours degree in Mathematical Economics.

**Mrs Goh Mui Hong**

***Director***

***President and Chief Executive Officer***

***Chairman of Investment Committee***

Mrs Goh is President & Chief Executive Officer (“**CEO**”) of STAM and Chairman of STAM’s Investment Committee. She is concurrently a director of ST Trustees Ltd.

She has more than 20 years of extensive experience in managing fund management companies which invest in the full spectrum of financial instruments ranging from public equities, bonds, loans, asset backed securities, currencies to alternative investments such as private equity, hedge funds, derivatives and commodities.

From February 2004 to August 2008, Mrs Goh also held the positions of Group President & CEO of Vertex Venture Holdings Ltd and President & CEO of Vertex Management (II) Pte Ltd. In the course of four years, she strengthened the Vertex Group’s balance sheet and the total equity of Vertex grew from US\$131 million as at December 2003 (audited) to US\$315 million as at August 2008 (unaudited) without any new injection of capital. She was also actively involved in advising and managing various investee companies, thus enhancing the overall value of the Vertex Group.

Prior to joining STAM in 2002, Mrs Goh spent 11 years with the OUB group. Under her leadership as Executive Director & Chief Executive Officer, OUB Asset Management Ltd grew to be the largest local bank-backed fund management firm in Singapore and won numerous investment awards locally and internationally for the retail unit trusts they managed. Before joining the OUB group, she was a director of an investment company and she had also worked six years in a Singapore government-related company in the Finance and Treasury Departments. Mrs Goh started her career in an international audit firm before working in finance and accounting functions with a statutory board and an information technology company.

Mrs Goh currently serves as board member of Workforce Development Agency and Chairman of its Investment Committee; member of Singapore Corporation of Rehabilitative Enterprises, Chairman of its Investment & Finance Committee and member of its Tender Approving Committee; member of National Kidney Foundation’s Investment Committee; and member of the Finance Committee of Singapore Chinese Chamber of Commerce & Industry. Previously she held directorship in Singapore Consortium Investment Management Ltd and was a member of the Executive Committee of Investment Management Association of Singapore and its Chairman of Education Sub-Committee as well as a member of the Investor Education Advisory Committee of Securities Investors Association (Singapore).

Mrs Goh holds a Bachelor of Accountancy (2nd Class Honours) from University of Singapore, Masters of Business Administration from National University of Singapore and Masters of Science (Business) from Nanyang Technological University of Singapore. She is also a member of CFA Institute.

**Mr John Lim**

***Director***

***Managing Director & Chief Operating Officer***

***Member of Investment Committee***

Mr Lim is Managing Director & Chief Operating Officer and a member of the Investment Committee of STAM. He is concurrently a director of ST Trustees Ltd and several other STAM affiliated companies.

Previously, Mr Lim was also appointed Executive Director of Vertex Venture Holdings Ltd from March 2005 to August 2008 and Executive Director of Vertex Management (II) Pte Ltd from August 2004 to August 2008. The Vertex Group was involved in both investment and management of venture capital and private equity funds.

Prior to joining STAM in 2002, Mr Lim spent 21 years with OUB group. He joined OUB in 1980. Between 1981 and 1987, he was seconded to Asian American Merchant Bank Ltd, an associated company of OUB as Senior Manager-Operations with responsibility for investment banking operations. In 1987, he returned to OUB as Vice President and Head, Investment Banking Department. He was appointed Executive Director of OUB Asset Management Ltd (a wholly-owned subsidiary of OUB) from October 1994 to April 2002. He also served as director of several other OUB group companies. Prior to joining OUB, he spent seven years in the Singapore and London offices of Peat Marwick, Mitchell & Co.

Mr Lim is a Fellow of the Association of Chartered Certified Accountants, United Kingdom, a Fellow of CPA, Australia and a Fellow of the Institute of Certified Public Accountants of Singapore.

**Management Team of STAM**

Subject to STAM's appointment as the new manager of the Company, Mr Boon Swan Foo will be appointed as STAM's Manager Nominated Director to the Board. STAM would be able to leverage on the extensive experience and management expertise of Mr Boon, who is an advisor to Singapore Technologies Engineering Ltd ("**ST Engineering**") and who was previously its Deputy Chairman and CEO, and tap on Mr Boon's proven industrial leadership especially in managing the Company's operating leases.

Mr Boon was largely instrumental in growing ST Engineering as one of Asia's largest defence and engineering groups and was the 7<sup>th</sup> largest company on the SGX-ST, with a market capitalization of \$8 billion when he left in May 2001 after spending 22 years with the ST group. ST Engineering was formed in December 1997 through the amalgamation of four listed ST companies in the engineering businesses; namely Singapore

Technologies Aerospace Ltd (aircraft repair and maintenance), Singapore Technologies Automotive Ltd (specialty vehicle and land systems), Singapore Technologies Electronics Ltd (design, develop and integrate electronic systems such as rail and traffic management) and Singapore Technologies Marine Ltd (shipbuilding, ship-repair and ship conversion). ST Engineering has commercial customers ranging from airlines, shipping lines, transportation service providers to leasing operators.

If appointed as manager to the Company, it is proposed that a management team from STAM will manage the assets and investments of the Company. Information on the business and working experience of the senior management team is set out below:

**Mr Boon Swan Foo**

***Proposed Manager Nominated Director of the Board***

Mr Boon Swan Foo is currently the Executive Chairman of Exploit Technologies Private Limited, the strategic marketing and commercialisation arm of Singapore's Agency for Science, Technology and Research (A\*STAR). He was previously its Managing Director. Under his leadership, A\*STAR has accumulated a portfolio of more than 2200 active patents and 150 licenses.

Mr Boon was previously also the Deputy Chairman and CEO of ST Engineering Ltd. He was then concurrently Chief Financial Officer, and Board and ExCo Member of Singapore Technologies Pte Ltd – the parent company of the Singapore Technologies group of companies. The Singapore Technologies group was a leading multinational conglomerate in Asia, which held some of the largest listed companies on the Stock Exchange of Singapore, for example, ST Engineering, Starhub Ltd, CapitaLand Limited, and SembCorp Industries Ltd. Mr Boon continues to serve as an Advisor to ST Engineering and is a Senior Advisor to Temasek. Upon the appointment of STAM as the manager of the Company, Mr Boon will act as STAM's Consultant in relation to the management of the Company and will be nominated by STAM as a Manager Nominated Director to the Board of the Company.

Mr Boon currently serves on the board of Neptune Orient Lines Limited, Shin Corporation Inc. (Thailand) and several other private limited boards, such as China-Singapore Suzhou Industrial Park Devt Co Ltd, Aspen Holdings Ltd, Cypress Holdings Ltd, Veredus Laboratories Pte Ltd and Agis Pte Ltd.

Previously, Mr Boon sat on several boards including Singapore Computer Systems Limited, Infocomm Development Authority of Singapore, Merlion Pharmaceuticals Pte Ltd, Keppel Amfels Inc., Pidemco Limited, DSO National Laboratories, Vertex Venture Holdings Ltd, Singapore Polytechnics and Temasek Laboratories. He was the Chairman of both Singapore Changi Airport Enterprise Pte Ltd and Changi Airport Managers & Partners (Singapore) Pte Ltd, Deputy Chairman of Orangestar Investment Holdings Pte Ltd and Chairman of the Audit Committee of NTUC Income Insurance Cooperative Limited.

Mr Boon is a registered Professional Engineer and also a member of the Institute of Certified Public Accountants of Singapore (ICPAS). He is also a Fellow of the Chartered

Association of Certified Accountant (UK)-ACCA. He holds an MBA from the National University of Singapore, and has completed Harvard's Advanced Management Program. Mr Boon was awarded the Singapore Business Award for Outstanding CEO in 2000, one of Singapore's prestigious business awards.

**Mrs Goh Mui Hong**

***Director***

***President and Chief Executive Officer***

***Chairman of Investment Committee***

Information relating to Mrs Goh's business and working experience is set out above.

**Mr John Lim**

***Director***

***Managing Director & Chief Operating Officer***

***Member of Investment Committee***

Information relating to Mr Lim's business and working experience is set out above.

**Jason See**

***Managing Director & Chief Investment Officer***

***Member of Investment Committee***

Mr See is Managing Director & Chief Investment Officer of STAM and heads the company's portfolio management team. He is also a member of STAM's Investment Committee. Presently, Jason sits on the board of some Indian companies.

Mr See is involved in day-to-day portfolio management, which include public and private equities, investment grade and high yield credits, structured finance and asset backed securities. He has oversight responsibility for segregated portfolios, funds, several U.S. and Euro collateralised debt obligations in which STAM is acting in a management or an advisory capacity. He also handles business development and manages STAM's due diligence process with business partners. He has extensive investment management experience in global equities and high yield credits and fund management.

Prior to joining STAM in 2002, Mr See spent 13 years with the OUB group. He joined OUB in 1989 as a Senior Officer in the Fund Management Department. In 1993, he was promoted to Vice President and was involved in the management of portfolios for institutional clients, unit trusts and OUB group companies. He was seconded to OUB-TA Asset Management Sdn Bhd in Malaysia for 1½ years to head fund management operations. On his return to Singapore, he was appointed Chief Investment Officer of OUB Asset Management Ltd (a wholly-owned subsidiary of OUB) where he had oversight responsibilities for a team of fund managers and market specialists. In addition to managing global market portfolios, he was also involved in managing European high yield, U.S. high yield and Asian emerging markets' debts. Jason began his career with Kankaku Merchant Bank where he was responsible for equity sales of Japanese securities to local and regional clients.

Mr See holds a Bachelor of Business Administration (2nd Class Upper Honours) degree from the National University of Singapore.

**Patrick Ng**

***Managing Director (Risk Management & Operational Compliance)***

***Member of Investment Committee***

Mr Ng heads the Risk Management & Operational Compliance unit of STAM. He is also a member of STAM's Investment Committee.

Previously, Mr Ng was also responsible for risk management and operational compliance of Vertex Management (II) Pte Ltd from April 2004 to August 2008.

Mr Ng has 24 years of experience in the banking industry. He was previously a Senior Director with the United Overseas Bank ("**UOB**") group, where he headed its Asset-Liability Management Division in the Global Treasury Sector. He was responsible for the management of UOB's banking book and bank-wide cash flows/liquidity. Prior to joining UOB, he was Vice President in the Treasury Division of OUB. At OUB, he pioneered the setting up of the infrastructure and framework that paved the way for OUB's active involvement as a primary dealer in the Singapore Government Securities market since 1987. From 1991 to 1996, he headed the Treasury Marketing Unit and Liabilities Management Unit of OUB's Treasury Division. Subsequently, he was in charge of treasury risk monitoring and evaluation, market analysis, business planning and budgeting and treasury information technology and systems support. He spearheaded the development of OUB Treasury Division's market analysis and risk evaluation/management framework covering market, credit and liquidity risks.

Mr Ng holds a Bachelor of Social Sciences (First Class Honours) in Statistics degree from the former University of Singapore

**(iv) STAM's Code of Conduct, and internal governance, compliance and risk policy relevant to the management of the Company**

**(a) Code of Conduct**

STAM's Code of Conduct ("**Code**") sets out the guidelines and rules of conduct and professionalism that it expects from its employees. All employees are expected to conduct STAM's business in full compliance with the Code and any other policies and procedures that may be applicable. This is necessary in order to promote and maintain the honesty and integrity of its employees, safeguard the interest of clients and ensure its sound operations.

The Code covers the following principal areas:

1. Ethical principles;
2. Business conduct (in compliance with the applicable laws and regulations, and anti-fraud policy);
3. General investment conduct;
4. Insider trading;
5. Use and dissemination of confidential and sensitive information;
6. Anti-money laundering;
7. Conflict of interests; and
8. Personal trading policy.

**(b) Internal governance, compliance and risk policy**

STAM adopts an integrated governance, risk management and compliance approach to ensure that STAM acts in accordance with all applicable laws and regulations as well as with the investment mandate, trust deed and investment guidelines of its clients. In the process, STAM is committed to conducting its business with reference to the MAS code on corporate governance and best practice recommendations.

In maintaining and promoting the principles of good corporate governance, STAM is guided, where applicable and necessary, by:

- the Code of Corporate Governance 2005 which came under the purview of the MAS and the SGX-ST with effect from 1 September 2007;
- the Singapore Companies Act and the Securities And Futures Act, Chapter 289 of Singapore (the “SFA”); and
- MAS “Guidelines on Risk Management Practices”.

In managing its clients’ accounts, STAM will act in the interest of its clients, with due diligence and care and in compliance with the legal and regulatory requirement and investment management mandates. Its fund managers are required to exercise reasonable care and prudent judgment when managing assets of clients, including following investment parameters set by the client and balancing the risk and return.

## **Risk Management and Compliance**

In its commitment to safeguard its reputation and integrity, STAM has established a framework to ensure compliance with applicable laws, regulations, standards and sound risk management practices.

The Risk Management & Operational Compliance Unit's responsibilities include risk management, reviewing the internal control systems and monitoring compliance with established policies, controls and the applicable laws and regulations.

In managing the assets of the Company, apart from adhering to the New Management Agreement and the Company's investment objectives and policies, STAM will pay particular attention to the following legislation which governed the Company:

- a) the SFA and the relevant regulations;
- b) the Listing Manual;
- c) the Bye-Laws; and
- d) any conditions imposed by the SGX-ST on the Company.

STAM will identify and implement appropriate risk management measures in respect of the Company's assets and report to the Board on a regular basis on the implementation of those measures.

### **(c) All other internal policies relevant to the management of the Company**

STAM will further apply the following policies in relation to its management of the Company's assets:

#### **(1) *Conflict of Interest Policy***

STAM must take all reasonable steps to prevent conflicts of interest from adversely affecting the interests of the Company. Conflicts of interest may take various forms i.e. they may be actual involving a direct conflict between current duties and/or interests, potential involving likely future conflicts or perceived in circumstances creating the appearance of a conflict.

STAM will take measures to implement policies and procedures and conduct of business procedures that address conflicts of interest issues and the obligation to act in the Company's best interest.

If measures taken in order to avoid or manage conflicts of interest are not sufficient then disclosure of the general nature and/or sources of conflicts of interest to the Company must be undertaken before undertaking business on the Company's behalf. Should this approach be followed, then disclosure needs to be clear, appropriate and complete to

allow the Company to assess the conflict situation and take an informed decision with respect to the services to be provided.

(2) ***Information Barriers Policy***

STAM controls, manages or restricts as deemed appropriate the flow of material non-public information within a specific division or department for conflict of interest prevention, avoiding insider dealing and market manipulation risks.

(3) ***Confidential Information Policy***

STAM will apply its Confidential Information Policy in handling confidential information involving the Company:

- STAM complies with applicable laws and regulations with regard to the handling of price sensitive information.
- STAM will only provide confidential information to external parties to the extent it is obliged or allowed to do so by law, regulation and/or in the provision of services requested.
- The Company's information will always be treated in accordance with the appropriate level of confidentiality subject to any obligations that have been agreed upon with the Company.
- The Company's confidential information will only be shared internally on a "need to know" basis unless other arrangements have been agreed upon with the Company.
- Price sensitive information will be subject to Information Barriers Policy and procedures.

(4) ***Personal Trading Policy***

STAM's employees are required to avoid at all times the use of price sensitive information in executing private securities transactions and adhere to the Code regarding prohibition on insider trading and personal trading policy. STAM's employees are further required to observe the prohibition on insider trading, that is, employees are prohibited from using material non-public information to trade in securities for STAM, related companies, its funds or for personal gain, nor share such information with others.

(5) ***Fair Allocation Policy***

STAM will act in the best interests of the Company while placing orders. Where an investment opportunity is suitable for the Company and other clients, STAM will apply its policy on fair allocation and allocate such investment opportunity equitably in order to ensure that the Company and all its clients have equal access to the same quality and

quantity of investment opportunities subject to factors such as each client's cash availability and/or industry sector and market exposure.

(6) ***Policy on Interested Party Transactions***

STAM will ensure that all interested party transactions will be undertaken on normal commercial terms and will not be prejudicial to the interests of the Company. This may be demonstrated to the Company by obtaining (where practicable) quotations from parties unrelated to STAM. STAM will comply with the requirements relating to interested person transactions in Chapter 9 of the Listing Manual with respect to future transactions.

STAM will maintain a register to record all interested person transactions which are entered into by the Company and the bases, including any quotations from unrelated parties obtained to support such bases, on which they are entered into. STAM will also incorporate into its internal audit plan a review of all interested person transactions entered into by the Company.

**THE FEES PAYABLE UNDER THE NEW MANAGEMENT AGREEMENT**

**1. Base Fee**

The Base Fee is calculated as follows:

- (A) where the Net Investment Value is less than or equal to \$1.5 billion, 1.0% per annum of the Net Investment Value; and
- (B) where the Net Investment Value is greater than \$1.5 billion, 1.0% of the Net Investment Value up to and including \$1.5 billion and 1.5% of the Net Investment Value in excess of \$1.5 billion.

“**Net Investment Value**” or “**NIV**” in respect of a Quarter means AMC where:

AMC is the Average Market Capitalisation in respect of the relevant Quarter calculated as follows:

$$AMC = (ATP \times AN)$$

where:

- ATP is, in relation to a Quarter, the average of the daily Volume Weighted Average Price over the last 20 SGX-ST trading days of Shares in the relevant Quarter (excluding the additional market capitalisation represented by the issuance of Shares during the last 20 SGX-ST trading days of the relevant Quarter); and
- AN is the average closing number of Shares that are issued and to be issued as fully paid for scrip dividend, bonus shares and subdivision of existing Shares (whether or not officially quoted by the SGX-ST) but excluding Shares issued that represent additional paid-up share capital during the last 20 SGX-ST trading days of Shares during the relevant Quarter.

The NIV is calculated in Singapore dollars.

Volume Weighted Average Price or VWAP is, in respect of any trading day on the SGX-ST, the volume weighted average price per Share for sales in those securities on the SGX-ST on that trading day, where each price is weighted by the number of Shares sold at various prices that day. Special crossings, crossings outside of normal trading hours and option related transactions on the SGX-ST are to be excluded from the VWAP calculation.

STAM will submit an invoice to the Company in respect of the Base Fee following the end of the relevant Quarter. Subject to the Bermuda Companies Act, any other applicable

Bermuda law, the Listing Rules and any other relevant law applicable to the Company or STAM, the Company (by resolution of a majority of the Independent Directors, provided that any Manager Nominated Director shall abstain from voting on such resolution) may elect, at its absolute discretion, to pay up to 100% of the Base Fee by issuing Shares to STAM or its nominee up to such amount as described below, provided that such decision is notified to STAM within ten Business Days following the Company's receipt of the invoice from STAM.

In this case, the number of Shares to be issued (if any) is to be calculated by dividing the portion of the Base Fee which is to be paid by the issuance of Shares as determined in the preceding paragraph (expressed as a dollar amount) by the ATP.

The quarterly Base Fee is reduced in respect of each company, trust or entity ("**Managed Entity**") in which the Company holds no less than 50% of the total issued shares, securities, units or other investment interests which pays fund management fees to STAM.

The amount of such reduction shall be the Company's pro rata share of fees paid by the Managed Entity for that Quarter based upon the Company's percentage holding of shares, units or other investments in the Managed Entity during that Quarter provided that the amount of such reduction in relation to a Managed Entity must not be greater than the amount of Base Fee that STAM would have derived if that Managed Entity was not a Managed Entity.

The reduction of the Base Fee does not apply to asset management fees, fees for investment advice, fees for providing specific services in relation to debt or equity issues, expense reimbursement or indemnities for costs paid to STAM by a Managed Entity.

Purely for illustrative purposes, the following outlines the calculations for the Base Fee payable Quarterly for the scenarios where the Net Investment Value is (i) less than \$1,500,000,000; and (ii) greater than \$1,500,000,000.

- (i) This example looks at where NIV is less than \$1,500,000,000 and there was no share issuance during the last 20 SGX-ST trading days of the relevant Quarter:

Number of Days in Quarter		92
ATP	\$	0.200
Average closing number of Shares		392,638,086
AN		392,638,086
AMC = (ATP * AN)	\$	78,527,617
NIV	\$	78,527,617
Base Fee for the Quarter		1.0% * NIV * 92/365
Base Fee for the Quarter	\$	197,933

This example looks at where NIV is less than \$1,500,000,000 and there was one million new share issuance for \$0.15 per share during the last 20 SGX-ST trading days of the relevant Quarter. This share issuance will increase the paid-up share capital of the Company.

Number of Days in Quarter		92
ATP	\$	0.200
Average closing number of Shares excluding one million new share issuance		392,638,086
AN		392,638,086
AMC = (ATP * AN)	\$	78,527,617
NIV	\$	78,527,617
Base Fee for the Quarter		1.0% * NIV * 92/365
Base Fee for the Quarter		197,933

This example looks at where NIV is less than \$1,500,000,000 and there was a one-for-four bonus share issuance, or 98,159,521 new bonus shares issued during the last 20 SGX-ST trading days of the relevant Quarter. This share issuance will not increase the paid-up share capital of the Company.

Number of Days in Quarter		92
ATP	\$	0.160
Average closing number of Shares including 98,159,521 new bonus share issuance		490,797,607
AN		490,797,607
AMC = (ATP * AN)	\$	78,527,617
NIV	\$	78,527,617
Base Fee for the Quarter		1.0% * NIV * 92/365
Base Fee for the Quarter	\$	197,933

(ii) This example looks at where NIV is greater than \$1,500,000,000

Number of Days in Quarter		92
ATP	\$	4.000
AN		392,638,086
AMC = (ATP * AN)	\$	1,570,552,344
NIV	\$	1,570,552,344
Base Fee for the Quarter		
1.0% * \$1,500,000,000 * 92/365	\$	3,780,822
1.5% * (NIV - \$1,500,000,000) * 92/365	\$	266,746
	\$	<u>4,047,568</u>

## 2. Fixed Fee

A Fixed Fee of \$650,000 per annum shall be payable by the Company to STAM. The Fixed Fee shall be payable on a pro rata basis, Quarterly in arrear. STAM will submit an invoice to the Company in respect of the amount of the Fixed Fee which is payable in respect of a Quarter following the end of that Quarter. Subject to the Bermuda Companies Act, any applicable Bermuda law, the Listing Rules and any other relevant law applicable to the Company or STAM, the Company (by resolution of a majority of the Independent Directors, provided that any Manager Nominated Director shall abstain from voting on such resolution) may elect, at its absolute discretion, to pay up to 100% of the Fixed Fee by issuing Shares to STAM or its nominee up to such amount as is the subject of the invoice, provided that such decision is notified to STAM within ten Business Days following the Company's receipt of the invoice from STAM.

The number of Shares to be issued (if any) is to be calculated by dividing the portion of the Fixed Fee which is to be paid by the issuance of Shares as determined pursuant to the preceding paragraph (expressed as a dollar amount) by the ATP.

## 3. Incentive Fee

The Incentive Fee shall only first become payable if, at any time after the Commencement Date, the Share Value exceeds the Threshold Amount, in which case the Incentive Fee shall be calculated as an amount equal to 20% of the amount by which the Share Value exceeds the Threshold Amount, and multiplied by the ANIF.

Thereafter, the Incentive Fee (if any) shall be calculated Half Yearly in arrear and payable by the Company to STAM if the value of (Share Return – Benchmark Return – Deficit carried forward from previous periods) is greater than zero, in which case the Incentive Fee shall be an amount equal to 20% of any excess Share Return over the Benchmark Return for the Half Year after recovering any Deficit carried forward from previous periods calculated in accordance with the following formula:

Incentive Fee = 20% x (Share Return - Benchmark Return - Deficit carried forward from previous periods).

**“Average Market Capitalisation for Incentive Fee”** or **“AMCIF”** in respect of a Half Year means:

AMCIF = (ATPIF x ANIF)

**“ANIF”** means the average closing number of Shares that are issued and to be issued as fully paid (whether or not officially quoted by the SGX-ST) over the last 20 SGX-ST trading days of Shares in the Half Year preceding the relevant Half Year, provided that for the purposes of first paragraph above, it shall mean the average closing number of Shares that are issued and to be issued as fully paid (whether or not officially quoted by the SGX-ST) over the last 20 SGX-ST trading days of Shares in the relevant Half Year.

**“ATPIF”** means, in relation to a Half Year, the average of the daily Volume Weighted Average Price over the last 20 SGX-ST trading days of Shares in the Half Year preceding the relevant Half Year.

**“BRI”** means an annualised return of 8%.

**“Benchmark Return”** means for the Shares that are included in AMCIF for a Half Year:

- the AMCIF; multiplied by
- BRI.

To the extent that additional Shares are issued during the relevant Half Year, the Benchmark Return will also include the return for those additional Shares. For this purpose, the return for those additional Shares will be calculated as the number of additional Shares issued, multiplied by the issue price of such Shares; multiplied by the BRI.

**“Deficit”**, for a Half Year, means an amount determined at the end of that Half Year as the Total Benchmark Return less Total Share Return for the Relevant Half Years for that Half Year. If this amount is a positive number, then it is the Deficit. If it is a negative number, the Deficit is zero.

**“Share Return”** for a Half Year means the AMCIF for that Half Year multiplied by the movement in the Share Accumulation Index for the Shares over the relevant Half Year expressed as a fraction, based on the average daily closing value of this index over the last 20 SGX-ST trading days of the Half Year compared with the average daily closing value of this index over the last 20 SGX-ST trading days of the preceding Half Year.

To the extent that additional Shares are issued during the relevant Half Year, the Share Return will also include the return for those additional Shares. For this purpose, the return for those additional Shares will be calculated as the number of additional Shares issued multiplied by the value of the difference between (i) the average daily closing value of the

Share Accumulation Index over the last 20 SGX-ST trading days of the relevant Half Year and (ii) the issue price of such additional shares.

**“Share Accumulation Index”** means an index formulated by STAM to measure the accumulated SGX-ST traded value of Shares, with the initial value assigned to such index being the closing price of the trading day following the Commencement Date, assuming that any dividends of the Company are reinvested at the closing price of Shares on the SGX-ST on the payment date of such dividends. For the purposes of calculation of this index, the price per Share will be grossed up by the dividend entitlement for the period between the Share going ex-dividend and the dividend being paid.

**“Share Value”** means the average of the Share Accumulation Index over the last 20 SGX-ST trading days in respect of the relevant Half Year.

**“Threshold Amount”** means the higher of (a) \$0.25 and (b) the net asset value per Share as at the end of the most recently completed Quarter preceding the Commencement Date (being the consolidated net assets as disclosed in the unaudited consolidated balance sheet of the Group for that Quarter, divided by the number of Shares in issue as at the end of that Quarter), subject to adjustments made (in accordance with those accounting principles consistently applied by the Company) in respect of changes in the share capital of the Company.

STAM will submit an invoice to the Company in respect of the amount of the Incentive Fee which is payable in respect of a Half Year following the end of that Half Year. Subject to the Bermuda Companies Act, any applicable Bermuda law, the Listing Rules and any other relevant law applicable to the Company or STAM, the Company (by resolution of a majority of the Independent Directors, provided that any Manager Nominated Director shall abstain from voting on such resolution) may elect, at its absolute discretion, to pay up to 100% of the Incentive Fee by issuing Shares to STAM or its nominee up to such amount as is referred to in the paragraph below, provided that such decision is notified to STAM within ten Business Days following the Company’s receipt of the invoice from STAM.

The number of Shares to be issued (if any) is to be calculated by dividing the portion of the Incentive Fee which is to be paid by the issuance of Shares as determined pursuant to preceding paragraph (expressed as a dollar amount) by the ATPIF.

The Incentive Fee shall be calculated in respect of the period from the Commencement Date to 30 June 2010 and for each Half Year thereafter.

Purely for illustrative purposes, the following outlines the calculations of the Incentive Fee payable Half Yearly on the assumptions set out below:

- (i) This example looks at where the Share Value is below the Threshold Amount and no Incentive Fee is payable in the First Half Year.

	ANIF		392,638,086
A	Share Value	\$	0.200
B	Threshold Amount	\$	0.350
	Is Incentive Fee payable?		
	= Is A > B		No

- (ii) This example looks at where the Share Value exceeds the Threshold Amount and the Incentive Fee is payable for the first time.

	ANIF		392,638,086
A	Share Value	\$	0.370
B	Threshold Amount	\$	0.350
	Is Incentive Fee payable?		
	= Is A > B		Yes
	Excess of Share Value over Threshold Amount multiplied by ANIF = ANIF * (A-B)	\$	7,852,762
	Incentive Fee @ 20%	\$	1,570,552

- (iii) This example looks at where the Share Value exceeds the Threshold Amount and the Incentive Fee is payable for the first time and there was a one-for-one bonus share, or 392,638,086 new bonus shares, issuance during the relevant Half Year.

	ANIF		785,276,172
A	Share Value	\$	0.185
B	Threshold Amount	\$	0.175
	Is Incentive Fee Payable?		
	= Is A > B		Yes
	Excess of Share Value over Threshold Amount multiplied by ANIF = ANIF * (A-B)	\$	7,852,762
	Incentive Fee @ 20%	\$	1,570,552

- (iv) This example looks at where the Incentive Fee has been paid for the first time, the Benchmark Return exceeding the Share Return where there is a Deficit computed.

Number of Days in the relevant Half Year		184
ATPIF	\$	0.400
ANIF		392,638,086
A	AMCIF = (ATPIF * ANIF)	\$ 157,055,234
B	Average Share Accumulation Index in the preceding Half Year	\$ 0.400
C	Average Share Accumulation Index in the relevant Half Year	\$ 0.370
D	Benchmark rate of return for the Half Year	3.95592225%
E	Deficit from previous period	0
Share Return for the relevant Half Year		
	= A * (C-B)/B	\$ -11,779,143
Benchmark Return for the relevant Half Year		
	= A * D	\$ 6,212,983
Share Return - Benchmark Return - Deficit		
		\$ -17,992,126
Deficit carried forward		
		\$ 17,992,126
Incentive Fee @ 20%		
		\$ 0

- (v) This example looks at the Share Return exceeding the Benchmark Return and taking into effect a carried forward Deficit.

Number of Days in the relevant Half Year		181
ATPIF	\$	0.370
ANIF		392,638,086
A	AMCIF = (ATPIF * ANIF)	\$ 145,276,092
B	Average Share Accumulation Index in the preceding Half Year	\$ 0.370
C	Average Share Accumulation Index in the relevant Half Year	\$ 0.440
D	Benchmark rate of return for the Half Year	3.89018505%
E	Deficit from previous period	\$ 17,992,126
Share Return for the relevant Half Year		
	= A * (C-B)/B	\$ 27,484,666
Benchmark Return for the relevant Half Year		
	= A * D	\$ 5,651,509
Share Return - Benchmark Return - Deficit		
		\$ 3,841,032
Incentive Fee @ 20%		
		\$ 768,206

(vi) This example looks at where there is an issuance of new Shares in the relevant Half Year.

	Number of Days in the relevant Half Year		181
	ATPIF	\$	0.440
	ANIF		392,638,086
A	AMCIF = (ATPIF * ANIF)	\$	172,760,758
B	Average Share Accumulation Index in the preceding Half Year	\$	0.440
C	Average Share Accumulation Index in the relevant Half Year	\$	0.420
D	Benchmark rate of return for the Half Year		3.89018505%
E	Deficit from previous period	\$	0
<u>New Shares issuance</u>			
F	Number of Days from issue date to end of relevant Half Year		90
G	Issue Price	\$	0.400
H	Additional number of Shares issued		100,000,000
I	G * H	\$	40,000,000
J	Benchmark rate of return for the issue period		1.91578969%
	Share Return for the relevant Half Year = A * (C-B)/B + H * (C-G)	\$	-5,852,762
	Benchmark Return for the relevant Half Year = A * D + I * J	\$	7,487,029
	Share Return - Benchmark Return - Deficit	\$	-13,339,791
	Deficit carried forward	\$	13,339,791

#### 4. Acquisition Fee

In relation to an acquisition, an Acquisition Fee payable by the Company to STAM is calculated as follows:

$$\text{Acquisition Fee} = 1.0\% \times (\text{RC} + [\text{RP} \times \{\text{SDF} + \text{MDF}\}])$$

Where:

“**RC**” is the total risk capital invested by the Company in the investment;

“**RP**” is the relevant percentage interest in the investment acquired by the Company;

“**SDF**” is the quantum of corporate and the senior debt facilities, including senior project debt facilities or capital markets issuances, of the investment which are arranged by STAM in relation to the acquisition, but does not include any amount of debt which is provided by the Company and therefore included in RC above; and

“**MDF**” is the quantum of mezzanine or subordinated debt facilities, including project level mezzanine or subordinated debt facilities or capital markets issuances, of the investment arranged by STAM, but does not include any amount of debt which is provided by the Company and therefore included in RC above.

STAM will submit an invoice to the Company in respect of any Acquisition Fee upon completion of the relevant acquisition. Subject to the Bermuda Companies Act, any applicable Bermuda law, the Listing Rules and any other relevant law applicable to the Company or STAM, the Company (by resolution of a majority of the Independent Directors, provided that any Manager Nominated Director shall abstain from voting on such resolution) may elect, at its absolute discretion, to pay up to 100% of the Acquisition Fee by issuing Shares to STAM or its nominee up to such amount as described in the paragraph below, provided that such decision is notified to STAM within ten Business Days following the Company’s receipt of the invoice from STAM.

The number of Shares to be issued (if any) is to be calculated by dividing the portion of the Acquisition Fee, which is to be paid by the issuance of Shares as determined in the preceding paragraph (expressed as a dollar amount) by the average of the daily VWAP over the last 20 SGX-ST trading days of Shares preceding the completion of the relevant acquisition.

For the avoidance of doubt, no Acquisition Fee shall be payable by the Company in respect of the Existing Asset Portfolio (other than cash) or for any re-investment (in whole or in part) in any part of the Existing Asset Portfolio (other than cash) following a divestment of the same.

## 5. **Divestment Fee**

In relation to a divestment, a Divestment Fee payable by the Company to STAM is calculated as follows:

$$\text{Divestment Fee} = 3.0\% \times \text{Proceeds}$$

save that (i) the Divestment Fee is payable only when the PFD is positive and (ii) where the Divestment Fee is greater than PFD, the Divestment Fee payable by the Company to STAM shall equal PFD.

Where:

“**Proceeds**” means the proceeds received by the Company from or as a result of the divestment after payment of all other fees and costs, such as taxes, duties and other transaction expenses and net of any limited recourse debt; and

“**PFD**” means the Company’s profit after divestment, calculated as the difference between the Proceeds and all income and capital repayment received, and the cost of investment in that investment or asset.

For the avoidance of doubt, a Divestment Fee shall not be payable in relation to any divestment (in whole or in part) of any part of the Existing Asset Portfolio.

STAM will submit an invoice to the Company in respect of any Divestment Fee upon the completion of the relevant divestment. Subject to the Bermuda Companies Act, any applicable Bermuda law, the Listing Rules and any other relevant law applicable to the Company or STAM, the Company (by resolution of a majority of the Independent Directors, provided that any Manager Nominated Director shall abstain from voting on such resolution) may elect, at its absolute discretion, to pay up to 100% of the Divestment Fee by issuing Shares to STAM or its nominee up to such amount as described in the paragraph below, provided that such decision is notified to STAM within ten Business Days following the Company's receipt of the invoice from STAM.

The number of Shares to be issued (if any) is to be calculated by dividing the portion of the Divestment Fee which is to be paid by the issuance of Shares as determined pursuant to the preceding paragraph (expressed as a dollar amount) by the average of the daily VWAP over the last 20 SGX-ST trading days of Shares preceding the completion of the relevant divestment.

Purely for illustrative purposes, the following outlines the calculations for the Divestment Fee payable under the scenarios where upon a divestment, (i) PFD is less than 3.0% of the Proceeds; (ii) PFD is greater than 3.0% of the Proceeds; and (iii) PFD is less than the cost of investment and results in a net loss, to the Company.

(i) Where PFD is less than 3.0% of the Proceeds

Cost of Investment	\$	100,000,000
Proceeds	\$	101,000,000
Income & capital repayment received	\$	1,000,000
PFD		<u>2,000,000</u>

Divestment Fee		
= lower of PFD and 3.0% x Proceeds	\$	2,000,000

(ii) Where PFD is greater than 3.0% of the Proceeds

Cost of Investment	\$	100,000,000
Proceeds	\$	105,000,000
Income & capital repayment received	\$	1,000,000
PFD		<u>6,000,000</u>

Divestment Fee		
= lower of PFD and 3.0% x Proceeds	\$	3,150,000

(iii) Where PFD is less than cost of investment

Cost of Investment	\$	100,000,000
Proceeds	\$	98,000,000
Income & capital repayment received	\$	1,000,000
PFD		<u>-1,000,000</u>
Divestment Fee	\$	0

## 6. Debt Raising Fee

In relation to Debt Raising, a Debt Raising Fee of 0.5% of the senior debt raised and 0.7% for subordinated or mezzanine debt raised at the Company level and/or at any investee entities' level for which the relevant creditor has recourse to the Company, including debt raised from any STAM Associate.

Where:

Debt Raising means the raising of debt (or quasi-debt) to fund the transaction including:

- (A) identifying potential lenders for commercial bank loans or subordinated debt (if any);
- (B) determining the most appropriate approach for the funding process;
- (C) preparing any information memorandum to be provided to potential debt providers; and
- (D) negotiating terms of debt documentations.

For avoidance of doubt, Debt Raising does not include debt underwriting, sub underwriting or any other compensation for an analogous position, or raising project debt to the extent it is covered by the Acquisition Fee referred to in paragraph 4 above.

## ADDITIONAL INFORMATION

## 1. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

- 1.1 **Directors.** As at the Latest Practicable Date, the interests of the Directors in Shares as recorded in the Register of Directors' Shareholdings are as follows:

<u>Directors</u>	<u>Number of Shares beneficially held</u>	<u>%<sup>(1)</sup></u>
Mr Philip John Mackey	-	-
Ms Tara Leonard Railton	-	-
Mr Julian Blackley	94,322	0.02
Mr Nicholas Campbell	-	-
Mr Chan Pengee Adrian	-	-
Mr Lee Soon Kie	-	-
Mr Sanjiv Misra	-	-
Mr Dilhan Pillay Sandrasegara	-	-
Mr Joel Peter Schaefer	145,000	0.04

Note:

- (1) Based on the total number of 392,638,086 issued Shares as at the Latest Practicable Date.

1.2 **Substantial Shareholders.** As at the Latest Practicable Date, the interests of the Substantial Shareholders in Shares as notified to the Company are as follows:

<u>Substantial Shareholders</u>	<u>Number of Shares</u>			
	<u>Direct Interest</u>	<u>%<sup>(1)</sup></u>	<u>Deemed Interest</u>	<u>%<sup>(1)</sup></u>
AGSO Property Pty Limited	54,393,086	13.85	-	-
Babcock & Brown Limited <sup>(2)</sup>	-	-	54,393,086	13.85
Babcock & Brown International Pty Ltd <sup>(2)</sup>	-	-	54,393,086	13.85
Babcock & Brown Australia Group Pty Ltd <sup>(2)</sup>	-	-	54,393,086	13.85
Babcock & Brown Australia Pty Ltd <sup>(2)</sup>	-	-	54,393,086	13.85
Babcock & Brown Transaction Holdings Pty Ltd <sup>(2)</sup>	-	-	54,393,086	13.85
Babcock & Brown Transactions Pty Ltd <sup>(2)</sup>	-	-	54,393,086	13.85
Pengana Holdings Pty Limited <sup>(3)</sup>	-	-	30,907,729	7.87
National Australia Bank Limited <sup>(4)</sup>	-	-	30,907,729	7.87
PMA Capital Management Limited <sup>(5)</sup>	-	-	26,060,159	6.64

Notes:

- (1) Based on the total number of 392,638,086 issued Shares as at the Latest Practicable Date.
- (2) Babcock & Brown Limited, Babcock & Brown International Pty Ltd, Babcock & Brown Australia Group Pty Ltd, Babcock & Brown Australia Pty Ltd, Babcock & Brown Transaction Holdings Pty Ltd and Babcock & Brown Transactions Pty Ltd are each deemed to have an interest in 54,393,086 Shares held by AGSO Property Pty Limited (as trustee for the Babcock & Brown Prime Broking Trust).
- (3) Pengana Holdings Pty Limited ("**Pengana**") has entered into conditional purchase agreements to purchase (i) 4,947,570 Shares held by Bodar Pty Limited and (ii) all the 25,960,159 Shares held by the following three funds which are managed by PMA Capital Management Limited:
  - (i) PMA Credit Opportunities Fund;
  - (ii) Diversified Asian Strategies Fund; and
  - (iii) PMA Asia Middle East Equity Income Fund.
- (4) National Australia Bank Limited, through its wholly-owned subsidiaries, holds 49.9 per cent. of the issued share capital in Pengana and is deemed to have an interest in the 30,907,729 Shares in which Pengana has an interest.
- (5) PMA Capital Management Limited is deemed to have an interest in 26,060,159 Shares held by the investment funds for which PMA Capital Management Limited acts as investment manager.

- 1.3 **Disclosure of Interest.** As at the Latest Practicable Date, both Mr Philip John Mackey and Mr Julian Blackley are Manager Appointed Directors nominated to the Board by BBGIM. As at the Latest Practicable Date, each of BBGIM, AGSO, Babcock & Brown, Babcock & Brown International Pty Ltd, Babcock & Brown Australia Group Pty Ltd, Babcock & Brown Australia Pty Ltd, Babcock & Brown Transaction Holdings Pty Ltd and Babcock & Brown Transactions Pty Ltd are part of the Babcock & Brown Group.

Save as disclosed in this Circular, no Director or Substantial Shareholder of the Company has any interest in the proposed change in the manager of the Company.

## 2. **CONSENT**

SCB, as the Strategic Adviser, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and references to it, in the form and context in which they appear in this Circular.

## 3. **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection at the office of the Company at Penboss Building, 2<sup>nd</sup> Floor, 50 Parliament Street, Hamilton HM 12, Bermuda, as well as at the registered office of the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 3 Church Street, #08-01 Samsung Hub, Singapore 049483 during normal business hours from the date of this Circular up to the date of the SGM:

- (a) the Memorandum of Association and Bye-Laws;
- (b) the Prospectus;
- (c) the New Management Agreement;
- (d) the Annual Report of the Company for the financial year ended 2008;
- (e) the written consent of the Strategic Adviser; and
- (f) the Bermuda Companies Act.

## GLOBAL INVESTMENTS LIMITED

(A mutual fund company incorporated with limited liability in Bermuda)

### NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a Special General Meeting of Global Investments Limited (the “**Company**”) will be held at Hibiscus Room, Grand Hyatt Singapore, 10 Scotts Road, Singapore 228211 on 25 November 2009 at 9.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolution:

#### Ordinary Resolution – Proposed Change in the Manager of the Company

That:

- (i) approval be and is hereby given for the proposed change in the manager of the Company by the removal of Babcock & Brown Global Investments Management Pty Limited (“**BBGIM**”) as the manager of the Company in accordance with the terms and conditions of the termination of the two existing Management Agreements, each dated 12 December 2006, between the Company and BBGIM, and the appointment of ST Asset Management Ltd (“**STAM**”) as the manager of the Company in place of BBGIM in accordance with the terms and conditions of the new Management Agreement dated 24 September 2009 between the Company and STAM; and
- (ii) any director of the Company be authorised to do all such things and execute all such documents as he or she may consider necessary or expedient to give effect to this Ordinary Resolution.

By Order of  
The Board of Directors of  
Global Investments Limited

Anne Bennett-Smith  
Company Secretary

Bermuda  
5 November 2009

#### Notes:

- (1) A shareholder of the Company entitled to attend and vote at the Special General Meeting who is a holder of two (2) or more shares is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company.
- (2) The Depositor Proxy Form must be lodged at the registered office of the Company’s Share Transfer Agent Boardroom Corporate & Advisory Services Pte. Ltd. at 3 Church Street, #08-01 Samsung Hub, Singapore 049483 not less than 48 hours before the time of the Special General Meeting.

[This page is intentionally left blank]



