

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) (“FSMA”) if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser. Investment in the Company is speculative and involves a high degree of risk. Your attention is also drawn to the section headed “Risk Factors” in Part II of this document.**

If you have sold or otherwise transferred all of your Existing Ordinary Shares in Sovereign Reversions plc before the date that the Company’s shares were marked “ex-entitlement” to the Open Offer by the London Stock Exchange, please immediately forward this document, together with the accompanying Application Form, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Existing Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately. However, this document and any accompanying documents should not be sent or transmitted in or into, any jurisdiction where to do so might constitute a violation of local securities law or regulations including, but not limited to, the United States, Canada, Japan, Australia, Republic of Ireland or the Republic of South Africa.

The Directors, whose names and functions appear on page 7 of this document, and the Company accept responsibility, both collectively and individually, for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have each taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This document is not a prospectus for the purposes of the Prospectus Rules and has not been prepared in accordance with the Prospectus Rules. Accordingly, this document has not been, and will not be, reviewed or approved by the Financial Services Authority of the United Kingdom (“FSA”), pursuant to sections 85 and 87 of FSMA, London Stock Exchange plc or any other authority or regulatory body. This document is not an Admission Document but has been drawn up in accordance with the AIM Rules.

Charles Stanley, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Sovereign Reversions plc and no one else in connection with the Placing and Open Offer and will not be responsible to anyone other than Sovereign for providing the protections afforded to clients of Charles Stanley nor for providing advice in relation to the Placing and Open Offer or any other matter referred to in this document.

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# Sovereign Reversions plc

*(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 2784657)*

## **Proposed Placing and Open Offer of up to 3,124,054 New Ordinary Shares at 118 pence per share**

### **Nominated Adviser and Broker**

### **Charles Stanley Securities**

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**This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Sovereign Reversions plc which is set out in Part I of this document and to the Risk Factors in Part II of this document.**

The New Ordinary Shares to be issued pursuant to the Placing and Open Offer will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Existing Ordinary Shares after First and/or Second Admission (as applicable).

**The Open Offer closes at 11.00 a.m. on 18 August 2009. If you are a Qualifying Shareholder and wish to apply for New Ordinary Shares under the Open Offer you should follow the procedure set out in Part III of this document and, where relevant, complete and return the accompanying Application Form.**

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to London Stock Exchange plc for the New Ordinary Shares to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial adviser. It is expected that admission to AIM and dealings in the Placing Shares will commence on 27 July 2009 and on 20 August 2009 in respect of the Offer Shares.

This document does not constitute an offer for sale or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for, New Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful and, subject to certain exceptions is not for distribution in or into the United States, Canada, Japan, Australia, Republic of Ireland or the Republic of South Africa. The New Ordinary Shares will not be registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of Canada, Australia, the Republic of South Africa, Japan or the Republic of Ireland, nor has any prospectus in relation to the new Ordinary Shares been lodged with or registered by the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Overseas Shareholders and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

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## PLACING AND OPEN OFFER STATISTICS

Offer Price	118 pence
Number of Ordinary Shares in issue at the date of this document	13,815,801
Basis of the Open Offer	13 for 100
Number of New Ordinary Shares to be issued pursuant to the Placing	1,328,000
Number of New Ordinary Shares to be issued pursuant to the Open Offer*	1,796,054
Percentage of the Enlarged Issued Share capital represented by the New Ordinary Shares*	18.4%
Number of Ordinary Shares in issue at Second Admission*	16,939,855

*\* Assuming full take up of entitlements under the Placing and/or Open Offer (as applicable)*

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2009

Open Offer Record Date for entitlement to participate in the Open Offer	Close of business on Friday 17 July
Publication and posting of this document and the Open Offer Application Form	Tuesday 21 July
Open Offer Entitlements credited to CREST stock accounts of Qualifying CREST Shareholders	Wednesday 22 July
First Admission effective and dealings commence on AIM in the Placing Shares	8.00 a.m. on Monday 27 July
Share certificates in respect of Placing Shares dispatched by	Monday 3 August
Recommended latest time for requesting withdrawal of Open Offer Entitlements	4.30 p.m. on Wednesday 12 August
Latest time and date for depositing Open Offer entitlements into CREST	3.00 p.m. on Thursday 13 August
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on Friday 14 August
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on Tuesday 18 August
Second Admission effective and dealings commence on AIM in the Offer Shares	8.00 a.m. on Thursday 20 August
CREST accounts credited with Offer Shares	Thursday 20 August
Share certificates dispatched in respect of Offer Shares by	Thursday 27 August

**The dates set out in the timetable of principal events above and mentioned throughout this document and in the Application Form may be adjusted by the Company, in which event the details will be notified to the London Stock Exchange and, where appropriate, to Shareholders.**

**In order to subscribe for Offer Shares under the Open Offer, Qualifying Shareholders will need to follow the procedure set out in Part III of this document and, Qualifying non-CREST Shareholders complete the accompanying Application Form. If Qualifying Shareholders have any queries on the procedure for acceptance and payment, or wish to receive another Application Form they should contact Capita Registrars on 0871 664 0321 or, if calling from outside the UK on +44 208 639 3399, quoting, where relevant, the allotment number on their Application Forms. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 208 639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice. Capita Registrars will not give Qualifying Shareholders any other advice in connection with the Open Offer.**

## DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

<b>“1985 Act”</b>	the Companies Act 1985 (as amended)
<b>“2006 Act”</b>	the Companies Act 2006
<b>“AIM”</b>	the AIM market operated by the London Stock Exchange
<b>“AIM Rules”</b>	the AIM rules for Companies as published and amended by the London Stock Exchange from time to time
<b>“Application Form”</b>	the application form to be used by Qualifying non-CREST Shareholders in connection with the Open Offer
<b>“Capita Registrars”</b>	a trading name of Capita Registrars Limited
<b>“certificated form” or “in certificated form”</b>	an ordinary share recorded on a company’s share register as being held in certificated form (namely, not in CREST)
<b>“Charles Stanley”</b>	Charles Stanley Securities, a trading division of Charles Stanley & Co. Limited
<b>“Committed Offer Shares”</b>	the 131,297 Offer Shares in respect of which irrevocable undertakings have been given by Qualifying Shareholders to accept the Open Offer and take up their Open Offer Entitlements, in accordance with the terms and conditions of the Open Offer
<b>“Company” or “Sovereign”</b>	Sovereign Reversions plc
<b>“CREST”</b>	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in those regulations)
<b>“Directors” or “Board”</b>	the directors of the Company or any duly authorised committee thereof
<b>“Embedded Value”</b>	the net asset value of the Group adjusted to reflect reversion properties at their vacant possession value and excluding the effect of taxation
<b>“Embedded Value Per Share”</b>	Embedded Value divided by existing number of Ordinary Shares
<b>“Enlarged Issued Share Capital”</b>	the 16,939,855 Ordinary Shares in issue following Second Admission, assuming full take up of entitlements to New Ordinary Shares under the Placing and/or Open Offer but excluding any Treasury Shares in issue
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited
<b>“Existing Ordinary Shares”</b>	any or all of the 13,815,801 Ordinary Shares of 50 pence each in the capital of the Company in issue at the date of this document, all of which are admitted to trading on AIM, but excluding the Treasury Shares in issue at the date of this document
<b>“Financial Services Authority” or “FSA”</b>	the Financial Services Authority of the United Kingdom

<b>“First Admission”</b>	the admission to trading on AIM of the 1,328,000 Placing Shares to be issued pursuant to the Placing and which is expected to take place on Monday 27 July 2009
<b>“Group”</b>	the Company, its existing subsidiaries and subsidiary undertakings
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Net Asset Value”</b>	the net asset value of the Group
<b>“Net Asset Value Per Share”</b>	the Net Asset Value divided by the existing number of Ordinary Shares
<b>“New Ordinary Shares”</b>	the new Ordinary Shares to be issued pursuant to the Placing and Open Offer
<b>“Offer Price”</b>	118 pence per Offer Share
<b>“Offer Shares”</b>	the 1,796,054 New Ordinary Shares to be made available to Qualifying Shareholders pursuant to the Open Offer and which have, save for the Committed Offer Shares, been conditionally placed (subject to clawback by Qualifying Shareholders under the Open Offer) by Charles Stanley on behalf of the Company with investors pursuant to the Placing
<b>“Open Offer”</b>	the conditional offer to Qualifying Shareholders to subscribe for Offer Shares at the Offer Price, on the terms and conditions set out in this document and, in respect of non-CREST Qualifying Shareholders only, the Application Form
<b>“Open Offer Entitlements”</b>	entitlements to subscribe for Offer Shares, allocated to a Qualifying Shareholder pursuant to the Open Offer as described in Part III of this document
<b>“Open Offer Record Date”</b>	the close of business on Friday 17 July 2009
<b>“Ordinary Shares”</b>	ordinary shares of 50 pence each in the capital of the Company
<b>“Overseas Shareholders”</b>	shareholders who have registered addresses in, are resident in, or are citizens of, jurisdictions outside of the United Kingdom
<b>“Placing and Open Offer Agreement”</b>	the conditional agreement dated 21 July 2009 between Charles Stanley and the Company relating to the Placing and Open Offer, details of which are set out in Part III of this document
<b>“Placing”</b>	the placing by Charles Stanley on behalf of the Company pursuant to the terms and conditions of the Placing and Open Offer Agreement of (i) the Placing Shares; and (ii) the Offer Shares (save for the Committed Offer Shares), subject to clawback to satisfy valid applications made by Qualifying Shareholders under the Open Offer
<b>“Placing Price”</b>	118 pence per Placing Share
<b>“Placing Shares”</b>	the 1,328,000 New Ordinary Shares which have been placed firm by Charles Stanley on behalf of the Company pursuant to the Placing with investors
<b>“Proposals”</b>	the proposals set out in this document including the Placing and the Open Offer

<b>“Prospectus Rules”</b>	the Prospectus Rules, as published and amended from time to time by the Financial Services Authority
<b>“Qualifying non-CREST Shareholders”</b>	Qualifying Shareholders whose Existing Ordinary Shares are on the register of members of the Company on the Open Offer Record Date and which are held in certificated form
<b>“Qualifying CREST Shareholders”</b>	Qualifying Shareholders whose Existing Ordinary Shares are on the register of members of the Company on the Open Offer Record Date and which are held in uncertificated form
<b>“Qualifying Shareholders”</b>	holders of Existing Ordinary Shares on the register of members of the Company at the Open Offer Record Date
<b>“Registrar”</b>	Capita Registrars Limited, a company registered in England and Wales under registered number 2605568
<b>“Receiving Agents”</b>	Capita Registrars Limited, a company registered in England and Wales under registered number 2605568
<b>“Regulations”</b>	The Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
<b>“Restricted Territories”</b>	the United States, Canada, Japan, Australia, the Republic of Ireland and the Republic of South Africa and each of them shall be a “Restricted Territory”
<b>“Second Admission”</b>	the admission to trading on AIM of the Offer Shares, which is expected to take place on Thursday 20 August 2009
<b>“Shareholders”</b>	holders of Ordinary Shares
<b>“Treasury Shares”</b>	the 195,050 Ordinary Shares that are held by the Company in treasury at the date of this document
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“United States” or “US”</b>	the United States of America, each State thereof, its territories and possessions (including the District of Columbia) and all other areas subject to its jurisdiction
<b>“US Securities Act”</b>	the US Securities Act of 1933, as amended
<b>“uncertificated” or “in uncertificated form”</b>	an ordinary share recorded on a company’s share register as being held in uncertificated form in CREST and title to which, by virtue of the Uncertificated Securities Regulations 2001, may be transferred by means of CREST

## PART I – LETTER FROM THE CHAIRMAN

### Sovereign Reversions plc

*(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 2784657)*

*Directors:*

Paul Spencer *(Non-executive Chairman)*  
Graeme Marshall *(Chief Executive)*  
Rupert Pearce Gould *(Executive Director)*  
Rt. Hon. John Gummer M.P. *(Non-executive director)*  
Robert Lo *(Non-executive director)*

*Registered Office:*

31 Goldington Road  
Bedford  
MK40 3LH

21 July 2009

*To Shareholders and, for information purposes only, to the holders of options over Ordinary Shares*

Dear Shareholder,

#### **Proposed Placing and Open Offer of up to 3,124,054 New Ordinary Shares at 118 pence per share**

##### **1. Introduction**

Your Board has today announced that it proposes to raise up to approximately £3.69 million (before expenses) by way of a Placing and Open Offer, thus allowing the Company's existing Shareholders the opportunity to participate in the fundraising. The terms of the Open Offer are described in Part III of this document.

The Company is able to undertake the Placing and the Open Offer within the limits set by the share authorities that were approved by shareholders at the annual general meeting of the Company held on 10 September 2008.

The principal purpose of this document is to provide you, *inter alia*, with information about the background to and the reasons for the Placing and Open Offer.

##### **2. Background to and Reasons for the Proposals**

The Directors consider that the current market conditions are likely to give rise to opportunities to provide equity release plans to elderly home owners at a time when they are experiencing a reduction in availability of such finance from third parties.

The Group's current banking facilities are designed to finance its existing portfolio of equity release investments; it currently has no additional drawing facilities for providing finance for new equity release plans. The Board has therefore decided that it should raise further equity so as to be in a position to make, or participate in, new investments when suitable opportunities arise.

The net funds raised of up to approximately £3.52 million will principally be used (together with other sources that may be available) to invest in new equity release plans based on home reversions or similar products.

##### **3. Preliminary Results for the year ended 30 April 2009**

On 14 July 2009, the Company announced its preliminary results for the year ended 30 April 2009 and a copy of this announcement can be found on the Company's website, [www.sovereign-reversions.co.uk](http://www.sovereign-reversions.co.uk). A copy of the annual accounts will be posted to Shareholders in due course.

The following are extracts from the Company's preliminary results announcement:

“	2009	2008	
Embedded value per share	486.4p	521.2p	-6.7%
Net asset value per share	251.8p	322.4p	-21.9%
Diluted loss per share	(86.1)p	(23.4)p	
Net cash generated per share	18.0p	18.5p	-2.7%
Dividends paid per share	1.575p	3.15p	-50.0%
Value of equity release plans arranged	£18.2m	£13.3m	+36.8%
Number of plans under management	1,946	2,028	-4.0%

The prevailing economic environment is proving to be a testing one for almost every business. However, we have a number of reasons for optimism.

Current house prices are, we believe, now close to the bottom of the residential property cycle, and we expect this to form a base for future long term growth. The sharp reduction in house building over a two year period has widened the gap between demand for and supply of new housing; this gap and the increase in longevity will ultimately drive the market upwards with a commensurate impact on the value of our estate.

We are operating in an industry which is expected to increase significantly due to consumer demand from the retirement sector. Furthermore, the number of businesses active in the equity release market has diminished and this process is continuing. This should help us improve our market position as the equity release market contracts in the short term; this should in turn improve our revenues when the equity release market resumes its expected growth path.

We benefit from a highly experienced management team. In the last year, this team has been asked to demonstrate its worth by steering us through exceptionally difficult conditions while preserving the structure of a business equipped to take advantage of improved conditions in the future.

Capital is an important component for success at this time, in order to take advantage of opportunities in this marketplace.”

#### **4. Details of the Placing and Open Offer**

##### *General*

The Company is proposing to raise up to approximately £3.69 million (before expenses) through the Placing and Open Offer.

The 3,124,054 New Ordinary Shares proposed to be issued pursuant to the Placing and Open Offer will represent approximately 18.4 per cent. of the Enlarged Issued Share Capital of the Company, following completion of the Proposals. This assumes full take up of entitlements to New Ordinary Shares under the Placing and Open Offer.

The New Ordinary Shares to be issued pursuant to the Placing and Open Offer will be credited as fully paid and will, on issue, rank *pari passu* with the Existing Ordinary Shares.

##### *The Placing*

The Company has today placed firm 1,328,000 Placing Shares at the Placing Price with investors, raising approximately £1.57 million (before expenses).

The Placing Shares to be issued pursuant to the Placing have been placed firm and are not, therefore, being offered to Shareholders. The Placing is not conditional on the completion of the Open Offer taking place.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that the First Admission in respect of the admission to trading on AIM of the Placing Shares will become effective and that dealings will commence in the Placing Shares on Monday 27 July 2009.

### *The Open Offer*

The Company has also conditionally placed the Offer Shares (save for the Committed Offer Shares in respect of which irrevocable undertakings to subscribe for Offer Shares have been given by certain existing Shareholders) with Rockhopper Investments Limited at the Offer Price. The 1,796,054 Offer Shares subject to the Open Offer have been placed subject to claw back to satisfy valid applications from Qualifying Shareholders pursuant to the Open Offer, save in respect of the Committed Offer Shares. However, the Placing of some Offer Shares with Rockhopper Investments Limited may require the prior approval of the United Kingdom's Financial Services Authority. Further details of this are set out later in this paragraph 4 under the heading "FSA Approvals under the Placing".

Qualifying Shareholders are therefore being invited to apply for Offer Shares under the Open Offer at the Offer Price, payable in full on application and free of all expenses, pro rata to their existing shareholdings on the basis of:

#### **13 Offer Shares for every 100 Existing Ordinary Shares**

held at the Open Offer Record Date. Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of New Ordinary Shares. Fractional entitlements which would have otherwise arisen will not be issued to Qualifying Shareholders but will be aggregated and placed for the benefit of the Company pursuant to the Placing and Open Offer Agreement. Shareholders with holdings of less than 100 Existing Ordinary Shares will not receive an entitlement to participate in the Open Offer.

The Open Offer (including the Placing of any Offer Shares) is subject to Second Admission becoming effective by 8.00 a.m. on 20 August 2009 (or such later date being not later than 30 September 2009, as the Company and Charles Stanley may decide). The Open Offer is not conditional on the Placing completing or on First Admission in respect of the admission of the Placing Shares becoming effective.

The Offer Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares and the Placing Shares to be issued pursuant to the Placing (details of which are set out in this paragraph 4 above), including the right to receive all dividends and other distributions declared, made or paid after the date of the Second Admission.

The Open Offer has been structured so as to allow Qualifying Shareholders to subscribe for Ordinary Shares at the Offer Price pro rata to their existing holdings. To the extent that Offer Shares are not subscribed by Qualifying Shareholders, Open Offer Entitlements will lapse.

### *FSA Approvals under the Placing*

Certain of the Company's subsidiaries are authorised and regulated by the United Kingdom's Financial Services Authority ("FSA"). Under Part XII of the Financial Services and Markets Act 2000 ("FSMA"), a person must notify and obtain the approval of the FSA before acquiring or increasing control over any FSA authorised person. For the purposes of FSMA, a person acquires control of FSA authorised persons such as the Company's FSA authorised subsidiaries by, *inter alia*, acquiring 20 per cent. or more of the issued share capital or voting power in them or their parent company. For these purposes, a person's holding of shares or voting power includes the shares or voting power held by any other person with whom it is acting in concert.

The acquisition of New Ordinary Shares by investors under the Placing may require the prior approval of the FSA if it results in the acquisition of control (for the purposes of FSMA) over the Company's FSA authorised subsidiaries.

Pursuant to the Placing, 1,000,000 Placing Shares have been placed firm with Rockhopper Investments Limited ("Rockhopper"). Rockhopper is a company registered under the laws of Guernsey and whose issued share capital is wholly owned by SG Hambros Trust Company (Channel Islands) Limited, as Trustee of The Rockhopper Trust. The Placing Shares that have been placed with Rockhopper shall equate to approximately 6.6 per cent. of the enlarged issued share capital of the Company, upon completion of the Placing of the Placing Shares. In addition, 1,664,757 Offer Shares have also been placed conditionally with Rockhopper under the Placing, subject to clawback to satisfy valid applications from Qualifying Shareholders. Assuming

that all of the 1,664,757 Offer Shares were issued to Rockhopper then it would hold approximately 15.73 per cent. of the Company's Enlarged Issued Share Capital, following completion of the Proposals.

In addition, Pension Insurance Corporation Limited ("PIC"), a limited liability company registered under the laws of England and Wales, currently holds 1,175,000 Existing Ordinary Shares. Edmund Truell ("ET"), a director of Pension Insurance Corporation Holdings LLP (the parent undertaking of PIC) ("PICH"), and certain other persons associated with PIC and ET (the "PIC Associates") also currently hold interests in 221,717 Existing Ordinary Shares. When taken together, the aggregate number of Existing Ordinary Shares held by PIC and the PIC Associates is 1,396,717.

The Rockhopper Trust is a private trust and, as its beneficiaries include members of the family of one of the directors of PICH, it is thought likely that PIC, the PIC Associates and Rockhopper will be deemed to be acting in concert for the purposes of FSMA. Accordingly, should all 2,664,757 New Ordinary Shares be issued to Rockhopper pursuant to the Placing then, when taken together with the holdings of Existing Ordinary Shares of PIC and the PIC Associates, Rockhopper, PIC and the PIC Associates would together hold 4,061,474 Ordinary Shares, in aggregate, equating to approximately 24.0 per cent. of the Company's Enlarged Issued Share Capital of the Company, upon completion of the Proposals.

Accordingly, Rockhopper, PIC and the PIC Associates intend to apply to the FSA for approval of the acquisition of control over the FSA authorised subsidiaries of the Company, in respect of any acquisition of New Ordinary Shares under the Placing which will result in them together holding 20 per cent. or more of the Company's Enlarged Issued Share Capital. Should such approval not be obtained on or prior to 20 August 2009, then Rockhopper, PIC and the PIC Associates may only participate in the Placing for such number of New Ordinary Shares as may be permitted without the need to obtain FSA approval. However, such FSA approval will not be required for, and it will not be a condition of, the issue to Rockhopper of the Placing Shares that have been placed firm with it, as the aggregate number of Ordinary Shares held by Rockhopper, PIC and the PIC Associates following completion of the Placing of the Placing Shares will be 2,396,717 Ordinary Shares, equating to approximately 15.8 per cent. of the Company's issued share capital at that time and, therefore, being less than 20 per cent. threshold outlined above.

#### *Settlement and dealings*

Application will be made to the London Stock Exchange for the Offer Shares to be admitted to trading on AIM. It is expected that the Second Admission in respect of the admission to trading on AIM of the Offer Shares will become effective and that dealings will commence on 20 August 2009. Further information in respect of settlement and dealings in the Offer Shares is set out in paragraph 4.2 of Part III of this document.

#### *Overseas Shareholders*

The attention of Overseas Shareholders who have registered addresses outside of the United Kingdom, or who are citizens of, residents in or are located in countries other than the United Kingdom, or who are holding Ordinary Shares for the benefit of such persons (including without limitation, nominees, custodians and trustees) or have a contractual or legal obligation to forward this document or the Application Form to such persons, is drawn to the information which appears in paragraph 6 of Part III of this document.

In particular, Qualifying Shareholders who have registered addresses outside the UK, or who are citizens of or resident or located in countries other than the UK (including, without limitation, any Restricted Territory) should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to take up their entitlements in the Open Offer.

## 5. Directors and others Intentions

Certain of the Directors have irrevocably committed to subscribe for Offer Shares pursuant to the Placing and Open Offer, as detailed below:

<i>Name</i>	<i>Number of Placing Shares</i>	<i>Number of Offer Shares</i>
Paul Spencer	–	3,900
Graeme Marshall	100,000	112,443
Robert Lo	–	7,150
Rupert Pearce Gould	8,500	7,804

In addition, 19,500 Placing Shares have been subscribed for by certain members of the Company's senior executive management.

## 6. Shareholder requisition

On 16 July 2009 (at a time when the making of the Placing and Open offer had already been approved in principle by the Board on 8 July 2009), the Company received a requisition from certain Shareholders (including a Shareholder associated with a former director of one of the Company's subsidiaries) representing 19.03 per cent. of the Existing Ordinary Shares. The requisition requires the Company to convene a general meeting to propose the removal of the Company's executive directors and its Chairman and the appointment of specified replacements. Under the Companies Act 2006, the Company is obliged to convene such a general meeting. The Company will in due course be sending a circular to Shareholders which will contain the resolutions and the Board (including the independent non-executive directors) intends to recommend that Shareholders vote against all of the resolutions.

## 7. Impact of the Placing and Open Offer

Following the Second Admission then, assuming that all of the 3,124,054 New Ordinary Shares are issued pursuant to the Placing and Open Offer, there will be 16,939,855 Ordinary Shares in issue, excluding any Treasury Shares. For illustrative purposes only, set out below is the anticipated impact of the Proposals on Net Asset Value and an Embedded Value per share.

	<i>At 30 April 2009</i>	<i>Impact of Placing and Open Offer</i>	<i>Pro Forma</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Embedded value	67,224	3,521	70,745
Net asset value	34,789	3,521	38,310
Issued shares '000	13,816	3,124	16,940
	<i>pence</i>		<i>pence</i>
Embedded value per share	486.4	–	417.6
Net asset value per share	251.8	–	226.2

## 8. Action to be taken in respect of the Open Offer

### *Qualifying non-CREST Shareholders*

If you are a Qualifying non-CREST Shareholder you will find an Application Form accompanying this document which gives details of your basic Open Offer Entitlements (as shown by the number of basic pro rata Open Offer Entitlements allocated to you). If you wish to apply for Offer Shares under the Open Offer you should complete the enclosed Application Form in accordance with the procedure set out at paragraph 4.1 of Part III of this document and on the Application Form itself and post it in the accompanying prepaid envelope, together with payment in full in respect of the number of Offer Shares applied for to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive as soon as possible and in any event so as to be received **by no later than 11.00 a.m. on Tuesday 18 August 2009**, having first read carefully Part III of this document and the contents of the Application Form.

### *Qualifying CREST Shareholders*

If you are a Qualifying CREST Shareholder, no Application Form will be sent to you and you will receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements representing your basic Open Offer Entitlements, except (subject to certain exceptions) if you are an Overseas Shareholder who has a registered address in, or are a resident in or citizen of a Restricted Territory. You should refer to the procedure for application set out in paragraph 4.2 of Part III of this document. The relevant CREST instructions must have settled in accordance with the instructions in paragraph 4.2 of Part III of this document by **no later than 11.00 a.m. on Tuesday 18 August 2009**.

**Qualifying Shareholders can apply for as few or as many Offer Shares as they wish up to their Open Offer Entitlement. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.**

### **9. Directors' recommendation**

The Directors consider the Placing and Open Offer to be in the best interests of the Company and its Shareholders as a whole.

Yours sincerely

Paul Spencer  
*Chairman*

## PART II – RISK FACTORS

An investment in the New Ordinary Shares involves a degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this document before investing in the New Ordinary Shares. The Directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not purport to comprise all those risks associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Company's business.

If any of the following risks actually occur, the Company's business, financial condition, capital resources, results or future operations could be materially adversely affected. In this event, the price of the Ordinary Shares could decline and investors may lose all or part of their investment. The investment offered in this document may not be suitable for all of its recipients. Before making an investment decision, prospective investors should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities. A prospective investor should consider carefully whether an investment in the Company is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her.

There are various risk and other factors associated with an investment of the type described in this document. In particular:

### **Specific risks to Sovereign**

#### ***Residential property market risk***

The Group is exposed to potential risk if the value of its equity release assets falls as a result of a general decline in the residential property market. In particular, this could cause breaches of the Group's loan to value banking covenants which would technically enable the Group's bankers to call in loans and/or sell long-term investments at below market value. The Group seeks to mitigate this risk by ensuring that it remains well within its lenders' loan to value criteria. Based on asset values and drawn borrowings at the balance sheet date, the value of the Group's investments would need to fall by 16 per cent. (2008: 45 per cent.) before banking covenants would be breached.

The Group's investment portfolio is well diversified geographically in the UK to avoid undue concentration risk.

The effect of a 1 per cent. fall in the residential property market, if applied to the Group's investment properties and shared equity loans at the balance sheet date would be to increase the Group's pre-tax loss by £0.67 million (2008: £0.78 million) and reduce the Group's net asset value per share by 4.8 pence (2008: 3.1 pence).

#### ***Longevity risk***

The Group's equity release investments are designed to be held for a period of years; the Group derives its cash flows and financial returns by selling the underlying properties when they fall vacant at the end of the life tenancy or loan. In the event that life expectancy increases for a cohort with an average age of 79, it is likely that the average holding period for the assets will increase correspondingly and thus delay the timing of the cash flows from sales. However, there is no clear correlation between the financial returns on these assets and the period held. Holding the assets for a longer than expected period may equally increase or decrease the ultimate return achieved, depending on the change in the value of the underlying property over the additional period. The Board does not therefore consider that the Group has any significant exposure to longevity risk.

### ***Interest rate risk***

Interest is charged on the Group's borrowings at a margin over LIBOR; consequently, the Group is exposed to movements in LIBOR, subject to any hedging arrangements the Group has put in place. It is the Group's policy to mitigate this risk through the use of hedging instruments which have the effect of limiting its exposure to increases in LIBOR. The Company has entered into various hedging agreements to cap the interest rate on £20 million (2008: £7.5 million) of our borrowings. Based on the Group's borrowings at the balance sheet date an increase in LIBOR of 0.5 per cent. would result in an increase in the pre-tax loss of £156,000 (2008: £128,000); a fall of 0.5 per cent. would have resulted in reduction on the pre-tax loss of £156,000 (2008: £128,000).

### ***Liquidity risk***

Liquidity risk is the risk of encountering difficulty in meeting financial obligations as they fall due. The Group manages its working capital to minimise this risk. The Group is dependent on the successful sale of vacant properties to generate cash inflows and working capital.

The Group's policy is to ensure it has sufficient cash available or agreed terms to draw down further debt instruments to meet its liabilities and the net requirement for equity release investments when they become due.

The Group seeks to maintain cash balances or undrawn facilities to meet expected requirements for a period of at least 12 months, using current expectations for the timing and proceeds from the sale of group properties. The executive directors review the Group's cash flow projections monthly and report on these to the Board at regular board meetings. Current projections indicate that the Group has sufficient cash and undrawn facilities to meet its obligations under all reasonable expected circumstances.

### ***Attraction and retention of key employees***

The Company's success will depend on its current and future executive management team. In common with similar sized companies, the Group has a small management team and, accordingly, the loss of any one member of the executive management team could have a materially adverse effect upon the Company's business and future. Whilst the Company has entered into service agreements with key personnel and has introduced appropriate incentive schemes for key executives at below Board level, the retention of their services cannot be guaranteed.

### ***Reputation risk***

Reputation risk within the equity release industry as a whole is potentially significant. If any equity release transaction written by the Group or by another operator in this market is found to have been written without due consideration for the customer and without regard to the principles of Treating Customers Fairly, the market could be called into disrepute with a detrimental effect on business volumes.

### ***Competitive industry***

The Company may continue to face competition from a range of national and regional competitors. Certain of the Company's competitors have greater financial and other resources relating to the provision of products and services than those of the Company. There is no assurance that the Company will be able to continue to compete successfully with existing or potential competitors or that such competitive factors may not have a material adverse effect on the Group's business, financial condition or results.

### ***Requirement for further funds***

Although the Board believes they will, the existing resources of the Company and the funds raised pursuant to the Open Offer may not be sufficient for the future working capital requirements of the Company or allow the Company to exploit new opportunities. It may therefore be necessary for the Company to raise further funds in the future.

## **General risks for investors**

### ***Suitability of New Ordinary Shares as an investment***

The New Ordinary Shares may not be a suitable investment for all recipients of this document. Before making a decision, investors are advised to consult an appropriate independent investment adviser authorised through FSMA who specialises in advising on investments of this nature. The value of Ordinary Shares can go down as well as up and investors may get back less than their original investment.

### ***Dilution of ownership of Existing Ordinary Shares upon allotment of the new Ordinary Shares***

If Qualifying Shareholders do not respond to the Open Offer by 11.00 a.m. on Tuesday 18 August 2009, the latest date for application and payment in full in respect of their entitlements, their proportionate ownership and voting interest in the Ordinary Shares will be reduced and the percentage that their Existing Ordinary Shares represents of the Enlarged Issued Share Capital will be reduced accordingly.

### ***Market information and nature of Ordinary Shares***

The market price of the Ordinary Shares may not reflect the underlying value of the Group's net assets. Potential investors should be aware that the value of shares can rise or fall and that there may not be proper information available for determining the market value of an investment in the Company at all times. An investment in a share which is traded on AIM, such as the Ordinary Shares, may be difficult to realise and carries a high degree of risk. The ability of an investor to sell Ordinary Shares will depend on there being a willing buyer for them at an acceptable price. Consequently, it might be difficult for an investor to realise his/her investment in the Company and he/she may lose all of his/her investment.

### ***General***

Whilst the Company is applying for Second Admission, there can be no assurance that an active trading market for the Offer Shares will ensue, or that it will be maintained. AIM is a market for emerging or smaller growing companies and may not provide the liquidity normally associated with the Official List or other exchanges. The future success of AIM and liquidity in the market for the Offer Shares cannot be guaranteed. In particular, the market for the Offer Shares may be, or may become, relatively illiquid and therefore the Offer Shares may be or may become difficult to sell.

### ***Share price volatility and liquidity***

The market price of the Ordinary Shares could be subject to significant fluctuations due to a change in investor sentiment regarding the Company or the industry in which the Company operates or in response to specific facts and events, including positive or negative variations in the Group's interim or full year operating results and business developments of the Group and/or competitors. The market price of the Existing Ordinary Shares may not reflect the underlying value of the Group and it is possible that the market price of the Ordinary Shares will trade at a discount to net asset value. Potential investors should be aware that the value of shares and the income from them can go down as well as up and that investment in a share which is traded on AIM might be less realisable and might carry a higher risk than a share quoted on the Official List.

## PART III

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### OPEN OFFER OF 1,796,054 NEW ORDINARY SHARES AT A PRICE OF 118 PENCE PER SHARE

##### 1. Introduction

As the letter from the Chairman set out in Part I explains, the Company proposes to raise up to approximately £3.69 million before expenses by way of the Placing and Open Offer.

The Placing and Open Offer is in respect of up to 3,124,054 New Ordinary Shares, of which 1,328,000 New Ordinary Shares (the Placing Shares) have been placed firm with investors and 1,796,054 New Ordinary Shares (the Offer Shares) will be offered under the Open Offer. The Placing Shares are not being offered to Shareholders.

The 3,124,054 New Ordinary Shares to be issued in aggregate under the Placing and Open Offer will, assuming full take up of entitlements, represent, in aggregate, approximately 18.4 per cent. of the Enlarged Issued Share Capital of the Company, following completion of the Proposals.

The Company has conditionally placed the Offer Shares (save for the Committed Offer Shares in respect of which irrevocable undertakings to subscribe for Offer Shares have been given by certain existing Shareholders) with Rockhopper Investments Limited at the Offer Price. The 1,796,054 New Ordinary Shares subject to the Open Offer have been placed subject to claw back to satisfy valid applications from Qualifying Shareholders pursuant to the Open Offer, save in respect of the Committed Offer Shares. Further details of the Placing of such Offer Shares and the potential requirement for approval to be obtained from the FSA for such Placing is set out in paragraph 4 of Part I of this document under the heading "FSA Approvals under the Placing".

Accordingly, pursuant to the Open Offer, 1,796,054 New Ordinary Shares are being offered to Qualifying Shareholders at 118 pence per share (the Offer Price).

##### 2. The Open Offer

Qualifying Shareholders, are hereby invited, subject to the terms and conditions set out below and also, in respect of non-CREST Qualifying Shareholders only, the Application Form, to apply for Offer Shares at the Offer Price payable in full on application pro rata to their existing shareholding which shall be calculated on the following basis:

#### **13 Offer Shares for every 100 Existing Ordinary Shares**

held at the Record Date. Entitlements of Qualifying Shareholders to Offer Shares will be rounded down to the nearest whole number of shares. Fractions of Offer Shares will not be allotted to Qualifying Shareholders but will be aggregated and sold for the benefit of the Company pursuant to the Placing and Open Offer Agreement.

**Not all Shareholders will be Qualifying Shareholders. Overseas Shareholders who are located in, or who are citizens of, or have a registered address in certain overseas jurisdictions (including, without limitation, any Restricted Territory) will not qualify to participate in the Open Offer. The attention of Overseas Shareholders or any person (including, without limitation, a custodian, nominee or trustee) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom is drawn to paragraph 6 of this Part III.**

Valid applications by Qualifying Shareholders under the Open Offer will be satisfied in full up to applicant's Open Offer Entitlements. Shareholders with holdings of less than 100 Existing Ordinary Shares will not receive an entitlement to participate in the Open Offer.

To the extent that the monies subscribed by an applicant in relation to any valid application for Offer Shares issued pursuant to that application exceeds the aggregate value of the Offer Price of the Offer Shares to be issued pursuant to that application, the excess subscription monies will be returned to that applicant (at the applicant's risk without interest).

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.

Qualifying Shareholders who have sold or transferred all or part of their registered holdings are advised to consult their stockbroker, bank or other agent through or by whom the sale or transfer was effected as soon as possible since the benefits arising under the Open Offer may be claimed from them by purchasers under the rules of the London Stock Exchange.

Subject to statutory withdrawal rights (reference is made to paragraph 7 of this Part III), applications for Offer Shares will be irrevocable. The Offer Shares will, when issued and fully paid, rank *pari passu* in all respects and carry the same voting rights as the Existing Ordinary Shares.

The action to be taken in relation to the Open Offer depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement.

Further details of the Placing and Open Offer Agreement are set out in paragraph 4 of Part I of this document. In addition, further terms of the Open Offer are set out in this document and, for Qualifying non-CREST Shareholders, in the Application Form.

If you have received an Application Form with this document, please refer to paragraph 4.1 of this Part III.

The Application Form and crediting of Open Offer Entitlements to a CREST stock account constitutes, for the purposes of section 90(2) of the 1985 Act, the offer of Offer Shares to Qualifying Shareholders with registered addresses within the United Kingdom, as well as those who have provided the Company with an address within the United Kingdom for service of notices.

In order to comply with the provisions of the 1985 Act, the offer of Offer Shares to Qualifying Shareholders who, in either case, have registered addresses outside of the United Kingdom and have not notified the Company of any address within the United Kingdom for the service of notices, will be made pursuant to section 90(5) of the 1985 Act by way of an appropriate notice in the London Gazette.

If you hold your Existing Ordinary Shares in CREST and have received a credit of Open Offer Entitlements to your CREST stock account please refer to paragraph 4.2 of this Part III for further information on the CREST procedures.

**Shareholders should be aware that the Open Offer is not a rights issue. Entitlements to Offer Shares will neither be tradeable nor sold in the market for the benefit of Qualifying Shareholders who do not apply for them in the Open Offer. Instead, any Offer Shares not taken up by Qualifying Shareholders will be issued under the Placing to institutions and other investors at the Offer Price, with the proceeds to be retained for the benefit of the Company.**

**Qualifying CREST Shareholders should note that although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded.**

**Before making any decision to acquire Offer Shares, you are asked to read and carefully consider all the information in this document, including in particular the important information set out in the letter from the Chairman of the Company in Part I of this document, as well as this paragraph 2 of this Part III and the Risk Factors set out in Part II of this document. Shareholders who do not**

**participate in the Open Offer will be subject to dilution of their existing Sovereign shareholdings. The material terms of the Open Offer are contained in paragraph 4 of Part I of this document.**

### **3. Conditions of the Open Offer**

The Open Offer is subject to the satisfaction of, *inter alia*, the following conditions by no later than 8.00 a.m. on Thursday 20 August 2009 or such later time and/or date as the Company may determine (but, in any event, not later than 30 September 2009):

- (i) Second Admission becoming effective on or before Thursday 20 August 2009 (or such later date and/or time as the Company and Charles Stanley may agree, being no later than 30 September 2009); and
- (ii) the Placing and Open Offer Agreement having become unconditional in all other respects and not having been terminated with its terms prior to Second Admission (other than any condition relating to Second Admission).

Application will be made for the Offer Shares to be admitted to AIM. It is expected that Second Admission will become effective and that dealings will commence in the Offer Shares at 8.00 a.m. on Thursday 20 August 2009. The Offer Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares and the Placing Shares issued at the time of First Admission, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

### **4. Procedure for application and payment**

Save as provided in paragraph 6 of this Part III in relation to Overseas Shareholders, the action to be taken by you in respect of the Open Offer depends on whether at the relevant time you have a non-CREST Application Form in respect of your Open Offer Entitlements or your Open Offer Entitlement has been credited to your CREST account in respect of such entitlement.

Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form on the Open Offer Record Date will be allotted Offer Shares in uncertificated form to the extent that their entitlement to Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 7 of this Part III.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST manual for further information on the CREST procedures referred to below.

#### **4.1 Action to be taken if you have a non-CREST Application Form in respect of your entitlement under the Open Offer**

##### **4.1(a) General**

Each Qualifying non-CREST Shareholder will have received a non-CREST Application Form enclosed with this document. The Application Form shows the number of Existing Ordinary Shares registered in the relevant Qualifying non-CREST Shareholder's name at the close of business on the Record Date. It also shows the number of Offer Shares for which such relevant Qualifying non-CREST Shareholder is entitled to apply under the Open Offer, calculated on the basis set out in paragraph 2 above. Qualifying non-CREST Shareholders may also apply for less than their maximum Open Offer Entitlements.

Fractions (if any) of Offer Shares will be aggregated and placed for the benefit of the Company under the Placing and Open Offer. The instructions and other terms which are set out in the non-CREST Application Form constitute part of the terms of the Open Offer.

#### 4.1(b) Procedure for application and payment

Applications for Offer Shares by certificated shareholders may only be made on the non-CREST Application Form, which is personal to the Qualifying Shareholder(s) named on it and is not capable of being split, assigned or transferred except in the circumstances described below. The Application Form represents a right personal to the Qualifying Shareholder to apply to subscribe for Offer Shares; it is not a document of title and it cannot be traded. It is assignable or transferable only to satisfy *bona fide* market claims in relation to purchases in the market pursuant to the rules and regulations of the London Stock Exchange. Application Forms may be split up to 3.00 p.m. on 14 August 2009 but only to satisfy such *bona fide* market claims. Qualifying Shareholders who have before the ex-date sold or transferred all or part of their shareholdings are advised to consult their stockbroker, bank or agent through whom the sale or transfer was effected or another professional adviser authorised under the FSMA as soon as possible, since the invitation to apply for Offer Shares may represent a benefit which can be claimed from them by the purchaser(s) or transferee(s) under the rules of the London Stock Exchange.

Qualifying Shareholders who submit a valid application using the non-CREST Application Form and accompanying payment will (subject to the terms and conditions set out in this Part III, the letter from the Chairman of the Company in Part I and in the Application Form) be allocated the Offer Shares applied for in full at the Offer Price (subject to the Company's discretion to accept, reject or scale back any application for any Offer Shares).

Subject to statutory withdrawal rights (reference is made to paragraph 7 of this Part III), applications will be irrevocable and, once submitted, may not be withdrawn and their receipt will not be acknowledged. The Company reserves the right to treat any application not strictly complying with the terms and conditions of application as nevertheless valid.

Completed Application Forms should be posted in the accompanying pre-paid envelope or returned by post or by hand (during normal business hours only) to the Receiving Agent, Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (who will act as Receiving Agent in relation to the Open Offer) so as to be received by the Receiving Agent by no later than 11.00 a.m. on 18 August 2009, after which time Application Forms will not be valid. Qualifying non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. If an Application form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four working days for delivery.

All payments must be in pounds sterling and made by cheque or banker's draft made payable to Capita Registrars Limited re Sovereign Reversions PLC Open Offer A/C and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque or draft to confirm that the relevant Qualifying Shareholder has title to the underlying funds. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity (and withhold definitive share certificates (or crediting to the relevant member account, as applicable) pending clearance thereof). No interest will be paid on payments made before they

are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

If cheques or banker's drafts are presented for payment before the conditions of the Placing and Open Offer are fulfilled, the application monies will be credited to a non-interest bearing account by the Receiving Agent. If the Placing and Open Offer does not become unconditional, no Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Placing and Open Offer.

The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged to accept either):

- (i) Application Forms received after 11.00 a.m. on 18 August 2009; or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 18 August 2009 from authorised persons (as defined in FSMA) specifying the Offer Shares applied for an undertaking to the lodge the Application Form in due course but, in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

If Offer Shares have already been allotted to a Qualifying non-Crest Shareholders and such Qualifying non-Crest Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying non-Crest Shareholder's application is subsequently otherwise deemed to be invalid, the Company shall arrange (in its absolute discretion as to manner, timing and terms) to make arrangements for the sake of such Qualifying non-Crest Shareholder's Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Registrar, Charles Stanley or the Company nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying non-Crest Shareholders.

**If you are a Qualifying non-CREST Shareholder and wish to apply for all or part of the Offer Shares to which you are entitled you should complete and sign the Application Form in accordance with the instructions printed on it and return it, either by post or by hand (during normal business hours only), together with a pounds sterling cheque or banker's draft to the value of the Offer Shares applied for on the Application Form, to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as practicable and, in any event, so as to be received not later than 11.00 a.m., on 18 August 2009, after which time Application Forms will not be accepted. The cheque or banker's draft must be drawn on a United Kingdom branch of a qualifying bank or building society, as further described below. Your Application Form will not be valid unless you sign it. If you post your Application Form by first class post in the UK, or in the reply-paid envelope provided for use by Qualifying non-CREST Shareholders, you are advised to allow at least four business days for delivery.**

The Company reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 11.00 a.m. on 18 August 2009 from an authorised

person (as defined in the FSMA) specifying the Offer Shares concerned and undertaking to lodge the relevant Application Form in due course.

#### 4.1(c) **Payments**

Cheques must be drawn on the personal account to which you have sole or joint title to the funds. Your cheque or banker's draft should be crossed "account payee" and made payable to "Capita Registrars Limited re: Sovereign Reversions plc Open Offer A/C" and crossed "A/C Payee only". Payments must be made by cheque or banker's draft in pounds sterling drawn on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank or building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through facilities provided by either of these companies and must bear the appropriate sorting code in the top right-hand corner. Third party cheques will not be accepted with the exception of building society cheques or bankers drafts where the building society or bank has confirmed on the back of the building society cheque or bankers draft the name of the account holder (which must be the same name as printed in Box 1 of the Application Form) and their title to funds by stamping and endorsing the building society cheque/bankers draft to such effect. Any application or purported application may be rejected unless these requirements are fulfilled. Post dated cheques will not be accepted.

The Company shall as soon as practicable following 20 August 2009 refund any payment received with respect to an application for a number of Offer Shares in respect of an Open Offer Entitlement which has been rejected in whole or in part by the Company.

Cheques and banker's drafts will be presented for payment on receipt and it is a term of the Open Offer that cheques and banker's draft will be honoured on first presentation. The Company may elect to treat as invalid any applications made by Qualifying Shareholders in respect of which cheques are not so honoured. If cheques or banker's drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies will be kept in a separate non-interest bearing bank account. In the event that the Open Offer does not become unconditional, all monies will be returned (without payment of interest) to applicants as soon as practicable.

#### 4.1(d) **Effect of application**

By completing and delivering an Application Form you (as the applicant(s)):

- (i) agree that your application, the acceptance of your application and the contract resulting therefrom under the Open Offer shall be governed by, and construed in accordance with the laws of England and Wales;
- (ii) confirm that in making the application you are not relying on any information or representation other than those contained in this document and the Application Form and you, accordingly, agree that no person responsible solely or jointly for this document or any part of it shall have any liability for any information or representation not contained in this document and that having had the opportunity to read this document you will be deemed to have notice of all the information concerning the Group contained within this document;
- (iii) represent and warrant that you are not citizen(s) or resident(s) of a Restricted Territory or any other jurisdiction in which the application for Offer Shares is prevented by law and are not applying on behalf of, or with a view to the re-offer, re-sale or delivery of Offer Shares directly or indirectly in, into or within a Restricted Territory or to a resident of a Restricted Territory or to any person you believe is purchasing or subscribing for the purpose of such re-offer, re-sale or delivery;

- (iv) represent and warrant that you are not otherwise prevented by legal or regulatory restrictions from applying for Offer Shares or acting on behalf of such person(s) on a non-discretionary basis; and
- (v) will also be asked whether or not you can represent and warrant as follows: (i) you have not received the Application Form or any other document relating to the Open Offer in a Restricted Territory, nor have you mailed, transmitted or otherwise distributed or forwarded any such document in or into a Restricted Territory; (ii) you are not and were not located in a Restricted Territory at the time you accepted the Application Form or at the time you returned the Application Form; and (iii) if you are acting in a fiduciary, agency or other capacity as an intermediary, then either (A) you have full investment discretion with respect to the Offer Shares covered by the Application Form or (B) the person on whose behalf you are acting was located outside of a Restricted Territory at the time he or she instructed you to submit the Application Form.

If you are unable to provide such representations and warranties you will be deemed not to have validly submitted an application for Offer Shares, save in the discretion of the Company and subject to certain conditions.

You should note that subject to statutory withdrawal rights (reference is made to paragraph 7 of this Part III) applications will be irrevocable. The Company reserves the right (but shall not be obliged) to treat any application not strictly complying in all respects with the terms and conditions of application as nevertheless valid. If you do not wish to apply for Offer Shares under the Open Offer you should not complete or return the Application Form.

If you have any questions relating to the procedure for acceptance, please telephone Capita Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

All enquiries in connection with the non-CREST Application Form should be addressed to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. If you have any questions relating to this document, and the completion and return of the Application form, please telephone Capita Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

#### **4.2 *Action to be taken if you have Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer***

##### **4.2(a) General**

Save as provided in paragraph 6 of this Part III in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements equal to the maximum number of Offer Shares for which he is entitled to under the Open Offer.

The CREST stock account to be credited will be an account under the Participant ID and Member ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 3.00 p.m. or such later time as the Company may decide, on 14 August 2009, a non-CREST Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying non-CREST Shareholders with non-CREST Application Forms will apply to Qualifying CREST Shareholders who receive non-CREST Application Forms.

CREST members who wish to apply for some or all of their entitlements to Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. If you have any questions relating to the procedure for acceptance, please telephone Capita Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

#### 4.2(b) **Procedure for application and payment**

The Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as "cum" the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) will thereafter be transferred accordingly.

#### 4.2(c) **USE instructions**

CREST members who wish to apply for Offer Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or if they are CREST sponsored members, procure that their CREST sponsor sends) an Unmatched Stock Event ("USE") instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of Offer Shares applied for (subject to paragraph 4.2(h)(A) of this Part III); and
- (ii) the creation of a CREST payment in accordance with the CREST payment arrangements in favour of the payment bank of the Registrar in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Offer Shares referred to in (a) above.

#### 4.2(d) **Content of USE instructions**

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Registrar);
- (ii) the ISIN of the Open Offer Entitlement. This is GB0008467432;
- (iii) the Participant ID of the accepting CREST member;
- (iv) the Member Account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the Participant ID of Capita Registrars, in its capacity as a CREST receiving agent. This is 7RA33;
- (vi) the Member Account ID of Capita Registrars, in its capacity as a CREST receiving agent. This is SOVERE 01;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Offer Shares referred to in (a) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. 18 August 2009; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 18 August 2009.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 18 August 2009 in order to be valid is 11.00 a.m. on that day.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 20 August 2009 or such later time and date as the Company and Charles Stanley shall agree (being no later than 30 September 2009), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter. Interest earned on such monies will be retained for the benefit of the Company. The Open Offer cannot be revoked once all conditions have been satisfied.

#### 4.2(e) **Deposit of Open Offer Entitlements into, and withdrawal from, CREST**

A Qualifying non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his non-CREST Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the non-CREST Application Form or into the name of a person entitled by virtue of a *bona fide* market

claim). Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in a non-CREST Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST), as set out in the non-CREST Application Form.

A holder of a non-CREST Application Form who is proposing so to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 18 August 2009.

In particular, having regard to normal processing times in CREST and on the part of the Registrars, the recommended latest time for depositing a non-CREST Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such non-CREST Application Form as Open Offer Entitlements CREST, is 3.00 p.m. on 13 August 2009, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4.30 p.m. on 12 August 2009, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements prior to 11.00 a.m. on 18 August 2009.

Delivery of a non-CREST Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Registrar by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" on page 3 of the Application Form, and a declaration to the Company and the Registrar from the relevant CREST member(s) that it/they is/are not citizen(s) or resident(s) of a Restricted Territory and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

#### 4.2(f) **Validity of application**

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 18 August 2009 will constitute a valid application under the Open Offer.

#### 4.2(g) **CREST procedures and timings**

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 18 August 2009. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

#### 4.2(h) **Incorrect or incomplete applications**

If a USE instruction includes a CREST payment for an incorrect sum, the Company through the Receiving Agent reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question;
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Offer Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the CREST member in question; and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Offer Shares referred to in the USE instruction refunding any unutilised sum to the CREST member in question.

#### 4.2(i) **Effect of valid application**

A CREST member who makes or is treated as making a valid application in accordance with the above procedures will thereby:

- (A) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (B) request that the Offer Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the memorandum and articles of association of the Company;
- (C) agree that all applications and contracts resulting therefrom under the Open Offer shall be governed by and construed in accordance with, the laws of England and Wales;
- (D) represent and warrant that he is not applying on behalf of any Shareholder, who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of a Restricted Territory and he is not applying with a view to reoffering, reselling, transferring or delivering any of the Offer Shares which are the subject of this application to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of a Restricted Territory nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Offer Shares under the Open Offer;
- (E) represent and warrant that he is not and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
- (F) confirm that in making such application he is not relying on any information or representation other than that contained in this document and agrees that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof, shall have any liability for any information or representation not contained in this document and further agree that having had the opportunity to read this document he will be deemed to have had notice of all the information concerning the Group contained therein; and

- (G) represent and warrant that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements by virtue of a *bona fide* market claim.

**4.2(j) Company's discretion as to rejection and validity of applications**

The Company may in its sole discretion:

- (i) treat as valid (and binding on the CREST member concerned) an application which does not strictly comply in all respects with the requirements as to validity set out or referred to in this paragraph 4 of this Part III;
- (ii) accept an alternative properly authenticated, dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which the Registrar receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Registrar have received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

If you have any doubt as to the procedure for acceptance and payment you should contact Capita Registrars on telephone number 0870 1623121 or, from outside the UK, +44 208 6393 399. This helpline will not provide any financial or tax advice or advice concerning the merits of the Open Offer or whether or not you should make an application under the Open Offer.

**4.2(k) Issue of Offer Shares in CREST**

Open Offer Entitlements held in CREST are expected to be disabled in all respects after the close of business on 18 August 2009. If the conditions to the Open Offer described above are satisfied, Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied. On this day, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Offer Shares with effect from the next business day. The stock accounts to be credited will be accounts under the same Participant IDs and Member Account IDs in respect of which the USE instruction was given.

## 5. Money Laundering Regulations 2007

### 5.1 *Holders of Application Forms*

It is a term of the Open Offer that, in order to ensure compliance with the Money Laundering Regulations 2007 (the “Regulations”), the Registrar may require verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the “verification of identity”).

The verification of identity requirements pursuant to the Regulations will apply to applications with a value of €15,000 (approximately £12,500) or greater, or to one of a series of linked applications whose aggregate value exceeds that amount, verification of the identity of applicant(s) for Offer Shares may be required.

If within a reasonable period of time following a request, for verification of identity, but in any event by 11.00 a.m. on 18 August 2009, the Registrar has not received evidence satisfactory to it, the Company may, in its absolute discretion, elect not to treat as valid the relevant acceptance, in which event the money payable or paid in respect of the acceptance will be returned (without interest and at the applicant’s risk) to the account of the drawee bank or building society from which sums were originally debited (but in each case without prejudice to any rights the Company may have to take proceedings in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid).

In order to avoid this, payment should be made by means of a cheque drawn by and in the name of the applicant named on the enclosed Application Form or (where an Application Form has been transferred and/or split to satisfy *bona fide* market claims in relation to transfers of Existing Ordinary Shares through the market prior to 3.00 p.m. on 14 August 2009), by the person named in Box 12 on the Application Form. If this is not practicable and the applicant uses a cheque drawn on a building society or a bankers’ draft, the applicant should:

- (a) ask the building society or bank to endorse on the cheque or draft the name and account number of the person whose building society or bank account is being debited this must be the same name as that printed on the Application Form, such endorsement being validated by a stamp and authorised signature by the building society or bank on the reverse of the cheque or bankers draft;
- (b) if the applicant is making the application as agent for one or more persons, indicate on the Application Form whether it is a United Kingdom or European Union regulated person or institution (e.g. a bank or broker), and specify its status. If you have any questions relating to the procedure for acceptance, please telephone Capita Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider’s network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice;
- (c) if the applicant delivers the Application Form by hand, bring with them the appropriate photographic evidence of identity, such as a passport or driver’s licence; and
- (d) third party cheques will not be accepted unless covered by (a) above.

In any event, if it appears to the Registrar that an applicant is acting on behalf of some other person, further verification of the identity of any person on whose behalf the applicant appears to be acting will be required.

Neither the Registrar, Charles Stanley nor the Company will be liable to any person for any loss suffered or incurred as a result of the exercise of any discretion to require verification. By lodging an Application Form, each Qualifying Shareholder undertakes to provide evidence of his identity at the time of lodging the

Application Form, or, at the absolute discretion of the Company and Charles Stanley at such specified time thereafter as may be required to ensure compliance with the Regulations.

## 5.2 *Open Offer Entitlements in CREST*

If you hold your Open Offer Entitlements in CREST and apply for Offer Shares in respect of all or some of your Open Offer Entitlements as agent for one or more persons and you are not a United Kingdom or European Union regulated person or institution (e.g. a United Kingdom financial institution), then, irrespective of the value of the application, the Registrar is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Registrar before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Registrar such information as may be specified by the Registrar as being required for the purposes of the Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Registrar may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

## 6. Overseas Shareholders

### 6.1 *General*

**The distribution of this document and the Application Form and the making or acceptance of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Offer Shares under the Open Offer. The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.**

No action has been or will be taken by the Company or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or application form(s) relating to the Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

Application Forms will not be sent to and Open Offer Entitlements will not be credited to a stock account in CREST of persons with registered addresses in a Restricted Territory or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or

offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Offer Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory. Neither the Company nor any of its respective representatives, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Offer Shares in respect of the Open Offer unless the Company determines that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part III and specifically the contents of this paragraph 6.

The Company reserves the right, but shall not be obliged, to treat as invalid any application or purported application for Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched from the United States or a Restricted Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Offer Shares or, in the case of a credit of an Open Offer Entitlement to a stock account in CREST, to a member whose registered address would be in a Restricted Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to paragraphs 6.3 to 6.6 below.

Notwithstanding any other provision of this document or the Application Form, the Company reserves the right to permit any person to apply for Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Offer Shares should note that payment must be made in sterling denominated cheques or bankers' drafts. The Offer Shares have not been and will not be registered under the relevant laws of the United States or any Restricted Territory or any state, province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into the United States or any Restricted Territory or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Territory except pursuant to an applicable exemption.

No public offer of Offer Shares is being made by virtue of this document or the Application Forms into the United States or any other Restricted Territory. Receipt of this document and/or an Application Form and/or a credit of an Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in

which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

## 6.2 *Notice in the London Gazette*

Pursuant to section 90(5) of the 1985 Act, the Open Offer to Qualifying Shareholders who do not have a registered address within the United Kingdom and who have not supplied an address to the Company that is within the United Kingdom for the service of notices will (provided the Open Offer otherwise becomes unconditional) be made by the Company publishing a notice in the London Gazette on or about 22 July 2009 stating where copies of this document and the Application Form may be inspected or obtained on personal application by or on behalf of such Qualifying Shareholders. However, in order to facilitate acceptance of the Open Offer by Qualifying Shareholders by virtue of such publication, this document and, subject to paragraphs 6.3 to 6.4 below, the Application Forms have also been posted to such Qualifying Shareholders.

## 6.3 *United States*

The Offer Shares have not been nor will be registered under the US Securities Act or the laws of any state or other jurisdiction of the United States and, therefore, the Offer Shares may not be directly or indirectly offered for subscription or purchase, taken up, sold, delivered, renounced or transferred in or into the United States except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Open Offer into the United States unless an exemption from the registration requirements of the US Securities Act is available and, subject to certain exceptions, none of this document, the Application Forms or the crediting of Open Offer Entitlements to a stock account in CREST constitutes or will constitute an offer or an invitation to apply for an offer or an invitation to subscribe for any Offer Shares in the United States. Neither this document nor an Application Form will (unless an address within the United Kingdom for services of notices has been notified to the Company) be sent to, and no Open Offer Entitlements will be credited to, a stock account in CREST of any Qualifying Shareholder with a registered address in the United States. Subject to certain exceptions, Application Forms sent from, or post-marked in, the United States will be deemed to be invalid and all persons subscribing for Offer Shares and wishing to hold such Offer Shares in registered form must provide an address for registration of the Offer Shares outside the United States.

However, the Open Offer will be made to such Qualifying Shareholders by means of the notice in the London Gazette referred to in paragraph 6.2 above (or, if they have notified the Company of an address within the United Kingdom for the services of notices, by means of the despatch to such person of the Application Form).

## 6.4 *Other Restricted Territories*

Due to restrictions under the securities laws of the Restricted Territories and subject to certain exemptions, Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Territories will not qualify to participate in the Open Offer and will not be sent an Application Form, nor will their stock accounts in CREST be credited with Open Offer Entitlements.

The Offer Shares have not been and will not be registered under the relevant laws of any Restricted Territory or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Territory or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Territory except pursuant to an applicable exemption.

No offer of Offer Shares is being made by virtue of this document or the Application Forms into any Restricted Territory. However, the Open Offer will be made to such Qualifying Shareholders by means of the notice in the London Gazette referred to in paragraph 6.2 above (or, if they have notified the Company of an address within the United Kingdom for the services of notices, by means of the despatch to such person of the Application Form).

#### 6.5 *Other overseas territories*

Application Forms will be sent to Qualifying non-CREST Shareholders and an Open Offer Entitlement will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than any Restricted Territory may, subject to the laws of their relevant jurisdiction, take up Offer Shares under the Open Offer in accordance with the instructions set out in this document and, if relevant, the Application Form.

**Qualifying Shareholders who have registered addresses in or who are located or resident in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to apply for Offer Shares in respect of the Open Offer.**

#### 6.6 *Representations and warranties relating to Overseas Shareholders*

##### (a) *Qualifying non-CREST Shareholders*

Any person completing and returning an Application Form or requesting registration of the Offer Shares comprised therein represents and warrants to the Company and/or the Registrar that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Offer Shares from within a Restricted Territory; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for Offer Shares in respect of the Open Offer or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis on behalf of, a person located within a Restricted Territory or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not subscribing for Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Offer Shares into a Restricted Territory or any territory referred to in (ii) above. The Company and/or the Registrar may treat as invalid any acceptance or purported acceptance of the allotment of Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or despatched from a Restricted Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; (ii) provides an address in any Restricted Territory for delivery of the share certificates of Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the warranty required by this paragraph (a).

##### (b) *Qualifying CREST Shareholders*

A CREST member who makes a valid acceptance either on its own behalf or on behalf of one of its clients in accordance with the procedures set out in this Part III represents and warrants to the Company that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) neither it nor its client is within a Restricted Territory; (ii) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to subscribe for Offer Shares; (iii) it is not accepting on a non-discretionary basis on behalf of, or for the account or benefit of, a person located within a Restricted Territory or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) neither it nor

its client is subscribing for any Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Offer Shares into a Restricted Territory, or any territory referred to in (ii) above. The Company reserves the right to reject any USE Instruction from a Restricted Territory or any territory referred to in (ii) above or by a CREST participant who is acting on a non-discretionary basis on behalf of a person located within a Restricted Territory or any territory referred to in (ii) above.

#### **7. Withdrawal Rights**

Qualifying Shareholders wishing to exercise statutory withdrawal rights after publication by the Company of a circular supplementing this document must do so by lodging a written notice of withdrawal, which must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the Participant ID and the Member Account ID of such CREST member, with Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received no later than two business days after the date on which the supplementary circular is published. Notice of withdrawal given by any other means or which is deposited with or received by the Registrar after expiry of such period will not constitute a valid withdrawal, provided that the Company will not permit the exercise of withdrawal rights after payment by the relevant Qualifying Shareholder of its subscription in full and the allotment of Offer Shares to such Qualifying Shareholder becoming unconditional. In such event, Qualifying Shareholders are advised to seek independent legal advice.

#### **8. Further information**

The attention of Shareholders is drawn to the further information set out in this document including the additional information set out in Part IV, and the Risk Factors set out in Part II of this document and to the terms and conditions set out on the Application Form.

## PART IV – ADDITIONAL INFORMATION

### 1. Share Capital

The authorised and issued share capital of the Company (i) as at the date of this document and (ii) as it is expected to be after Second Admission (assuming maximum take up under the Open Offer) is set out below:

	<i>Authorised</i>		<i>Issued and fully paid</i>	
	<i>£</i>	<i>Number</i>	<i>£</i>	<i>Number</i>
(i)	15,000,000.00	30,000,000 Ordinary Shares	6,907,900.50	13,815,801
(ii)	15,000,000.00	30,000,000 Ordinary Shares	8,469,927.50	16,939,855

### 2. Directors' interests

The interests (all of which are beneficial unless stated otherwise) of the Directors and of persons connected with them (within the meaning of Section 252 of the 2006 Act) in the issued share capital of the Company and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director as (i) at the date of this document and (ii) as they are expected to be upon completion of the Open Offer are as follows:

	<i>As at the date of this document</i>		<i>Immediately Following Second Admission</i>		
	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of existing issued share capital</i>	<i>Number of Placing Shares</i>	<i>Number of Offer Shares</i>	<i>Percentage of enlarged issued share capital</i>
Graeme Marshall	1,001,261	7.25	100,000	112,443	7.16
Paul Spencer	30,000	0.22	–	3,900	0.20
Rupert Pearce Gould	60,033	0.43	8,500	7,804	0.45
Robert Lo	55,000	0.40	–	7,150	0.37
Rt Hon. John Gummer	–	–	–	–	–

*The above figures assume that (i) the maximum number of new Ordinary Shares to be issued pursuant to the Placing and Open Offer have been issued (ii) that the Placing Shares and Open Offer shares that the Directors intend to take up under the Placing and Open Offer are so taken up (iii) that no Ordinary Shares are issued between 20 July 2009, being the last practicable date prior to the publication of this document, and the completion of the Placing and Open Offer.*

Save as disclosed in this section 2, no Director nor their immediate families, nor any person connected with a Director within the meaning of Section 252 of the 2006 Act has any interests (beneficial or non-beneficial) in the share capital of the Company or any of its subsidiaries.

### 3. Litigation

The Group is not involved in any governmental, legal or arbitration proceedings which are having, may have or have had, in the previous twelve months, a significant effect on its financial position and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Group.

### 4. General

4.1 The total cost and expenses payable by the Group in connection with the Open Offer (including professional fees, commissions, the cost of printing and the fees payable to the registrars) are estimated to amount to approximately £165,000 (excluding VAT).

4.2 Save as disclosed in this document and save as announced through the London Stock Exchange there has been no significant adverse change in the financial or trading position of the Group since 30 April 2009, the date to which the most recent audited annual accounts have been drawn up.

**5. Consent**

Charles Stanley has given and not withdrawn its written consent to the issue of this document with the including herein of the reference to its name in the form and context in which they are included.

**6. Availability of document**

This document will be available for a period of twelve months from the date of this document on the Company's website <http://www.sovereign-reversions.co.uk/> free of charge in accordance with the requirements of Rule 26 of the AIM Rules.

Dated 21 July 2009

