

THIS DOCUMENT IS IMPORTANT. If you are in any doubt about the contents of this document, you should consult your bank manager, stockbroker, advocate, solicitor or other legal adviser, accountant or other authorised financial adviser.

OFFERING DOCUMENT

of

PRIME RATE CASH MANAGEMENT FUNDS (ISLE OF MAN) PLC

(a public open-ended investment company incorporated with limited liability under the Isle of Man Companies Act 2006 with registered number 002566V)

Investment Adviser and Manager and Administrator
Prime Rate Capital Management LLP

Custodian
The Bank of New York
London Branch

Prime Rate Cash Management Funds (Isle of Man) PLC (the “Fund”) is a public “open-ended investment company” and is a specialist fund complying with the requirements of the Isle of Man Financial Supervision (Specialist Fund) (Exemption) Order 2007 (the “Order”). Shares in the Fund are only available to persons who qualify as specialist investors in relation to the Fund for the purposes of the Order.

This Offering Document is accompanied by the current prospectus of the Prime Rate Cash Management Fund, a United Kingdom UCITS, into which the Fund will feed as set out below. Prospective investors in the Fund should read both documents. This does not constitute an offer by or on behalf of Prime Rate Cash Management Fund to invest in that fund.

This document is dated 16th June 2008.

IMPORTANT NOTICE

If you are in any doubt about the contents of this document, you should consult your bank manager, stockbroker, advocate, solicitor or other legal adviser, accountant or other authorised financial adviser. If you are in the Isle of Man you are advised to ensure that any such adviser is licensed by the Isle of Man Financial Supervision Commission under the Investment Business Act 1991 (of the Isle of Man).

The Fund has been established in the Isle of Man as a specialist fund and, as such, is not subject to any form of authorisation or approval in the Isle of Man.

Investors are not protected by any statutory compensation arrangements in the event of the Fund's failure and the Isle of Man Financial Supervision Commission does not vouch for the financial soundness of the Fund or for the correctness of any statements made or opinions expressed with regard to it.

The Fund is not suitable for those who are not "specialist investors" as defined in the Financial Supervision (Specialist Fund) (Exemption) Order 2007.

Requirements which may be deemed necessary for the protection of retail or nonspecialist investors do not apply to specialist funds. By signing the declaration at paragraph 10, Part 1 of the attached Application Form, you are expressly agreeing that you fall within the definition of a "specialist investor" and accept the reduced requirements, or the absence of any such requirements, accordingly.

No application to invest in the Fund shall be accepted, and no such subscription for, or transfer of, an interest in the Fund shall be effected, unless and until the investor has signed the declaration referred to above.

You are wholly responsible for ensuring that all aspects of the Fund are acceptable to you. Investment in specialist funds may involve special risks that could lead to a loss of all or a substantial portion of such investment. Unless you fully understand and accept the nature of the Fund and the potential risks inherent in the Fund you should not invest in the Fund.

If you are investing on behalf of another person, the Isle of Man Financial Supervision Commission expects you to be satisfied that the person/persons on whose behalf you are investing, or whose interest is linked to the investment in the specialist fund (as the case may be), is a specialist investor who understands the risks associated with this type of investment.

If you are a life assurance company investing assets comprised within your longterm business fund, the Isle of Man Financial Supervision Commission expects that relevant policyholders have been given the opportunity to read the offering document for the Fund and as such to have information about the risks associated with this type of investment.

Shares in the Fund are only available to persons who qualify as specialist investors in relation to the Fund for the purposes of the Order. The Order defines a “Specialist Investor” as:-

“A person or body who, in relation to the specialist fund, has certified that they are sufficiently experienced to understand the risks associated with an investment in the specialist fund, who invests an initial minimum of not less than US\$100,000 and who, at the time of the investment falls into one of the following categories:-

- (a) a person, partnership, other unincorporated association or body corporate whose ordinary business or professional activity includes, or it is reasonable to expect that it includes, acquiring, underwriting, managing, holding or disposing of investments, whether as principal or agent, or the giving of advice concerning investments;**
- (b) a functionary to the specialist fund or an associate of a functionary to a specialist fund;**
- (c) a person who is an employee, director, consultant or shareholder of or to a functionary of a specialist fund or an associate of a functionary to a specialist fund, who is acquiring an investment in the specialist fund as part of his remuneration or an incentive arrangement or by way of co-investment;**
- (d) any employee, director, partner or consultant to or of any person referred to in paragraph (a);**
- (e) a trustee of a family trust settled by or for the benefit of one or more persons referred to in paragraphs (b) or (c);**
- (f) a trustee or operator of any employment benefit or executive incentive scheme or trust established for the benefit of persons referred to in paragraphs (b) or (c) or their dependants;**
- (g) a government, local authority, public authority or supra-national body in the Isle of Man or elsewhere;**
- (h) a company, partnership, trust or other association of persons which has (or which is a wholly-owned subsidiary of a body corporate which has)**

assets available for investment of not less than US\$1,000,000 (or currency equivalent) or every member, partner or beneficiary of which falls within the definition of specialist investor; or

- (i) an individual who has a net worth, or joint net worth with his/her spouse, greater than US\$1,000,000 (or currency equivalent) excluding his/her principal place of residence.”**

The information furnished in this Offering Document and any document accompanying it is for use only by prospective investors in the Fund for the purpose of evaluating a possible investment in the Fund. No broker, dealer or other person has been authorised by the Fund to issue any advertisement or to give any information or to make any representations in connection with the offering or sale of Shares other than those contained in this Offering Document and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Fund.

This Offering Document accurately sets out all material information which, at the date hereof, is within the knowledge of the Directors (or which any member of the Board of Directors would have been able to obtain at that time by making reasonable enquiries) which is relevant for the purpose of making an informed judgement about the merits of participating in the Fund. The Directors jointly and severally accept responsibility for this Offering Document accordingly.

The Directors shall within ten working days of the date of this Offering Document confirm to the Financial Supervision Commission that this Offering Document complies with the requirements of the Order and accurately sets out all material information to enable an informed investment decision to be made by prospective investors.

The Directors shall also ensure that this Offering Document is amended to reflect any material changes to the Fund or its circumstances in a timely manner and that Prime Rate is notified of such change and provided with a copy of the amended Offering Document forthwith.

Subject to the above, statements in this Offering Document are based on information available as at the date hereof, and the law and practice currently in force in the Isle of Man on the date hereof, and are subject to changes in such information, laws and practice. Accordingly, the receipt of this Offering Document after the date hereof should not be relied upon as implying that such statements remain correct.

It is the responsibility of any person in possession of this Offering Document, and any person wishing to apply for Shares, to inform themselves of, and to observe, all applicable laws and regulations of their jurisdiction.

This Offering Document does not constitute, and may not be used for the purpose of, an offer or an invitation to subscribe for, or otherwise acquire, any Shares by any person in any jurisdiction:

- in which such offer or invitation is not authorised;
- in which the person making such offer or invitation is not qualified to do so; or
- to any person to whom it is unlawful to make such offer or invitation.

Without prejudice to the above, prospective investors should not treat the contents of this Offering Document as advice relating to legal, taxation, investment or any other matters.

Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, redemption or other disposal of Shares;
- any foreign exchange restrictions which they might encounter; and
- the tax and other consequences which may apply in their own countries relevant to the purchase, holding, redemption or other disposal of Shares.

Prospective investors must rely upon their own legal advisers, accountants and investment advisers, as to legal, tax, investment and related matters concerning the Fund and an investment therein.

No application has been made for the Shares to be admitted to dealing or listing on any stock exchange or dealing facility.

Prospective investors are referred to “Risk Factors” below for a summary of certain of the risks involved in relation to an investment in the Fund.

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DIRECTORY

Directors		
<p>Christopher Oulton One Vine Street London W1J 0AH</p>	<p>Ita McArdle Top Floor, 14 Athol Street Douglas Isle of Man IM1 1JA (independent non-executive director; Isle of Man Regulated Director)</p>	<p>Philip Scales IOMA House, Hope Street Douglas Isle of Man IM1 1AP (independent non-executive director)</p>
<p>Andrew Thomas IOMA House, Hope Street Douglas Isle of Man IM1 1AP (independent non-executive director)</p>	<p>Mike Cordwell Flat 18, Millennium Court St Clement Jersey JE2 6GS Channel Islands (independent non-executive director)</p>	
<p>Registered Office Top Floor, 14 Athol Street Douglas Isle of Man IM1 1JA</p>	<p>Address for Subscriptions and Redemptions Prime Rate Capital Management LLP PO Box 23867 Edinburgh EH7 5QT</p>	
<p>Promoter Prime Rate Capital Management LLP One Vine Street London W1J 0AH</p>	<p>Administrator and Investment Adviser and Manager Prime Rate Capital Management LLP One Vine Street London W1J 0AH</p>	
<p>Custodian The Bank of New York London Branch One Canada Square Canary Wharf London E14 5AL</p>	<p>Auditors Moore Stephens PO Box 25 26-28 Athol Street Douglas Isle of Man IM99 1BD</p>	
<p>Legal Adviser as to Isle of Man law Simcocks Advocates Limited Ridgeway House Ridgeway Street Douglas Isle of Man IM99 1PY</p>	<p>Registered Agent Simcocks Trust Limited Top Floor 14 Athol Street Douglas Isle of Man IM1 1JA</p>	

DEFINITIONS

In this Offering Document, including the Summary of Main Terms above, the following words and expressions have the meanings specified below:-

“ACD Agreement”	The agreement dated 11 th February between Prime Rate and the UK Scheme under which Prime Rate acts as Authorised Corporate Director of the UK Scheme.
“Administration Agreement”	The agreement for the administration of the Fund dated 28 April 2008 between the Fund and Prime Rate.
“Administrator”	Prime Rate Capital Management LLP and any successor.
“Application Form”	The Fund’s application form, as attached to this Offering Document.
“Articles”	The Fund’s Articles of Association.
“Auditors”	Moore Stephens and any successor.
“BNY Europe”	The Bank of New York Europe Limited.
“Companies Act”	The Isle of Man Companies Act 2006.
“Custodian”	The Bank of New York, London Branch and any successor.
“Custody Agreement”	The agreement for the custody of the Fund’s assets dated 28 April 2008 between the Fund and the Custodian.
“Directors”	The directors of the Fund for the time being.
“Dealing Day”	A business day on which banks in England and Wales are open for business, excluding Saturday or Sunday or public holidays and also excluding, for the Dollar Liquidity Fund (Isle of Man) and Dollar Liquidity Plus Fund (Isle of Man) and Dollar Short Duration Bond Fund (Isle of Man), public holidays in the United States of America and also excluding, for the Euro Liquidity Fund (Isle of Man) and Euro Liquidity Plus Fund (Isle of Man) and Euro Short Duration Bond Fund (Isle of Man), TARGET public holidays (being 1 January, Good Friday, Easter Monday, 1 May, 25 December and 26 December).
“Dealing Deadline”	(i) 12.30 pm London time on each Dealing Day for the Prime Rate Sterling Liquidity Fund (Isle of Man), the Prime Rate Sterling Liquidity Plus Fund (Isle of Man) and the Prime Rate Sterling Short Duration Bond Fund (Isle of Man); (ii) 12.00 pm London time on each Dealing Day for the Prime Rate Euro Liquidity Fund (Isle of Man), the Prime Rate Euro Liquidity Plus Fund (Isle of Man) and the Prime Rate Euro Short Duration Bond Fund (Isle of Man); and

	(iii) 2.00 pm London time on each Dealing Day for the Prime Rate US Dollar Liquidity Fund (Isle of Man), the Prime Rate US Dollar Liquidity Plus Fund (Isle of Man) and the Prime Rate US Dollar Short Duration Bond Fund (Isle of Man); or such earlier time as may be dictated by the closure of relevant exchanges and/or markets on the Dealing Day.
“FSA”	The UK Financial Services Authority.
“Financial Supervision Act”	The Isle of Man Financial Supervision Act 1988.
“Financial Supervision Commission” or “FSC”	The Isle of Man Financial Supervision Commission.
“Fund”	Prime Rate Cash Management Funds (Isle of Man) PLC, a public open-ended investment company incorporated with limited liability on 7 April 2008 under the Isle of Man Companies Act 2006 with registered number 002566V).
“Fund Share Class”	a share class within each Sub-Fund.
“independent”	in the context of a relationship between a Director and Prime Rate means independent of Prime Rate or any other promoter of the Fund and of any body corporate that is a subsidiary of Prime Rate or any other promoter of the Fund or a subsidiary of any holding company of Prime Rate or any other promoter of the Fund.
“Investment Adviser and Manager”	Prime Rate Capital Management LLP and any successor.
“Investment Advisory and Management Agreement”	The agreement dated 28 April 2008 between the Fund and Prime Rate under which the Fund appoints Prime Rate as its investment adviser and manager.
Isle of Man Regulated Director	A Director who is an Isle of Man resident natural person:- (a) who is the holder of a licence granted under the Fiduciary Services Acts 2000 and 2005 which allows that fiduciary to act in these circumstances; or (b) whose services are provided by a fiduciary to the Fund as a client under a licence granted under the Fiduciary Services Acts 2000 and 2005 which allows the fiduciary to provide such services in these circumstances.
“Issue Price”	The price at which Shares are subscribed for or purchased from time to time.
“Management Shares”	The Management Shares in the Fund.

“Offering Document”	This Offering Document (as amended, supplemented or replaced from time to time) setting out, <i>inter alia</i> , the terms upon which investors may invest in the Fund.
“Order”	The Isle of Man Financial Supervision (Specialist Fund) (Exemption) Order 2007, as amended.
“Promoter”	Prime Rate Capital Management LLP.
“Prime Rate”	Prime Rate Capital Management LLP, in its capacity as ACD of the UK Scheme, or Promoter, Investment Adviser and Manager or Administrator of the Fund, as appropriate.
“qualifying auditor”	<p>A person or body corporate who has a permanent place of business in the Isle of Man, is covered by Professional Indemnity insurance of no less than £20 million and is independent of the Fund, having regard to auditing standards and the code of ethics issued from time to time by the body of accountants of which he is a member and:</p> <p style="margin-left: 40px;">(a) is a member of one of the following bodies of accountants-</p> <ul style="list-style-type: none"> ○ The Institute of Chartered Accountants in England and Wales; ○ The Institute of Chartered Accountants of Scotland; ○ The Institute of Chartered Accountants in Ireland; ○ The Chartered Association of Certified Accountants; ○ The Chartered Institute of Public Finance and Accountancy; ○ The Association of Authorised Public Accountants; <p style="margin-left: 40px;">or</p> <p style="margin-left: 40px;">(b) is a member firm of one of the bodies referred to in (a).</p>
“Registered Agent”	Simcocks Trust Limited and any successor.
“Registered Agent Agreement”	The agreement dated 28 April 2008 between the Fund and the Registered Agent.
“Shareholder”	Any person registered in the Register of Shareholders as the holder of Shares, and, when two or more persons are so registered as joint holders of Shares, means the person whose name stands first in the Register of Shareholders as one of such joint holders.
“Shares”	The participating shares in the Fund.
“Specialist Investor”	As defined at page 3 hereof.
“Sub-Fund”	A sub-fund in the Fund, as set out in this Offering Document.
“United Kingdom” or “UK”	The United Kingdom of Great Britain and Northern Ireland.

“UK Scheme”	Prime Rate Cash Management Fund.
“UK Scheme Fund” or “UK Scheme Share Class”	Respectively a sub-fund or share class of the UK Scheme: details of the UK Scheme Funds and Share Classes are set out in the UK Scheme Prospectus.
“UK Scheme Prospectus”	The prospectus of the UK Scheme, as amended from time to time.
“US”	The United States of America (including the States and the District of Columbia), its territories and possessions and all areas subject to its jurisdiction.
“US Person”	Means any United States Person as defined in Regulation S promulgated under the United States Securities Act of 1933, as amended from time to time.
“Valuation Point”	A valuation point fixed by Prime Rate for the purposes of valuation of the property of the UK Scheme and thus for the valuation of the UK Scheme Share Classes. Prime Rate intends that there should be a valuation point for each UK Scheme Share Class (and thus for each Sub-Fund) on each Dealing Day. For each Liquidity Sub-Fund, there must be at least one valuation point on every Dealing Day.

All references in this Offering Document to “sterling” and “£” are to United Kingdom pounds sterling; all references to “US dollars” and “\$” are to United States dollars; and all references to “Euros” and “€” are to Euros.

All references to time are to time in London.

Words and expression that are used (but not otherwise defined) in this Offering Document shall (unless the context requires otherwise) bear the meanings ascribed to them (if any) in the Articles.

THE FUND

Status

The Fund was incorporated in the Isle of Man on 7 April 2008 as a company limited by shares with number 002566V. The Fund is a body corporate with unlimited duration under the provisions of the Companies Act. The Fund is an “open-ended investment company” and constitutes a “collective investment scheme” for the purposes of the Financial Supervision Act.

The Fund is a specialist fund and complies with the requirements of the Order. The Fund is not, and need not be, an authorised person for the purposes of the Financial Supervision Act.

The Fund is exempted from any requirement to hold an investment business licence under the Investment Business Act 2001 by virtue of the Investment Business (Exemption) (Miscellaneous) Regulations 2001.

The Fund is constituted as an “umbrella fund”. The Articles empower the Fund to create one or more Classes of Shares with such investment objectives, policies and restrictions as the Directors see fit and for the assets and liabilities relating to each Class to be allocated to separately identifiable Sub-Funds. The following Sub-Funds have been created:

- Prime Rate Sterling Liquidity Fund (Isle of Man)
- Prime Rate Dollar Liquidity Fund (Isle of Man)
- Prime Rate Euro Liquidity Fund (Isle of Man)
- Prime Rate Sterling Liquidity Plus Fund (Isle of Man)
- Prime Rate Dollar Liquidity Plus Fund (Isle of Man)
- Prime Rate Euro Liquidity Plus Fund (Isle of Man)
- Prime Rate Sterling Short Duration Bond Fund (Isle of Man)
- Prime Rate Dollar Short Duration Bond Fund (Isle of Man)
- Prime Rate Euro Short Duration Bond Fund (Isle of Man)

The investment objective of the Fund is to act as a feeder fund into the UK Scheme.

Each Sub-Fund has a number of different Fund Share Classes, each of which will invest into Share Class 2 in the relevant sub fund of the UK Scheme. Each of the Liquidity Funds (Isle of Man) has four Fund Share Classes, being classes A, B, C and D. Each of the Liquidity Plus Funds (Isle of Man) has three Fund Share Classes, being classes A, B and C. Each of the Short Duration Bond Funds (Isle of Man) has three Fund Share Classes, being classes A, B and C. Further details of each Fund Share Class are set out below.

The object of the UK Scheme is to invest the property of the UK Scheme with the aim of spreading investment risk and giving Shareholders the benefit of the results of the management of that property. The types of investments and assets in which the property of the UK Scheme may be invested are derivative instruments and forward transactions, deposits, money market instruments, transferable securities and units in collective investment schemes in accordance with the FSA Rules applicable to a UCITS scheme, and subject to any more restrictive provisions set out in the UK Scheme Prospectus from time to time.

Further details of the investment strategy of the Fund are detailed in the section entitled “Investment Objectives, Policies and Restrictions” immediately following. Further details of the investment strategy of the UK Scheme are set out in the UK Scheme Prospectus, which accompanies this Offering Document and to which prospective investors are referred.

There is no minimum fund NAV threshold for launch.

INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS

Investment Decisions

The investment decisions in relation to the Fund will be taken and implemented by Prime Rate in accordance with the investment objectives, policies and restrictions described below and under the overall supervision of the Directors.

Prime Rate also acts as Authorised Corporate Director of the UK Scheme pursuant to the ACD Agreement.

The ACD is responsible for managing and administering the UK Scheme's affairs in compliance with the FSA's Rules. Under the terms of the ACD Agreement, the ACD is to provide investment management, administrative, accounting, company secretarial and registrar services to the UK Scheme.

Investment Objectives and Policies

It is intended to achieve the investment objectives of the Fund through investing substantially all its assets in the UK Scheme.

Each UK Scheme Fund has a separate specific investment objective and investment policy, details of which are set out in the UK Scheme Prospectus. In the case of each of the UK Scheme Funds, which are Liquidity Funds, the investment objective has been formulated to meet the primary investment objective required for a Qualifying Money Market Fund under the COLL Sourcebook.

The assets of each UK Scheme Fund will be invested in accordance with that UK Scheme Fund's investment policy with the aim of achieving the investment objective of that UK Scheme Fund. Such investments must be made so as to comply with the investment and borrowing powers and restrictions set out in the FSA Rules, the UK Scheme's Instrument and the UK Scheme Prospectus. A summary of the investment powers and restrictions applicable to the UK Scheme Funds is set out in Appendix 2 to the UK Scheme Prospectus.

UK Scheme Share Classes

The UK Scheme may issue a number of Share Classes in respect of each UK Scheme Fund. Different charging structures, minimum investment levels and eligibility provisions apply to each UK Scheme Fund Share Class. The UK Scheme may issue income and/or accumulation shares in each of the UK Scheme Funds. Different types of UK Scheme shares are offered to different types of investors.

The terms for the UK Scheme Share Classes in issue in the UK Scheme from time to time are as set out in the UK Scheme Prospectus.

UK Scheme shares may be income or accumulation shares. Different Manager's periodic charge rates apply to different classes of UK Scheme share.

Details of the UK Scheme Share Classes which are currently available in each UK Scheme Fund, are set out in Appendix 1 to the UK Scheme Prospectus.

Prime Rate may resolve to create further UK Scheme Fund Share Classes in respect of a UK Scheme Fund in the future. As and when the further UK Scheme Fund Share Classes are added, the UK Scheme Prospectus and this Offering Document will be updated accordingly.

The Shares in the UK Scheme are not listed or dealt in on any investment exchange.

Investment powers and restrictions

Assets of each Sub-Fund will be invested in Share Class 2 of the corresponding sub fund of the UK Scheme.

The table below sets out, in relation to each Fund Share Class, the UK Scheme Share Class in which it will invest, the minimum initial investment in the Fund Share Class, and the income distribution policy of the Fund Share Class:

Sub-Fund	Fund Share Class	Minimum initial investment in Fund Share Class in relevant currency equivalent of US\$	Income distribution policy	UK Scheme Share Class in which invested	Management Fee on UK Share Class	Additional Management Fee on Isle of Man Share class	Total Management Fee Isle of Man Share Class	Settlement
Liquidity (Isle of Man)	A	50m (private placement only)	Distributing	Share Class 2 in Liquidity Fund	5 bps	0bps	5bps	Same day
	B	5m	Distributing	Share Class 2 in Liquidity Fund	5 bps	5bps	10bps	Same day
	C	100,000	Distributing	Share Class 2 in	5 bps	15bps	20bps	Same day

				Liquidity Fund				
	D	100,000	Accumulating	Share Class 2 in Liquidity Fund	5 bps	5bps	10bps	T+1
Liquidity Plus (Isle of Man)	A	50m (private placement only)	Accumulating	Share Class 2 in Liquidity Plus Fund	5 bps	0bps	5bps	T+1
	B	5m	Accumulating	Share Class 2 in Liquidity Plus Fund	5 bps	5bps	10bps	T+1
	C	100,000	Accumulating	Share Class 2 in Liquidity Plus Fund	5 bps	15bps	20bps	T+1
Short Duration Bond Funds (Isle of Man)	A	10m (private placement only)	Accumulating	Share Class 2 in Short Duration Bond Funds Fund	10 bps	0bps	10bps	T+1
	B	1m	Accumulating	Share Class 2 in Short Duration Bond Funds Fund	10 bps	5bps	15bps	T+1

	C	1m	Accumulating	Share Class 2 in Short Duration Bond Funds Fund	10 bps	15bps	25bps	T+1
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Prospective investors should refer to the UK Scheme Prospectus which accompanies this Offering Document for further information about the UK Share Classes referred to above.

Income attributable to Fund Share Classes described as distributing in the above table is distributed to investors in such classes in respect of each month. Income is paid to investors within three business days of each month end or, at a Shareholders' request, reinvested by the purchase of further Shares of the same Fund Share Class.

In relation to each Fund Share Classes described as accumulating in the above table, little income is expected to arise as net income will be automatically added to (and retained as part of) the assets of the relevant Share Class at the end of each accounting period and will be reflected in the relevant share price of the Share Class.

RISK FACTORS

Risk is about how likely it is that an investment will fluctuate in value over time. The level of risk varies between investment funds. Potential investors should consider the following risk factors before investing in an investment fund such as the Fund or the UK Scheme. Potential investors should also consider the risk factors set out in the UK Scheme Prospectus which accompanies this Offering Document before investing in the Fund.

Prime Rate will, on a Shareholder's request, provide supplementary information to that set out in this Prospectus relating to the quantitative limits applying in the risk management of the UK Scheme Funds, the methods used in this connection, and any recent development of the risk yields of the main categories of investment of the UK Scheme Funds.

Historical performance

The UK Scheme was established on 6 February 2008 and consequently there is no past performance information which can be stated in this Offering Document or in the initial UK Scheme Prospectus. Information concerning the historical performance of each UK Scheme Fund will be included in future versions of the UK Scheme Prospectus, which must then be updated at least annually.

Past performance is not a reliable indicator of future performance.

Fluctuations in value

Investors are reminded that, notwithstanding the investment objectives of the UK Scheme Funds, the achievement of the objectives is not guaranteed.

Currency fluctuations

Where an underlying investment of the UK Scheme is not denominated in the base currency of the UK Scheme (sterling) the effect of fluctuations in the rate of exchange between that currency and the base currency may adversely affect the value of that investment and this will be reflected in the value of shares in the relevant class of the UK Scheme and accordingly of Shares.

Liabilities

Each UK Scheme Fund, in normal circumstances, is treated as having its own assets and liabilities. However, the assets of each UK Scheme Fund are not ring-fenced and, if the UK Scheme is unable to meet liabilities attributable to any particular Fund out of the assets attributable to that UK Scheme Fund, the excess liabilities may have to be met out of the assets attributable to the other UK Scheme Funds. Assets may be transferred between UK Scheme Funds if it is necessary in order to satisfy any creditor proceeding against certain of the assets of the UK Scheme. In the event that any assets are so transferred, Prime Rate will advise shareholders of the UK Scheme in the next report to the UK Scheme's shareholders.

Charges and expenses

Where an initial charge is imposed by the UK Scheme, an investor who realises his shares in the UK Scheme after a short period may not (even in the absence of a fall in value of the relevant investments) realise the amount originally invested.

Tax position

The tax position as stated in the UK Scheme Prospectus and this Offering Document is believed to be accurate as at the date hereof. It may be subject to change in the future. Investors should consider their tax position which would depend on their circumstances.

UK Scheme Fund specific risk factors

Please refer to the UK Scheme Prospectus for details of specific risk factors which apply to particular UK Scheme Funds.

CHARACTERISTICS OF SHARES

Share Capital

The Fund has a share capital of:

- £100 divided into 100 Management Shares of £1 each, having the rights set out in the Articles and summarised in this Offering Document. The Management Shares were not available for subscription by investors; they are beneficially owned by Prime Rate; and
- an unspecified number of Shares with a nominal value of £1 for each Sterling fund, €1 for each Euro fund and US\$1 for each US Dollar fund each having the rights set out in the Articles and summarised in this Offering Document.

Management Shares

Management Shares bear no rights to dividend and only a limited right to the return on winding up of the amount paid up thereon. The holders of Management Shares are entitled to vote at general meetings of the Fund in accordance with the Articles.

Shares

Dividends may be paid to the holders of Shares in accordance with the Act and this Offering Document. Holders of Shares are entitled to receive notice of and to attend and speak at general meetings but not to vote save where a resolution is proposed: (i) to wind up the Fund or (ii) to authorise certain schemes of merger or consolidation pursuant to the Companies Act.

Changes to Capital Structure and Variation of Rights

The Articles empower the Fund to create one or more classes of Shares with specified investment objectives, policies and restrictions and for the assets and liabilities relating to each such class to be allocated to separately identifiable sub-funds.

The share capital of the Fund may be altered in certain circumstances by a resolution passed in a general meeting of the Fund, in relation to which only the holders of Management Shares would be entitled to vote.

However, the rights attaching to the Shares may only be varied with the consent in writing of the holders of three-fourths of the Shares in issue, or with the sanction of a resolution

passed at a separate general meeting of the holders of the Shares by a majority of not less than 75 per cent of such holders as are present and voting. The provisions of the Articles relating to general meetings will apply to such a general meeting but so that the quorum will be the holders of at least one-third of the Shares.

The rights attached to the Shares are deemed to be varied by any variation of the rights attached to the Management Shares or by the creation or issue of any shares other than Shares ranking in priority to or *pari passu* with them as respects rights in a winding-up and rights to dividend.

MANAGEMENT

Promoter

The promoter of the Fund is Prime Rate Capital Management LLP which, as beneficial holder of all the Management Shares, has control of the Fund.

Directors

The Directors of the Fund are Christopher Oulton, Ita McArdle, Philip Scales, Andrew Thomas and Mike Cordwell.

- Christopher Oulton is CEO of Prime Rate Capital Management LLP which is Promoter, Investment Adviser and Manager and Administrator of the Fund. Chris has been involved in the liquidity funds industry since 1998 and was a founding member of IMMFA (Institutional Money Market Funds Association) in 2000. He is currently Deputy Chair. He has over 25 years experience in banking and asset management, most recently as Head of Money Market Sales at Insight Investment, which he joined in 2004. As an independent consultant, he successfully launched the Abbey AAA rated MMF. Chris is the founding partner of Prime Rate.
- Ita McArdle holds office as a director in a non-executive capacity and is independent of Prime Rate. She is the Fund's Isle of Man Regulated Director. She anticipates being licensed under the Fiduciary Services Acts 2000 and 2005 as a Corporate Service Provider (Category 2) and a Trust Service Provider (Category 2) as from June 2008. Currently, her services as Regulated Director are provided by the Registered Agent to the Fund as a client under the Registered Agent's licence under the Fiduciary Services Acts 2000 and 2005.

Ms McArdle qualified as a solicitor in Northern Ireland in 1989. Until April 2008, she practised as a Manx advocate at Simcocks Advocates, which she joined in 1993, where she specialised in general corporate commercial law and financial services, including funds and listings in various jurisdictions such as AIM and CISX. She became a partner at Simcocks Advocates in 1996 and a director in 2002. She was also involved in the successful development of the associated companies which form

the “Simcocks Group” – Simcocks Trust Limited, Simcocks Pensions Limited and Simcocks Yachts Limited.

Ms McArdle sits on the board of a number of companies both private and public which include Hedge Funds, Private Equity Funds, Property Funds and Captive Insurance Companies. Such Board appointments include Wichford plc (LSE Official List), Bulgarian Land Development Limited (AIM), National Grid Insurance Company (Isle of Man) Limited (Captive Insurance Company), The Premier Property Options Fund plc (CISX) and Tilly Masterson & Co Plc (AIM). She is a member of the Northern Irish Law Society, the English Law Society, the Manx Law Society, AIMA and the International Bar Association.

- Philip Scales is managing director of IOMA Fund and Investment Management Limited (“IOMA”), part of the Isle of Man Assurance Group. IOMA specialises in the provision of third party fund administration and investment management services. Prior to this, Philip spent 18 years as managing director of Northern Trust International Fund Administration Services (Isle of Man) Limited (formerly Barings (Isle of Man) Limited). He has over 30 years’ experience working offshore, primarily in corporate and mutual fund administration and currently holds a number of directorships of listed companies. Philip is a Fellow of the Institute of Chartered Secretaries and Administrators.
- Andrew Thomas is Managing Director and a shareholder of Isle of Man Financial Trust Limited, and a Director of IOMA Fund and Investment Management Limited. Andrew has been involved in the offshore field for over 20 years, having wide ranging experience including being a director of two banks and a fully LSE listed public company. He is a fellow of the Institute of Chartered Accountants in England and Wales and has a BSc in Economics from the London School of Economics.
- Mike Cordwell, is a Manxman and, inter alia, is a director of IOMA Group. He has held financial sector directorships, and other senior appointments, including major European and North American banking groups such as KBC Brown Shipley, Standard Bank, JP MorganChase, in London, Jersey, Geneva and the Isle of Man. His professional qualifications include Fellowship of the Institute of Chartered Secretaries and Administrators, and Membership of the Securities Institute.

The Directors occupy a fiduciary position in relation to the Fund and are under a duty to act in the best interests of the Fund and in accordance with the constitutional documents of the Fund. In exercising and performing their duties as directors, the Directors must act with all due skill, care and diligence.

Directors’ Responsibilities, Consents, etc

Pursuant to the Order, the Directors, in addition to (and without derogating from) any other duties or responsibilities imposed under any applicable law, are responsible for ensuring that:-

- the requirements set out in the Order are complied with;
- this Offering Document and relevant constitutional documents of the Fund are accurate and comply in all respects with the requirements of the Financial Supervision Act and the Order;
- the Fund is and continues to be managed and operated in accordance with the Fund's constitutional documents and this Offering Document;
- this Offering Document accurately sets out all material information which, at the date of this Offering Document, is within the knowledge of the Directors (or which any member of the board would have been able to obtain at that time by making reasonable enquiries) which is relevant for the purpose of making an informed judgement about the merits of participating in the Fund;
- this Offering Document is amended to reflect any material changes to the Fund or its circumstances in a timely manner and that Prime Rate is notified of such change(s) and provided with a copy of the amended offering document forthwith;
- within six months of the Fund's financial year-end, an annual compliance declaration in the form set out in the Order is signed and submitted to the FSC by the Directors; and
- the responsibilities imposed upon Prime Rate under the Order are discharged.

The Directors must sign a statement of responsibility in the form set out in the Order in relation to this Offering Document and any amended offering document of the Fund. Each statement of responsibility shall be submitted to the FSC by the Directors within ten working days of the date of this Offering Document or within ten working days of the date of issue of any amended offering document.

In addition to the duties or responsibilities referred to above, the Isle of Man Regulated Director is responsible for notifying the FSC forthwith upon becoming aware that:-

- (a) the Directors have not fulfilled their obligations under the Order; or
- (b) Prime Rate has not complied with its responsibilities under the Order.

Administrator

Prime Rate Capital Management LLP acts as Administrator of the Fund.

Prime Rate is authorised and regulated in the United Kingdom by the FSA.

The United Kingdom is a jurisdiction accepted by the FSC as a jurisdiction in which administrators of specialist funds are subject to an appropriate standard of regulation. Its

licence as set out above extends to administration services provided to specialist funds, as required by article 8(b) of the Order.

As the Fund's administrator, Prime Rate is responsible for the Fund's administration, in accordance with the provisions of the Order.

For details of the Administration Agreement see "Material Contracts" below. For details of Prime Rate's fees and charges, see "Charges and Expenses" below.

In particular, as required by the Order, Prime Rate is required under the Administration Agreement to perform the following functions:

- notify the FSC forthwith upon becoming aware that a Director is removed from office, resigns or is not reappointed at the end of his/her term of office. Any such notification shall be accompanied by details of the reasons (if any) for that removal, resignation or failure to reappoint;
- satisfy itself that investors in the Fund have certified that he/she/it/they is/are a specialist investor and has/have made an initial investment in the Fund in an amount of not less than US\$100,000;
- within 10 working days of the date of any Information Document certify and submit to the Isle of Man Financial Supervision Commission a notification as prescribed in the Order;
- within 10 working days of becoming aware of any material alteration to the constitutional documents of the Fund and/or any Offering Document that would render any of the information contained in the last notification in relation to the Fund delivered to the Isle of Man Financial Supervision Commission pursuant to sub paragraph (c) or this paragraph inaccurate, incomplete or otherwise misleading, certify and submit to the Isle of Man Financial Supervision Commission an updated notification as prescribed in the Order;
- within 15 working days of each calendar quarter end, supply to the Isle of Man Financial Supervision Commission the statistical information about the Fund prescribed in the Order;
- report to the Isle of Man Financial Supervision Commission forthwith upon it becoming aware that any of the conditions set out in the following articles of the Order are not complied with:-
 - Article 10: The arrangements for the provision of asset management services in relation to a specialist fund.
 - Article 11: Investment requirements for a specialist fund.
 - Article 12: Offering document of a specialist fund.
 - Article 13: Application form of a specialist fund.

- notify the Isle of Man Financial Supervision Commission as soon as reasonably practicable after receiving an audit report for the Fund that has been qualified by the auditors. Such notification shall be accompanied by a copy of the audit report together with details of any remedial action that the administrator or any other party intends to take.
- in the event that the audited annual financial statements of the Fund are not distributed within six months of the Fund’s financial year end, notify the Isle of Man Financial Supervision Commission of that fact within ten working days and every three months thereafter until such audited annual financial statements are issued and distributed. Each such notification shall —
 - give details of the issues giving rise to the delay;
 - contain a revised timetable for distribution of the audited annual financial statements; and
 - be signed by, or on behalf of, the administrator; and
- upon becoming aware that an auditor of the Fund is removed from office, resigns or is not reappointed at the end of the auditor’s term of office, notify the Isle of Man Financial Supervision Commission of that fact forthwith.

The Administration Agreement requires that the Fund and Prime Rate shall ensure that mechanisms are in place to meet the above requirements and that Prime Rate shall monitor the operation of those mechanisms to ensure that the requirements are met.

Prime Rate is entitled to delegate its duties, functions, powers and discretions under the Administration Agreement to any person, firm or corporation approved by the directors of the Fund and authorised to carry out such duties, functions, powers and discretions pursuant to the Order. Any such delegation may be on such terms and conditions as Prime Rate thinks fit, but subject to the approval of the directors of the Fund.

With effect from a date on or about 19 May 2008, Prime Rate intends to delegate certain of its duties etc. as above to BNY Europe. BNY Europe is also authorised and regulated in the United Kingdom by the FSA.

For details of the fees and charges of Prime Rate, see “Charges and Expenses” below and the UK Scheme Prospectus.

Investment Adviser and Manager

Prime Rate Capital Management LLP also acts as Investment Adviser and Manager of the Fund. In appointing Prime Rate to this position, the Directors have determined that Prime Rate is suitable to undertake this function, having taken into account the regulated status of Prime Rate.

As Investment Adviser and Manager of the Fund, Prime Rate's function is to manage the investment and reinvestment of the assets of the Fund, all in accordance with the investment objectives of the Fund.

For details of the Investment Advisory and Management Agreement see "Material Contracts" below. For details of Prime Rate's fees and charges, see section "Investment Objectives, Policies and Restrictions" above.

Custodian

The Directors have appointed The Bank of New York, London Branch as the Fund's custodian in respect of the Fund's investments deposited for safekeeping with the Custodian or with any sub-custodian appointed by the Custodian, and to hold cash.

The Custodian may appoint sub-custodians in connection with its performance of its duties as Custodian.

The Custodian is part of BNY Mellon Asset Servicing which is one of the largest providers of securities services in the world with more than \$20 trillion assets under custody and administration. It is authorised and regulated by the FSA. The Custodian's principal business activity is acting as a trustee and custodian.

For details of the Custody Agreement, see "Material Contracts" below. For details of the fees and charges of the Custodian, see "Charges and Expenses" below.

Auditors

The Directors have appointed Moore Stephens as the Fund's auditors.

The auditors are Qualifying Auditors for the purposes of the Order.

Where the auditors are removed from office, resign or are not reappointed at the end of their term of office, the Order requires that they must provide a signed statement direct to the FSC stating either that there are no circumstances connected with their ceasing to hold office which they consider should be brought to the attention of the FSC or, if there are such circumstances, full details thereof.

Registered Agent

The Directors have appointed Simcocks Trust Limited as the Fund's registered agent in the Isle of Man, as required by the Companies Act. Simcocks Trust is licensed by the Isle of Man Financial Supervision Commission under the Fiduciary Services Acts 2000 and 2005 as a Corporate Service Provider (Category 1) and a Trust Service Provider (Category 1).

The Registered Agent will provide the Fund with certain Isle of Man related administrative, registrar and company secretarial services, on the Registered Agent's standard terms and conditions from time to time.

CONFLICTS OF INTEREST

The Fund is subject to certain conflicts of interest involving Prime Rate in its capacities as Promoter, Investment Adviser and Manager and Administrator.

Prime Rate may manage the accounts or portfolios of other clients and may have incentives to favour other client accounts or portfolios over the Fund.

The Directors may vote and count in the quorum in relation to decisions of the Directors relating to matters in which they are materially interested.

The Directors will endeavour to ensure that all conflicts of interest are resolved fairly.

CHARGES AND EXPENSES

Preliminary Expenses

The costs of establishing the Fund are estimated not to exceed £30,000 and will be borne by the Fund and paid over the first financial year of the Fund's operation, and charged to the initial Sub-Funds (including, at the discretion of Prime Rate, subsequent Sub-Funds established by the Fund within this period) on such terms and in such manner as may be agreed between Prime Rate and the Directors and the Auditors.

Directors' Fees

The directors' fees are estimated to not exceed £22,000 in total in the first year. After the first year the fees will be reviewed by the directors and may be reviewed at an annual general meeting. The Fund will reimburse each Director for reasonable hotel, travel and subsistence expenses incurred in carrying out his duties as a Director of the Fund.

Promotion Fee

Prime Rate will not be paid any promotion/distribution fee by the Fund.

Investment Advisory and Management Fee

The Investment Advisory and Management Fees paid by the fund to Prime Rate Capital Management LLP are set out in section 'Investment Objectives, Policies and Restrictions' above.

Administration Fee

Prime Rate will be paid out of the assets of the Fund a fee in relation to the administration of the Fund of 0.015% of the assets in the Fund. This will be calculated daily and paid to Prime Rate monthly within 8 days of the month end. Prime Rate will be responsible for any fees

payable to BNY Europe in respect of any delegation by Prime Rate to BNY Europe pursuant to the Administration Agreement.

Registered Agent Fee

The Registered Agent is entitled to receive fees in accordance with its standard tariff of charges as agreed in writing from time to time between the Registered Agent and the Fund.

Custodian Fee

The Custodian will not be paid any fees under the Custodian Agreement over and above the fees which it receives from the UK Scheme pursuant to its depositary agreement with the UK Scheme; provided that money transfers will be charged at £5 per movement; foreign exchange transactions undertaken through a third party will be charged at £10; instructions received in any form which does not facilitate straight through processing will be subject to a surcharge of £12 per instruction; and a charge of £35 will be applied for each transaction that the Custodian is required to confirm in the market and approve for settlement.

General Expenses

Expenses relating to the investment of the assets of the Fund may be paid (or reimbursed to any service provider or sub-delegate, as appropriate) out of the property of the Fund. These may include:

- the costs of dealing in the investments of the Fund;
- taxation, duties, notarial fees and filing fees payable in respect of the investments of the Fund;
- legal expenses;
- the fees of Prime Rate, the Registered Agent and the Custodian;
- the costs incurred in the preparation and publication of this Offering Document and any substituted or supplementary Offering Document and the modification of the constitutional documents of the Fund;
- any costs incurred in respect of meetings of Shareholders;
- the costs associated with dissemination of information on the Fund to Shareholders;
- the fees and expenses of the Auditors;
- the costs incurred in publishing annual and interim reports of the Fund;
- the costs incurred in administering the Fund, including Directors' fees and travel and other expenses;
- costs incurred in modifying the Articles or creating or entering into or modifying agreements with any of the service providers to the Fund;
- filing and other fees and charges of any government bodies or agencies; and
- the costs incurred in having the Sub-funds rated.

Value Added Tax

All fees, charges and expenses are subject to value added tax, where applicable.

Allocation of Fees and Expenses Between Sub-Funds

All the above fees and expenses will be charged as follows:

- fees and expenses which are directly attributable to a particular Fund Share Class will be charged to that Share Class;
- fees and expenses which are attributable to a particular Sub-Fund will be charged to that Sub-Fund. If there is more than one Fund Share Class in issue in the Sub-Fund, they will normally be allocated pro rata to the value of the corresponding UK Scheme Share Classes; and
- fees and expenses which are attributable to the Fund generally will normally be charged to each of the Sub-Funds (and its Fund Share Classes) pro rata to the value of the corresponding UK Scheme Fund (and its UK Scheme Share Classes).

Prime Rate has discretion to allocate these fees and expenses in a different manner where it considers this to be fair to Shareholders.

DEALINGS IN FUND SHARES

Issue and redemption of Shares

Fund Shares may be purchased and redeemed between 9 a.m. and 5 p.m. on each Dealing Day.

Applications must be received before the relevant cut off time for the sub fund. The cut off times for the sub funds are given below.

Fund	Cut Off time
Sterling Liquidity Fund (Isle of Man)	12.30pm London time
Euro Liquidity Fund (Isle of Man)	12.00pm London time
US Dollar Liquidity Fund (Isle of Man)	2.00pm London time
Sterling Liquidity Plus Fund (Isle of Man)	12.30pm London time
Euro Liquidity Plus fund (Isle of Man)	12.00pm London time
US Dollar Liquidity Plus Fund (Isle of Man)	2.00pm London time
Sterling Short Duration Bond Fund (Isle of Man)	12.30pm London time
Euro Short Duration Bund Fund (Isle of Man)	12.00pm London time
US Dollar Short Duration Bond Fund (Isle of Man)	2.00pm London time

Application forms can be obtained from Prime Rate Capital Management LLP. Duly completed Application Forms should be sent to Prime Rate Capital Management by post and

fax at its address set out under “Directory” above. On receipt by Prime Rate Capital Management of a properly completed Application Form, the Fund may allot and issue Shares to the applicant at the Issue Price.

Fund Shares will be priced on a forward basis and accordingly prices used will be those calculated by reference to the valuation commencing next after the receipt by Prime Rate Capital Management of the Shareholder's application. Shares issued or redeemed between the commencement of the last valuation on a Friday (or a Dealing Day preceding a public holiday) and the close of business on that day or at any time on any other day which is not a Dealing Day will be effected at the price determined after the valuation which unless Prime Rate exercises its discretion to revalue the property of the UK Scheme before that time will commence at midday on the following Dealing Day.

Calculation of the price of shares in the UK Scheme Funds will take place on each Dealing Day at a time not later than 2 hours following the commencement of the valuation of the property of the UK Scheme, pursuant to the provisions of the UK Scheme Prospectus.

A contract note will be sent in respect of all applications for the issue of Fund Shares, normally by the close of the Dealing Day following the execution of the transaction. This will show the number of Fund Shares purchased and the price. The application monies are due before the Dealing Deadline for the corresponding UK Scheme Share Class unless otherwise approved by Prime Rate and provided it is received before the valuation point for the relevant UK Scheme Sub-Fund (which is currently 1.30 pm London time for the Prime Rate Sterling Liquidity Fund, the Prime Rate Sterling Liquidity Plus Fund and the Prime Rate Sterling Short Duration Bond Fund, 1.00 pm London time for the Prime Rate Euro Liquidity Fund, the Prime Rate Euro Liquidity Plus Fund and the Prime Rate Euro Short Duration Bond Fund and 3.00 pm London time for the Prime Rate US Dollar Liquidity Fund, the Prime Rate US Dollar Liquidity Plus Fund and the Prime Rate US Dollar Short Duration Bond Fund on each Dealing Day).

Requests to redeem Fund Shares may be made in writing or by such other means as Prime Rate may from time to time permit.

In respect of all applications to redeem Fund Shares, a contract note will be issued, normally by close of the Dealing Day following the execution of the redemption giving details of the Fund Shares redeemed and the redemption. Proceeds will usually be paid by telegraphic transfer to a specified account at the Shareholder's risk and expense on the same Dealing Day and in any event no later than the fourth business day after either the day of the calculation of the redemption price or receipt by Prime Rate of the relevant duly signed redemption request, whichever is later.

Any request to redeem Fund Shares, once given, cannot subsequently be withdrawn.

Switching between Sub-Funds

A Shareholder in a Sub-Fund may switch all or some of his Shares in a Sub-Fund for Shares in another Sub-Fund at any time.

A switch involves a redemption of the original Shares held and a subscription for the new Shares. If the switch would result in the Shareholder holding a number of original or new shares of a value which is less than the minimum holding in the Sub-Funds concerned, Prime Rate may, if it thinks fit, convert the whole of the applicant's holding of original Shares to new Shares, or refuse to effect any switch of the original Shares.

Investors should note that a switch between Sub-Funds as described above is treated as a disposal for the purposes of tax on capital gains and may therefore give rise to capital gains tax liability for UK resident Shareholders. In a case of a shareholding in a Liquidity Fund however, given that the unit price is designed to remain constant, the gain realised on a disposal should be nil.

Anti money laundering procedures

Prime Rate, BNY Europe and the Registered Agent are subject to the provisions of legislation in force in the United Kingdom and the Isle of Man to prevent money laundering. Accordingly, they all operate detailed internal compliance procedures in relation to each and every application to purchase Shares in the Fund so as to verify the identity and bona fides of the investor and the source of funds offered in consideration of the prospective purchase. This may include using the services of a licensed reference agency which will record that an enquiry has been made. The type and degree of information required will vary from case to case, and may depend on whether, for example, the prospective Shareholder has been introduced by or through the agency of an associate of Prime Rate or an independent financial intermediary in good standing with Prime Rate or BNY Europe. Specific details of the information required of a prospective investor in Shares will be provided to the person concerned in response to his or its application for Shares. Failure to comply with requests to furnish such information may result in the application for Shares being rejected.

Deferred redemptions of Shares

If requested redemptions of UK Scheme Shares on a particular Dealing Day exceed 20% of the relevant UK Scheme Fund's value, redemptions of UK Scheme Shares in the relevant UK Scheme Fund may be deferred to the next valuation point. Any such deferral will only be undertaken in such manner as to ensure consistent treatment of all Shareholders who had sought to redeem units at the valuation point at which redemptions were deferred. Deferral will be pro-rated based on the value of units being redeemed (provided that Prime Rate may determine in its discretion a value threshold below which all redemptions will be effected, and above which the foregoing pro-rata deferral shall apply), and so that all deals relating to an earlier valuation point are completed before those relating to a later valuation point are considered.

The intention of the deferred redemption provisions is to reduce the impact of dilution on the UK Scheme Fund in question. In times of high levels of redemption, deferred redemption provisions would enable Prime Rate to protect the interest of continuing UK Scheme Shareholders by allowing it to match the sale of a property of the UK Scheme Fund in question to the levels of redemptions of Shares in that UK Scheme Fund.

Pursuant to the Articles, the provisions above apply *mutatis mutandis* if requested redemptions of Fund Shares on a particular Dealing Day exceed 20% of the relevant Sub-Fund's value.

Suspension of dealings in Shares

The issue or redemption of UK Scheme Shares may be suspended by Prime Rate with the prior agreement of the Custodian or, if the Custodian so requires, at any time for a period not exceeding 28 days, if Prime Rate or the Custodian, as appropriate, is of the opinion that there is good and sufficient reason to do so having regard to the interests of all UK Scheme Shareholders or potential UK Scheme Shareholders. If such a suspension occurs, the recalculation of the price of UK Scheme Shares will recommence on the next Dealing Day following the resumption of dealing.

Prime Rate may declare a suspension of the determination of the Net Asset Value to reflect any suspension of the issue or redemption of UK Scheme Shares referred to above and there shall be no determination of the Net Asset Value until Prime Rate shall declare the suspension to be at an end.

Prime Rate will as soon as practicable give notice of any such suspension and termination of suspension to every Shareholder.

Minimum holdings

The minimum initial lump sum subscription amount, subsequent investment amount and minimum holding amount for the UK Scheme are set out for the relevant share class of each UK Scheme Fund in the UK Scheme Prospectus.

The same minimum initial lump sum subscription amount, subsequent investment amount and minimum holding amount shall apply *mutatis mutandis* in relation to the Fund.

Prime Rate may waive the requirements set out in this paragraph at its discretion; provided that applicants for Fund Shares will under all circumstances be required pursuant to the Order to make an initial investment in the Fund in an amount of not less than US\$100,000.

TRANSFER AND TRANSMISSION OF SHARES

Shares may be transferred by a transfer in any usual or common form in use in the Isle of Man. The Articles contain provisions relating to the completion and signature of transfers and Shareholders are advised to consult Prime Rate in this regard.

The Directors may decline to register any transfer of shares.

The executors or administrators of a deceased Shareholder shall, except as provided hereinafter, be the only persons recognised by the Fund as having any title to his Shares, but this shall not apply in the case of one or more joint holders of a Share except in the case of the last survivor of such joint holders.

Any person becoming entitled to a Share in consequence of the death of any Shareholder may be registered as a Shareholder upon such evidence being produced as the Directors may deem sufficient.

With respect to any Shares registered in the name of any person who has been lawfully declared to be a bankrupt or in respect of whom a receiver has been appointed or whose property has passed under the control of a receiver or other person appointed by a Court of competent jurisdiction, the Directors shall comply with any request for any change in such registration made by any person lawfully authorised so to do. Provided that the Directors may refuse to make any such change in the Register until and unless they are satisfied that it is right and proper for such change to be made. The burden of justifying any such change shall be upon the person requesting such change.

No Shares shall be transferred or transmitted as above except to Specialist Investors and all the provisions of this Offering Document and the Order shall apply to such transfer or transmission (as the case may be).

MATERIAL CONTRACTS

Investment Advisory and Management Agreement

The Fund has entered into the Investment Advisory and Management Agreement with Prime Rate.

Under the Investment Advisory and Management Agreement, Prime Rate agrees to act as investment adviser and manager to the Fund in relation to the investment and reinvestment of the Fund's assets. The agreement is terminable by three months' notice by either Prime Rate or the Fund and may be terminated on lesser periods of notice in certain circumstances. The agreement contains indemnities in favour of Prime Rate which generally apply in the absence of negligence, fraud or wilful default on its part.

The arrangements in relation to the fees and expenses of Prime Rate are set out above in the section entitled "Charges and Expenses".

Administration Agreement

The Fund has entered into the Administration Agreement with the Prime Rate for the administration of the Fund. The Administration Agreement is terminable by three months' notice by either Prime Rate or the Fund and may be terminated on lesser periods of notice in certain circumstances. It contains indemnities in favour of Prime Rate, which generally apply in the absence of negligence, fraud or wilful default on its part.

Custody Agreement

The Fund has entered into the Custody Agreement with the Custodian for the custody of the Fund's assets. The Custody Agreement is terminable by ninety days' notice by either the Custodian or the Fund and may be terminated on lesser periods of notice in certain circumstances. It contains indemnities in favour of the Custodian, which generally apply in the absence of fraud, negligence or wilful default on its part.

GENERAL INFORMATION

Directors

The Board of Directors must be composed of at least two persons, one of whom must be an Independent Director. A Regulated Director must also be appointed and, for the avoidance of doubt, the Independent Director and the Regulated Director may be one and the same person.

Directors may be removed or replaced at any time by resolution passed by the holders of the Management Shares. If any director is so removed, resigns or is not reappointed at the end of his term of office, the Order requires that both he and Prime Rate must immediately notify the FSC thereof, with details.

There is no age limit or share qualification for Directors.

The Directors are vested with all powers to perform all acts necessary or useful for accomplishing the Fund's investment objectives, including borrowing powers.

The Fund may indemnify any Director or officer to the extent permitted by the Companies Acts out of the property of the Fund against all losses or liabilities which he may sustain or incur in relation thereto.

There are no loans outstanding by the Fund to the directors, and no guarantees provided by the Fund for the Directors' benefit.

Meetings of Members

The Fund will hold an annual general meeting of its members in each year, in accordance with the Articles and this Offering Document. In addition, extraordinary general meetings may be convened, in accordance with the Articles and this Offering Document. General meetings will be held outside the United Kingdom.

Financial Statements and Reports

Financial years of the Fund will end on 31 March in each year commencing 31 March 2009.

The Fund will prepare financial statements in Sterling in accordance with United Kingdom Accounting Standards (as promulgated by the Accounting Standards Board in respect of each accounting period ending on its financial year-end date.

The annual report containing the audited financial statements of the Fund and prepared as set out above will be sent to all Shareholders within 6 months of the end of the financial year. Half-yearly reports containing the unaudited financial statements of the Fund to 30th September in each year (commencing 30th September 2008) will be sent to all Shareholders within two months of the end of the half-year.

Copies of all financial reports, constitutional documents (and amendments, if any) and the latest Offering Document of the Fund may be obtained from the office of Prime Rate.

Litigation

The Directors are not aware of any current, pending or threatened legal or arbitration proceedings involving the Fund.

Winding up

The Fund may be wound up by a resolution of members, in relation to which the holders of Shares shall be entitled to vote.

On a winding up, the assets available for distribution amongst the shareholders shall be applied as follows:

- First, in the repayment pari passu to the holders of Shares of the amount paid up thereon;
- Secondly, in the repayment pari passu to the holders of Management Shares of the amount paid up thereon; and
- Thirdly, any surplus of assets then remaining shall be distributed among the holders of the Participating Shares in accordance with the provisions of Article 7 hereof.

Publication of Prices

Share prices will be available daily on Prime Rate's website www.prime-rate.co.uk. In addition, prices can be obtained by calling Prime Rate on 03206 7262. These prices will, unless for reasons beyond the control of Prime Rate, relate to the valuation on the Dealing Day immediately prior to the date of publication.

Documents Available for Inspection

Copies of the following documents may be inspected during usual business hours on any weekday (except public holidays) at the offices of Prime Rate:

- the Memorandum and Articles of Association of the Fund;
- the current Offering Document of the Fund; and
- the latest audited accounts and half yearly reports of the Fund, when available.