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If you have sold or otherwise transferred all of your Shares, please immediately forward this document, together with the accompanying Form of Proxy 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 Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

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. Neither the London Stock Exchange nor the UK Listing Authority has examined or approved the contents of this document. It is emphasised that no application is being made for the admission of the Shares to the Official List of the UK Listing Authority. The rules of AIM are less demanding than those of the Official List.

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## **Ludgate Environmental Fund Limited**

*(Incorporated and registered in Jersey with registered no. 97690)*

Proposed dis-application of pre-emption rights,  
cash placing of Shares to raise up to approximately £15 million,  
declaration of interim dividend,  
proposed reorganisation of management arrangements,  
amendments to articles of association and  
Notice of Extraordinary General Meeting

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**This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company, which is set out on pages 5 to 10 of this document and which recommends that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting.**

Both Ludgate Investments Limited ("LIL") and PricewaterhouseCoopers LLP ("PwC"), which are authorised and regulated in the United Kingdom by the Financial Services Authority, are acting exclusively for the Company and will not be responsible to any person other than the Company under the Financial Services and Markets Act 2000, the rules of the Financial Services Authority or otherwise for providing the protections afforded to their respective clients or for advising any other person in relation to the contents of this document, the Placing or any matter, transaction or arrangement referred to in this document. Neither PwC nor LIL are making any representation or warranty, express or implied, as to the contents of this document.

The release, publication or distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons into whose possession this document comes should inform themselves about and observe any applicable restrictions or requirements. No action has been taken by the Company or PwC that would permit possession or distribution of this document in any jurisdiction where action for that purpose is required. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction.

**Notice of an Extraordinary General Meeting of Ludgate Environmental Fund Limited, to be held at 22 Grenville Street, St Helier, Jersey, JE4 8PX at 10.30 a.m. on 2 August 2010, is set out at the end of this document. To be valid the accompanying Form of Proxy for use in connection with the meeting should be completed and returned to the Company's registrars, Computershare Investor Services (Jersey) Limited, Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES as soon as possible and, in any event, so as to be received by not later than 10.30 a.m. on 31 July 2010. Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting or any adjournment thereof in person if they so wish and are entitled to do so.**

## CONTENTS

	<i>Page</i>
Expected Timetable of Principal Events	2
Definitions	3
Letter from the Chairman	5
Notice of General Meeting	11

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of commitments in the Placing	12 noon on 30 July 2010
Latest time and date for receipt of the Proxy Form for the Extraordinary General Meeting	10.30 a.m. on 31 July 2010
Extraordinary General Meeting	10.30 a.m. on 2 August 2010
Record date for the Interim Dividend	30 July 2010
Admission of the Placing Shares to trading on AIM and commencement of dealings*	8.00 a.m. on 6 August 2010
Effective Date for Management Reorganisation <sup>†</sup>	6 August 2010
Payment date for the Interim Dividend	9 August 2010

\*This event is conditional on the passing of Resolution 1 at the General Meeting.

<sup>†</sup> This event is conditional on the passing of Resolution 2 at the General Meeting and all necessary approvals and consents being obtained (inter alia) from the Jersey Financial Services Commission.

## DEFINITIONS

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

“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies as published by the London Stock Exchange from time to time
“Articles”	the articles of association of the Company
“Company” or “Fund”	Ludgate Environmental Fund Limited
“Directors” or “Board”	the directors of the Company whose names are set out on page 5 of this document
“Effective Date”	the date on which the Management Agreement and the Existing Investment Advisory Agreement will be terminated and the New Investment Advisory Agreement will come into effect, assuming Resolution 2 is passed by the requisite majority and all necessary approvals and consents (including from the Jersey Financial Services Commission) are obtained
“Existing Investment Advisory Agreement”	the existing investment advisory agreement dated 27 July 2007 between the Company, the Manager and the Investment Adviser
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at 10.30 a.m. on 2 August 2010
“Form of Proxy”	the form of proxy for use in connection with the Extraordinary General Meeting which accompanies this document
“Interim Dividend”	the interim dividend of 1.65p per Share, declared today by the Company with a record date of 30 July 2010 and a payment date of 9 August 2010
“Investment Adviser”	Ludgate Investments Limited
“Issue Authority”	the authority to issue Shares for cash on a non-pre-emptive basis that will be granted to the Directors if Resolution 1 is passed at the Extraordinary General Meeting
“London Stock Exchange”	London Stock Exchange plc
“Management Agreement”	the management agreement dated 27 July 2007 between the Company and the Manager
“Management Reorganisation”	the proposed restructuring of the Company’s management arrangements and the amendment of the Articles
“Manager”	Ludgate Fund Management (Environmental) (Jersey) Limited
“Manager Warrants”	unlisted warrants that entitle the holder to subscribe for one Share per warrant at a price of 175p per Share
“New Articles”	the articles of association proposed to be adopted by the Company on the passing of Resolutions, subject to all necessary consents and approvals from the Jersey Financial Services Commission
“New Investment Advisory Agreement”	the investment advisory agreement to be entered into between the Company and the Investment Adviser conditional upon the obtaining of all necessary approvals and consents
“NAV per Share”	the unaudited net asset value of the Company (calculated in accordance with the Company’s usual accounting policies) divided by the number of Shares in issue
“Notice of Extraordinary General Meeting”	the notice convening the Extraordinary General Meeting which is set out on pages 11 and 12 of this document

“Placing”	the conditional placing of the Placing Shares at the Placing Price
“Placing Price”	means 97.15p per Placing Share
“Placing Shares”	means the Shares that will be placed with investors under the Placing
“Proposals”	the Placing, the Issue Authority and the Management Reorganisation
“Resolution 1”	the special resolution to grant the Issue Authority to the Directors, as set out in the Notice of Extraordinary General Meeting
“Resolution 2”	the special resolution to amend the Articles and facilitate the Management Reorganisation, as set out in the Notice of Extraordinary General Meeting
“Resolution 3”	the ordinary resolution to increase the maximum aggregate remuneration that may be paid to the Directors per annum from £100,000 to £160,000, pursuant to article 20.03 of the Articles
“Resolutions”	Resolution 1, Resolution 2 and Resolution 3
“Shareholders”	holders of Shares
“Shares”	participating shares of no par value in the capital of the Company
“UK”	the United Kingdom of Great Britain and Northern Ireland

## **Ludgate Environmental Fund Limited**

*(Incorporated and registered in Jersey with registered number 97690)*

*Directors:*

John Shakeshaft *(Non-executive Chairman)*  
Matt Christensen *(Non-executive Director)*  
Douglas Maccabe *(Non-executive Director)*  
Helen Grant *(Non-executive Director)*  
Sian Hansen *(Non-executive Director)*

*Registered Office:*

22 Grenville Street  
St Helier  
Jersey  
JE4 8PX

9 July 2010

*To Shareholders and, for information only, holders of Investor Warrants and Manager Warrants*

Dear Shareholder

**Proposed dis-application of pre-emption rights,  
cash placing of Shares to raise up to approximately £15 million,  
declaration of interim dividend,  
proposed reorganisation of management arrangements,  
amendments to articles of association, and  
Notice of Extraordinary General Meeting**

### **1. Introduction and summary**

The purpose of this document is to provide you with details of, and the reasons for, the proposed dis-application of pre-emption rights, the proposed cash placing of Shares and the proposals to reorganise the Company's management arrangements, which will require amendments to the Company's Articles, and the Resolutions that will be proposed to facilitate the Proposals.

The Company announced earlier today that it proposes to raise up to approximately £15 million (before expenses) through a conditional placing of Shares and take authority from Shareholders to issue up to 25 million Shares on a non-pre-emptive basis pursuant to the Placing and otherwise. As the Issue Authority will be for an amount in excess of 10 per cent. of the Company's issued share capital, it will require the approval of Shareholders by special resolution, as stated in the admission document published by the Company on 30 July 2007. Resolution 1 will, if passed, grant the Directors authority to issue up to 25 million Shares. The Issue Authority may be used for other non-pre-emptive share issues in the future as well as for the Placing. Assuming Resolution 1 is passed, the Placing Shares will be issued at 97.15p per Share, which is equal to the Company's unaudited NAV per Share as at 30 June 2010 of 98.8p less the Interim Dividend of 1.65p per Share, which was declared today (as described below).

The Company also announced that it proposes to restructure the management arrangements that have been in place since the Company's admission to AIM in August 2007. The Management Reorganisation will involve the termination of both the existing Management Agreement and the Existing Investment Advisory Agreement and replacing them with a New Investment Advisory Agreement between the Company and the current Investment Adviser, Ludgate Investments Limited. As the Articles contain certain provisions requiring the Company to have a non-UK manager in place, in order to implement the Management Reorganisation the Articles must be amended. A special resolution to this effect, Resolution 2, will be proposed at the Extraordinary General Meeting. Assuming Resolution 2 is passed and all consents and approvals (including that of the Jersey Financial Services Commission) are obtained, the Management Reorganisation will take effect on the Effective Date.

The Company also announced that it proposes to increase the maximum aggregate annual fees payable

to Directors from £100,000 to £160,000. An ordinary resolution to this effect, Resolution 3, will be proposed at the Extraordinary General Meeting.

The Directors intend to vote in favour of the Resolutions in respect of their holdings of 125,445 Shares, representing, in aggregate, approximately 0.27 per cent. of the Company's issued share capital as at the date of this document.

**The purpose of this document is to provide you with information about the background to and the reasons for the Proposals, to explain why the Board considers the Proposals to be in the best interests of the Company and its Shareholders as a whole and why the Directors recommend that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting, notice of which is set out at the end of this document.**

## **2. Net Asset Value and Interim Dividend**

The Company is pleased to announce that its unaudited Net Asset Value as at 30 June 2010 was £45.4 million, which is equal to a Net Asset Value per Share of 98.8p. The Company has also declared an Interim Dividend of 1.65p per Share, which compares to the final dividend of 1.5p per Share that was paid in respect of the financial year ending 30 June 2009.

The Company has declared the Interim Dividend now, with a Record Date prior to the issue of additional Shares pursuant to the Placing, so that existing Shareholders' income will not be diluted by the Placing. The Interim Dividend is in lieu of a final dividend and the Directors do not currently expect that any further dividends will be declared in respect of the financial year ended 30 June 2010.

## **3. Background to and reasons for the Placing**

The Company is proposing to raise up to approximately £15 million through an issue of new Shares. The Placing Price of 97.15p per Share is equal to the unaudited NAV per Share as at 30 June 2010 of 98.8p less the Interim Dividend of 1.65p per Share, which was declared today. Assuming the Placing is fully subscribed, this would represent an enlargement of approximately 34 per cent. of the Company's issued share capital as at 30 June 2010.

The Board believes that this is an opportune time to seek to enlarge the Fund for a number of reasons:

- (i) approximately 84 per cent. of the Company's existing net assets are either invested already (approximately 62 per cent.) or ear-marked for follow-on investments into the existing portfolio (approximately 22 per cent.), which comprises 10 investments. A fundraising to raise new capital would enable the Company to make new investments which would broaden the investment portfolio;
- (ii) the Investment Adviser has identified a number of potential investment opportunities, which it believes may be available on attractive investment terms. In general, the Investment Adviser believes that there continues to be a shortage of development capital (both equity and debt) to finance emerging businesses in the Cleantech sector such that many opportunities are available which meet the Company's investment criteria; and
- (iii) increasing the Company's net assets should enable it to achieve economies of scale with regard to its fixed costs, which should result in a modest reduction in the total expense ratio for the Company in future.

In order to implement the Placing and to provide flexibility in the future, the Company is proposing to take authority to issue up to 25 million Shares on a non-pre-emptive basis. Whilst it is intended that the Placing will currently raise a maximum of approximately £15 million, the Directors reserve the right to issue further Shares in excess of this amount if there is sufficient demand under the Placing. If any of the

Issue Authority remains unused following the Placing it may be used by the Directors at any time until it expires at the conclusion of the Company's annual general meeting to be held in 2011. Any Shares allotted pursuant to the Issue Authority will be allotted at a price not less than the prevailing NAV per Share.

For illustrative purposes only and assuming all Shares were issued at the Placing Price, the Issue Authority would allow the Company to raise up to approximately £24.3 million (before expenses).

#### **4. Details of the Placing**

The Placing will consist of the issue of up to approximately 15.5 million Shares at the Placing Price. The Placing is conditional on (i) commitments being received for not less than £7.5 million; (ii) the passing of Resolution 1 by the requisite majority; and (iii) the Admission of the Placing Shares to trading on AIM. The Directors may waive the minimum commitments condition in their absolute discretion.

If the Placing is fully subscribed it is expected to raise approximately £15 million (before expenses estimated to amount to 2 per cent. of the gross proceeds). The net proceeds of the Placing would therefore be expected to be approximately £14.7 million, assuming it is fully subscribed.

In consideration for arranging the Placing, the Investment Adviser will be entitled to a commission of two per cent. of the value of those Placing Shares placed by the Investment Adviser on behalf of the Company (less the other costs of the Placing (including those of the Company's professional advisers), which the Investment Adviser has agreed to bear), out of which the Investment Adviser may pay commissions to third party placement agents. If the Investment Adviser arranges for any other investors to subscribe for further Shares pursuant to the Issue Authority following the completion of the Placing the Investment Adviser will be entitled to receive the same commission (less costs) on any such subscription.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective at 8.00 a.m. on 6 August 2010.

Subject as set out below, the Placing Shares will rank *pari passu* in all respects with the Shares currently in issue, including the right to receive all dividends and other distributions declared on or after the date on which they are issued. The Directors consider that existing Shareholders should be entitled to the distributable income generated by the Company in the financial year that ended on 30 June 2010 and that this income should not be diluted by the issue of new Shares pursuant to the Placing. The Directors have therefore declared an Interim Dividend of 1.65p per Share, which will be paid to existing Shareholders only by reference to a record date of 30 July 2010.

It is expected that CREST accounts will be credited with entitlements to Placing Shares as soon as practicable after 8.00 a.m. on the day of Admission (as the case may be) and that share certificates (where applicable) will be despatched by 20 August 2010.

The Company reserves the right to utilise the authority conferred by Resolution 1 to allot additional Shares at any time, including as part of the Placing, such that the final amount raised under the Placing could be greater than £15 million, should there be sufficient demand. The authority conferred on the Directors by Resolution 1, if it is passed, will expire at the conclusion of the annual general meeting of the Company to be held in 2011.

#### **5. Background to and reasons for the Management Reorganisation**

##### *Amendments to the Company's management arrangements*

The Company's existing management arrangements were put in place at the time of the Company's launch in August 2007. Under these arrangements the Investment Adviser is responsible for analysing the environmental and cleantech sector to source, analyse and recommend investment opportunities and disposal options. The Investment Adviser is also responsible for negotiating the terms on which the Company could invest in or dispose of any particular investment. This information is then passed to the Manager, who is able to commit the Company to investment, although as a matter of practice all of

the Company's investments have been considered and approved by the Manager and the Board prior to being made.

Whilst the Board considers that the current arrangements have served the Company well over the last three years, it believes that there is room to make the Company's investment advisory and management function more efficient. In particular, the fact that all investments are approved by the Board has meant that the role of the Manager has been re-evaluated. Following careful consideration, the Board, Manager and Investment Adviser have agreed in principle that the functions currently undertaken by the Manager could be undertaken either by the Investment Adviser or by the Board. The Management Reorganisation, which is conditional upon the obtaining of all necessary consents and approvals (including that of the Jersey Financial Services Commission) and the definitive agreement of the board of the Investment Adviser will, if implemented, therefore remove the Manager and expand the current roles of the Investment Adviser and the Board to take its place. A new investment advisory agreement will therefore be put in place between the Company and the Investment Adviser to document the new arrangements. The new arrangements will contain the same provisions as to fees and expenses as the existing arrangements, as described in more detail below.

Whilst the beneficial ownership of the Investment Adviser has changed recently, as described below, the team of fund managers who currently provide advice to the Company, led by Nick Pople and Nigel Meir, will remain the same and the Investment Adviser will continue to source investment opportunities and recommend disposals as and when it considers them to be appropriate. Each investment or disposal decision, however, will be taken by the Board based on the Investment Adviser's advice.

The changes to the beneficial ownership of the Investment Adviser have resulted in the existing management team and their related parties (including Mr Pople and Dr Meir) retaining a 30 per cent. equity stake, with Ocean Capital Holding II B.V. holding approximately 66 per cent.. Ocean Capital is an investment vehicle for a number of Dutch family offices and has holdings in the environmental and other sectors.

The current management fee, which is payable to the Manager, will be replaced by an investment advisory fee on the same terms, which will be paid directly to the Investment Adviser. Any performance fee will be payable to the Investment Adviser as well. Under the contractual documentation implementing the Proposals, the Investment Adviser has agreed to take responsibility for all actions taken by the Manager prior to the Effective Date. The retained performance fee currently held by the Company in a reserve account will also remain in place and will be available to be off-set against any underperformance by the Company's portfolio. There is therefore no change to the Company's financial position in relation to its investment management and advice.

The Directors have received advice that the Proposals should not lead to an increased risk of the Company being considered to be tax resident in the United Kingdom or being treated as carrying on a trade in the United Kingdom, although this will depend on the ongoing operation of the Company and the view taken by relevant tax authorities cannot be guaranteed.

Pursuant to the AIM Rules, the Investment Adviser is a related party of the Company. As the New Investment Advisory Agreement will over its term lead to the payment of fees in excess of 5 per cent. of the Company's market capitalisation to the Investment Adviser, the entry into the New Investment Advisory Agreement constitutes a related party transaction for the purposes of AIM Rule 13. In light of the requirements of that rule, the Directors confirm that they consider, having consulted with the Company's nominated adviser, PricewaterhouseCoopers LLP, that the terms of the New Investment Advisory Agreement are fair and reasonable insofar as the Company's Shareholders are concerned.

Drafts of the proposed conditional letters of termination of the Management Agreement and the Existing Investment Advisory Agreement, as well as a draft of the proposed New Investment Advisory Agreement, are available for inspection at the Company's registered office from the date of this circular until the conclusion of the Extraordinary General Meeting. Copies of such documents will also be available for inspection at the meeting itself.

Finally, the Board wishes to place on record its sincere thanks to the Manager, which has performed its functions under the Management Agreement diligently over the three years since the Company's launch.

### *Changes to the Board of Directors*

As part of its review of the Company's operations, the Board has also considered its own composition and role. The increased oversight and more frequent Board involvement that will result from the Management Reorganisation has led to a number of changes being proposed. The first is that Douglas Maccabe intends to step down from the Board at the conclusion of the Extraordinary General Meeting. I wish to thank Mr Maccabe for his valuable contribution to the Company over the three years that he has served as a Director and, on behalf of the entire Board, wish him every success in his future endeavours. Subject to Jersey Financial Services Commission approval, it is intended that Mr Maccabe will be replaced on the Board by Donald Adamson. Mr Adamson has been involved with the Company since its launch in 2007 as the chairman of the Manager and will be a valuable addition to the Board. Mr Adamson currently holds 50,000 Shares and 25,000 Manager Warrants.

It is intended that Mr Adamson will remain on the board of the Manager for a transitional period following his appointment to the Board. Assuming the Management Reorganisation is implemented, this will not present any ongoing conflict of interest issues. In the event that the Management Reorganisation is not implemented, procedures will be put in place to ensure that any potential conflicts of interest arising from Mr Adamson's roles as a director of the Manager and the Company are managed effectively.

Helen Grant has also indicated that she wishes to step down from the Board in the near future. The Board is currently engaged in identifying a replacement for Ms Grant and an announcement will be made in due course. Ms Grant does not currently receive any remuneration in recognition of the Company's fee agreement with her employer, State Street, which provides administrative and accounting services to the Company.

The Board considers that any new Directors appointed by the Company, including Mr Adamson, will be paid fees that reflect the responsibilities of their role. The Board has also undertaken a more general review of existing Board remuneration arrangements in the light of the Management Reorganisation and the increased size of the Company. It is the Board's intention to increase the fees of the Directors to £25,000 per annum each and in the case of the Chairman to £60,000. In order to facilitate the proposed increases, the Board wishes to increase the maximum aggregate annual fees limit payable to Directors from £100,000 to £160,000. This requires the approval of an ordinary resolution of the Company and is therefore subject to the passing of Resolution 3 by the requisite majority.

### *Amendments to the Company's articles of association*

The Company's Articles currently contain provisions requiring the Company to have a manager in place, as well as stipulating that the manager must not be incorporated in the United Kingdom. Having taken advice, the Company considers that these provisions are no longer required and that the benefit of the Management Reorganisation justifies amending the Articles to remove them. If the Articles are not amended, the Management Reorganisation will not be implemented.

In addition, the New Articles reduce the notice period required for general meetings to 14 clear days from 21 clear days, in line with recent changes to Jersey law.

Resolution 2, which is a special resolution, would adopt the New Articles as the Company's articles of association to allow the implementation of the Management Reorganisation.

A copy of the New Articles is available for inspection at the Company's registered office from the date of this circular until the conclusion of the Extraordinary General Meeting. A copy of the New Articles will also be available for inspection at the meeting itself.

### *Review of custody arrangements*

In conjunction with the Management Reorganisation, the Company has been reviewing the arrangements it has in place for the custody of its assets. A custody agreement was put in place at the Company's launch in 2007 to provide an independent entity to hold any of the Company's assets or documents of title that are held in Jersey. Given the way that the Company's assets have been held since its launch, however, the Board is considering whether these arrangements remain appropriate. An announcement will be made following the conclusion of this review.

## 6. Extraordinary General Meeting

Set out on pages 11 and 12 of this document is a notice convening the Extraordinary General Meeting to be held on 2 August 2010 at 10.30 a.m. at 22 Grenville Street, St Helier, Jersey JE4 8PX, at which the Resolutions will be proposed.

Resolutions 1 and 2 to be proposed at the Extraordinary General Meeting are special resolutions (requiring a majority of not less than two-thirds of those shareholders present and voting at the Extraordinary General Meeting to vote in favour). Resolution 3 is an ordinary resolution (requiring a majority of not less than one half of those shareholders present and voting at the Extraordinary General Meeting to vote in favour).

Resolution 1 will grant the Directors the authority to issue up to 25 million Shares for cash in respect of the Placing and subsequent issues until the authority expires at the conclusion of the Company's annual general meeting in 2011 or, if earlier, 15 months after the Extraordinary General Meeting. In each case the Shares may only be issued at a price equal to or higher than the prevailing Net Asset Value per Share.

Resolution 2 will amend the Company's Articles to remove any requirement for a manager to be appointed by the Company, as well as making certain other minor changes to allow the implementation of the Management Reorganisation and reducing the minimum notice period for general meetings from 21 clear days to 14 clear days.

Resolution 3 will increase the cap on the aggregate annual Directors' fees to £160,000.

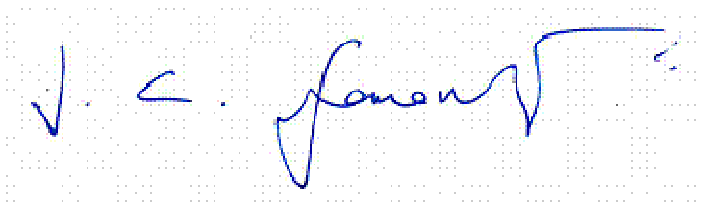
## 7. Action to be taken

A Form of Proxy for use at the Extraordinary General Meeting accompanies this document. The Form of Proxy should be completed in accordance with the instructions thereon and returned to the Company's registrars, Computershare Investor Services (Jersey) Limited, Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES, as soon as possible, but in any event so as to be received by no later than 10.30 a.m. on 31 July 2010. The completion and return of a Form of Proxy will not preclude Shareholders from attending the Extraordinary General Meeting and voting in person should they so wish.

## 8. Recommendation

**The Directors consider that the Proposals are in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting as they intend to do in respect of their beneficial holdings amounting, in aggregate, to 125,445 Shares, representing approximately 0.27 per cent. of the Company's issued share capital as at the date of this document.**

Yours sincerely



John Shakeshaft  
Chairman

## NOTICE OF EXTRAORDINARY GENERAL MEETING

### Ludgate Environmental Fund Limited

(Incorporated and registered in Jersey with registered no. 97690)

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting of Ludgate Environmental Fund Limited (the "**Company**") will be held at **22 Grenville Street, St Helier, Jersey JE4 8PX** at 10.30 a.m. on 2 August 2010. The business of the meeting will be to consider as special business and, if thought fit, to pass the following resolutions (the "**Resolutions**"), in the case of Resolutions 1 and 2, as special resolutions of the Company, and in the case of Resolution 3, as an ordinary resolution of the Company:

#### SPECIAL RESOLUTIONS

1. THAT, in substitution for all subsisting authorities to the extent unused, the Directors be and they are hereby generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate amount of 25 million shares (equal to approximately 54 per cent. of the Company's issued share capital as at the date of this notice) in connection with the Placing (as defined in the circular of the Company published on 9 July 2010 and attached hereto) and any further allotments that the Directors consider appropriate, provided that all shares allotted pursuant to the authority contained in this Resolution shall be issued at a price not less than the prevailing net asset value per share at the time of allotment as determined by the Company from time to time and unless previously renewed, revoked, varied or extended this power shall expire on the earlier of the date which is 15 months from the date of the passing of this Resolution and the conclusion of the annual general meeting of the Company to be held in 2011 except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.
2. THAT, subject to the consent and approval of the Jersey Financial Services Commission, the Articles of Association of the Company produced to the Meeting and marked "A" for the purposes of identification be and are hereby approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

#### ORDINARY RESOLUTION

3. THAT, the cap on the aggregate annual fees for directors of the Company be increased from £100,000 to £160,000 in accordance with article 20.03 of the Company's articles of association.



By Order of the Board  
State Street Secretaries (Jersey) Limited  
Company Secretary

Registered Office  
22 Grenville Street  
St Helier  
Jersey  
JE4 8PX

9 July 2010

## NOTES:

- 1 A member entitled to attend and vote at the Extraordinary General Meeting may appoint one or more proxies to attend and on a poll vote instead of him.
- 2 A form of proxy is provided with this notice. Completion and return of such a proxy will not prevent a member from attending the Extraordinary General Meeting and voting in person.
- 3 To be effective, the form of proxy (completed in accordance with these notes and the terms of the form of proxy) and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be deposited with Computershare Investor Services (Jersey) Limited, Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES, not less than 48 hours before the time of the holding of the Extraordinary General Meeting or any adjournment thereof. A proxy need not be a member of the Company. In the case of a member that is a company, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
- 4 Appointment of proxies does not preclude members from attending and voting at the Extraordinary General Meeting should they wish to do so. If you have appointed a proxy and attend the Extraordinary General Meeting in person, your proxy appointment will automatically be terminated.
- 5 A proxy does not need to be a member of the Company but must attend the Extraordinary General Meeting to represent you. Details of how to appoint the Chairman of the Extraordinary General Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. You may appoint more than one proxy to attend on the same occasion.
- 6 A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given in the proxy form, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Extraordinary General Meeting.
- 7 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
- 8 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Any amended proxy appointment received after the time specified above will be disregarded.
- 9 Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Computershare Investor Services (Jersey) Limited.
- 10 If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
- 11 In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Computershare Investor Services (Jersey) Limited. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by a duly authorised officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a notarially certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Computershare Investor Services (Jersey) Limited no later than the commencement of the Extraordinary General Meeting or adjourned meeting at which the vote is given or, in the case of a poll taken more than 48 hours after it is demanded, before the time appointed for taking the poll.
- 12 If you attempt to revoke your proxy appointment but the revocation is received after the time specified then your proxy appointment will remain valid.
- 13 Pursuant to Article 40(1) of the Companies (Uncertificated Securities) (Jersey) Order 1999, the Company has specified that only those members registered on the register of members of the Company at 6:00 p.m. on 31 July 2010 shall be entitled to attend and vote at the Extraordinary General Meeting in respect of the number of Shares registered in their name at that time. Changes to the register of members after 6:00 p.m. on 31 July 2010 shall be disregarded in determining the rights of any person to attend and vote at the Extraordinary General Meeting.