

OFFERING MEMORANDUM

ARGO DISTRESSED CREDIT FUND LIMITED
(a company incorporated with limited liability under
the laws of the Cayman Islands under registration number OG-198133)

ARGO CAPITAL MANAGEMENT (CYPRUS) LIMITED

(INVESTMENT MANAGER)

ARGO CAPITAL MANAGEMENT LIMITED

(INVESTMENT ADVISOR)

October 2009

IMPORTANT INFORMATION

General

Offer for sale of participating shares, par value US \$0.01 per share ("Participating Shares" which term includes all Classes of Participating Shares unless otherwise indicated), of Argo Distressed Credit Fund Limited, an exempted company incorporated and existing under the laws of the Cayman Islands (the "Fund"). The required minimum initial subscription (which is subject to change at the sole discretion of the board of directors of the Fund (the "Directors") is currently US \$100,000 or its Euro equivalent for Euro Class Shares.

Price: US \$1,000 per Participating Share.

Reliance on Memorandum

The Participating Shares are offered solely on the basis of the information and representations contained in this Memorandum and any further information given or representations made by any person may not be relied upon as having been authorised by the Fund or the Directors. Neither the delivery of this Memorandum nor the allotment or issue of Participating Shares shall under any circumstances create any implication that there has been no change in the affairs of the Fund since the date hereof.

This Memorandum may not be reproduced in whole or in part, and may not be delivered to any person (other than your financial advisor) without the prior written consent of the Fund's Directors.

Registration in the Cayman Islands

The Fund is registered as a regulated mutual fund with the Cayman Islands Monetary Authority under section 4(3) of the Mutual Funds Law (2007 Revision) of the Cayman Islands. However, no Cayman Islands authority has passed upon the contents of this Memorandum or the merits of an investment in the Participating Shares. Moreover the investment activities of the Fund are not regulated or otherwise overseen by the Cayman Islands Government.

Status in Ireland

The Fund has not been approved by, and is not regulated by, the Irish Financial Services Regulatory Authority. This Memorandum does not constitute or form part of any offer or invitation to the public to subscribe for or purchase the Participating Shares and shall not be construed as such and no person other than the person to whom this Offering Memorandum has been addressed or delivered shall be eligible to subscribe for or purchase Participating Shares. Shares shall not be marketed in Ireland without the prior approval in writing of the Irish Financial Regulator.

Restrictions on Distribution

Cayman Islands: no invitation may be made to the public in the Cayman Islands to subscribe for the Participating Shares.

Ireland: This Memorandum is strictly private and confidential and should not be disseminated or circulated to the public. The Memorandum is directed solely to certain individuals to whom they are addressed (the "Investor"). The Participating Shares and investments or investment activities to which the Memorandum refers are the subject of a private invitation made by the Fund to the Investor (the "offer") and are available solely to the Investor and no other person(s), directly or indirectly other than the investor, the fund will not engage with any person(s) in relation to the Memorandum. The offer is not an offer to the public within the meaning of the applicable laws of Ireland and in particular section 9(1)(b) of the Unit Trusts Act 1990 and is an excluded offer within the meaning of Regulation 9(1) of the Offering Memorandum (Directive 2003/71/EC) Regulations 2005 (the "Directive"). The Offering Memorandum has not been prepared in accordance with the Directive or any measures made under

that Directive or the laws of Ireland or of any EU member state or EEA treaty adherent state that implement that directive or those measures.

Other than the Investor, no person(s) should rely on the Memorandum or take any action upon them. If you are not the intended recipient of the Offering Memorandum and have received them in error you should return them immediately. The Fund is not supervised, approved or authorised in Ireland by the Irish Financial Regulator and the regulatory requirements which it imposes are not applicable. The Fund is established in the Cayman Islands and is governed under the laws of the Cayman Islands.

Potential investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser and are responsible for informing themselves as to the possible tax consequences of an investment.

The Fund has not made and will not make an offer of the interests to the public in Ireland prior to the publication of an offering memorandum in relation to an offer of the interests that has been approved by the Irish Financial Regulator or where appropriate, approved in another member state of the European Union and notified to the Irish Financial Regulator in Ireland, all in accordance with the Offering Memorandum Directive 2003/71/EC, the Irish Offering Memorandum (Directive 2003/71/EC) Regulations, 2005 Part XIII of Companies Act 1990 and the Investment Funds, Companies and Miscellaneous Provisions Act 2005 and any such marketing in Ireland is subject to the prior approval of the Irish Financial Regulator.

United Kingdom: The Fund is an unrecognised collective investment scheme for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom (the "Act"). The promotion of the Fund and the distribution of this Offering Memorandum in the United Kingdom is accordingly restricted by law.

Whilst this Offering Memorandum may be issued outside the United Kingdom directly by Argo Capital Management (Cyprus) Limited, and the Directors of the Fund are responsible for its contents, wherever issued, it is being issued inside and outside the United Kingdom by Argo Capital Management Limited (which is authorised and regulated by the Financial Services Authority ("FSA")) to and/or is directed at only persons who are professional clients or eligible counterparties for the purposes of the FSA's Conduct of Business Sourcebook.

This Offering Memorandum is exempt from the scheme promotion restriction (in section 238 of the Act) on the communication of invitations or inducements to participate in unrecognised collective investment schemes on the grounds that it is being issued to and/or directed at only the types of person referred to above. To the extent that this Offering Memorandum is issued by Argo Capital Management Limited the Participating Shares are only available to such persons and this Offering Memorandum must not be relied or acted upon by any other persons.

Any recipient of this Offering Memorandum who is an authorised person may (if and to the extent it is permitted to do so by the FSA rules applicable to it) distribute it or otherwise promote the Fund in accordance with section 238 of the Act but not otherwise. Any recipient of this Offering Memorandum who is not an authorised person may not distribute it to any other person.

United States: The Participating Shares have not been and will not be registered under the Securities Act of 1933 of the United States (as amended) ("the 1933 Act") or the securities laws of any of the states of the United States, nor is such registration contemplated. The Participating Shares may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any "US Person" except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable state laws. Any re-offer or resale of any of the Participating Shares in the United States or to US Persons may constitute a violation of United States law.

The Participating Shares are being offered outside the United States pursuant to the exemption from registration under Regulation S under the 1933 Act. Each applicant for Participating Shares will be required to certify that it is a US Person.

There is no public market for the Participating Shares and no such market is expected to develop in the future. The Participating Shares offered hereby are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Articles, the 1933 Act and applicable state securities law pursuant to registration or exemption therefrom.

The Fund will not be registered under the United States Investment Company Act of 1940 (as amended) (the "1940 Act"). Based on interpretations of Section 3(c)(1) of the 1940 Act by the staff of the SEC relating to foreign investment companies, if the Fund has more than 100 beneficial owners of its Participating Shares who are US Persons it may become subject to certain requirements under the 1940 Act. To ensure that the number of holders of Participating Shares who are US Persons is maintained below that level, the Directors may compulsorily redeem Participating Shares beneficially owned by US Persons.

Notwithstanding the foregoing prohibitions, the Fund may arrange or permit the private placement in the United States of a portion of the Participating Shares under the exemption provided by Section 4(2) of the 1933 Act and Regulation D promulgated thereunder to a limited number of US Persons that are "accredited investors" (as defined in Rule 501(a) of Regulation D under the 1933 Act), under restrictions and other circumstances designed to preclude a distribution that would otherwise require registration of the Participating Shares under the 1933 Act, cause the Fund to become subject to the registration requirements of the 1940 Act or cause the assets of the Fund to be "plan assets" for the purposes of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), including presentation by such investors, prior to the delivery to them of Participating Shares, of a letter containing specified representations and agreements.

Pursuant to an exemption from registration as a commodity pool operator set forth in United States Commodity Futures Trading Commission ("CFTC") Rule 4.13(a)(4), the Investment Manager is not required to register, and is not registered, as a commodity pool operator under the CEA. Consequently, unlike a registered commodity pool operator, the Investment Manager is not required to provide subscribers for Participating Shares with a disclosure document or certified annual report meeting the requirements of the CFTC rules otherwise applicable to registered commodity pool operators. This Offering Memorandum has not been, and is not required to be, filed with the CFTC, and the CFTC has not reviewed or approved this Offering Memorandum or the offering of Participating Shares.

The Participating Shares are suitable only for sophisticated investors who do not require immediate liquidity for their investments, for whom an investment in the Fund does not constitute a complete investment program and who fully understand and are willing to assume the risks involved in the Fund's investment program. The Fund's investment practices, by their nature, may be considered to involve a substantial degree of risk. Subscribers for Participating Shares must represent that they are acquiring the Participating Shares for investment.

The Participating Shares have not been filed with or approved or disapproved by any regulatory authority of the United States or any state thereof, nor has any such regulatory authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is unlawful.

Notice to prospective purchasers in Florida: These securities have not been registered under the Florida Securities Act in reliance upon an exemption therefrom. Any sale made pursuant to such exemption is voidable by a Florida purchaser within three (3) days after the first tender of consideration is made by such purchaser to the issuer, an agent of the issuer or an escrow agent in payment for such securities. However, this right is not available to any purchaser who is a bank, trust company, savings institution, insurance company, securities dealer, investment company (as defined in the 1940 Act), pension or profit-sharing trust or qualified institutional buyer (as defined in Rule 144A under the 1933 Act).

The Fund may accept investments from employee benefit plans subject to Part 4 of Title I of the US Employee Retirement Income Security Act of 1974, as amended ("ERISA"), plans or accounts subject to section 4975 of the US Internal Revenue Code of 1986, as amended (the "Code"), insurance company general and separate accounts and entities the underlying assets of which include plan assets (i.e. "Benefit Plan Investors", as defined under ERISA). However, the Fund does not anticipate

that its assets will be subject to Title I of ERISA or section 4975 of the Code, because it intends to limit investments in the Fund by "Benefit Plan Investors". Generally, assets of an entity like the Fund will not be subject to Title I of ERISA or section 4975 of the Code, if Benefit Plan Investors own less than 25 per cent of the value of any class of equity interests of the Fund, excluding from this calculation any non-Benefit Plan Investor interests held by the Investment Manager and certain affiliated persons or entities. No subscriptions for Participating Shares made by Benefit Plan Investors will be accepted and no transfers of Participating Shares will be permitted to the extent that the investment or transfer would result in the Fund's assets becoming subject to Title I of ERISA or section 4975 of the Code. In addition, because the 25 per cent limit is to be calculated upon every subscription to or redemption from the Fund, the Fund has the authority to require the compulsory redemption of Participating Shares of any Class to ensure that the Fund is not subject to Title I of ERISA or section 4975 of the Code.

In the event that the Fund was to become subject to Title I of ERISA or section 4975 of the Code, i.e. the assets of the Fund were regarded as "plan assets", the Investment Manager would be a "fiduciary" (as defined in ERISA) with respect to plans and accounts subject to Title I of ERISA and/or section 4975 of the Code and would be subject to the obligations and liabilities imposed on fiduciaries by ERISA and/or the Code. Moreover, the Fund would be subject to various other requirements imposed by ERISA and/or the Code.

Generally: The distribution of this Offering Memorandum and the offering of Participating Shares may be restricted in certain jurisdictions. The above information is for general guidance only, and it is the responsibility of any person or persons in possession of this Offering Memorandum and wishing to make application for Participating Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Participating Shares should inform themselves as to legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

This Offering Memorandum does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation.

Risk Factors

Investment in the Fund carries substantial risk. There can be no assurance that the Fund's investment objective will be achieved and investment results may vary substantially over time. Investment in the Fund is not intended to be a complete investment programme for any investor. Prospective investors should carefully consider whether an investment in Participating Shares is suitable for them in light of their circumstances and financial resources (see further under "Risk Factors").

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, accountant or other professional adviser.

The Directors of the Fund (listed herein) accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

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DEFINITIONS

Terms not otherwise defined in this Memorandum shall carry the same meaning as given in the Subscription Agreement. The following terms shall carry the following meanings.

“Administration Agreement”	the administration agreement between the Fund and the Administrator referred to in Section 6;
“A Class Share”	a Participating Share designated as Class A having the rights and offering terms set out in the Articles and in this Memorandum;
“AIM”	the AIM market operated by the London Stock Exchange;
“Argo Funds”	The Argo Fund Limited, a Cayman Islands exempted company, Argo Global Special Situations Fund, a segregated portfolio of Argo Capital Investors Fund SPC, a Cayman Islands exempted segregated portfolio company, Argo Real Estate Opportunities Fund Limited, a Guernsey company, and such other additional investment funds which are or come to be managed by the Investment Manager (collectively, the “Argo Funds”).
“Articles”	the articles of association of the Fund and (where the context permits) the memorandum of association of the Fund as amended from time to time;
“B Class Share”	a Participating Share designated as Class B having the rights and offering terms set out in the Articles and in this Memorandum
“Business Day”	any day (except a Saturday or a Sunday) on which banks in Dublin, Ireland, Cyprus, and the Cayman Islands (and/or such other additional places as the Directors may in their discretion determine) are open for business;
“Class”	a class of Shares of the Fund as referred to in Section 7;
“Dealing Day”	the first Business Day of each month and/or such other day or days as the Directors may from time to time determine;
“Deferred Redemption”	carries the meaning given in Section 10;
“Directors”	the members of the board of directors of the Fund for the time being and any duly constituted committee thereof and any successors to such members as they may be appointed from time to time;
“Distressed Securities”	carries the meaning given in Section 11;

“Dollar Class Shares”	Participating Shares of a Class having US Dollars as the Operational Currency;
“Eligible Investor”	an eligible investor as defined on page xi;
“Euro” or “€”	means the single currency of the European Union;
“Euro Class Shares”	Participating Shares of a Class having Euros as the Operational Currency;
"Entity"	means any company, partnership, sovereign entity, quasi sovereign entity, municipality, or utility and the term “Entities” shall be construed accordingly;
"Financial Distress"	includes the following: <ul style="list-style-type: none"> (i) that the Entity: <ul style="list-style-type: none"> (A) (1) becomes insolvent or is unable to pay its debt or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; or (2) makes a general assignment, arrangement or composition with or for the benefit of its creditors; or (3) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty days of the institution or presentation thereof; or (4) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); or (5) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; or (6) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such

process is not dismissed, discharged, stayed or restrained, in each case within thirty days thereafter; or

(7) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (f) (inclusive); or

(B) fails to pay any Obligation when and where due and after the expiration of any applicable grace period; or

(C) or any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or other entity, private or public, charged with the regulation of the financial markets (including the central bank of the Entity or of the jurisdiction of the organisation of an Entity): (a) disaffirms, disclaims, repudiates or rejects in whole or in part or challenges the validity of any Obligation; or (b) declares or imposes a moratorium, standstill, rollover or deferral whether de facto or de jure in respect of any Obligation; or

(D) restructures any Obligation; or

(ii) that an Obligation of the Entity has become due and payable or has become capable of being declared due and payable before it would otherwise have been due and payable as a result of, or on the basis of the occurrence of a default, event of default or other similar condition or event however described other than a failure to make a required payment under (i)(B) above; or

(iii) that there has, could or might be an adverse change in the liquidity, creditworthiness, regulatory or legal position of the Entity as determined by the Directors in their sole discretion including without limitation by reason of the fact that (x) there is a rumour in relation to the liquidity, creditworthiness, legal or regulatory position of the Entity; or (y) there is or has been a breach or potential breach of any law or regulation which has, could or might have an adverse change on the liquidity, creditworthiness, regulatory or legal position of the Entity;

“FSA”

the Financial Services Authority of the United Kingdom;

“Fund”

Argo Distressed Credit Fund Limited, an exempted company incorporated on 31 October 2007 and existing under the laws of the Cayman Islands;

“Investment Advisor”	Argo Capital Management Limited or such other person as may be appointed as Investment Advisor to provide investment advisory services to the Fund;
“Investment Manager”	Argo Capital Management (Cyprus) Limited;
“Islands”	the British Overseas Territory of the Cayman Islands;
“C Class Share”	a Participating Share designated as Class C having the rights and offering terms set out in the Articles and in this Memorandum;
“Management Agreement”	the investment management agreement between the Investment Manager and the Fund referred to in Section 4;
“Management Shares”	the management shares of the Fund referred to in the Articles;
“Memorandum” / “Offering Memorandum”	the offering memorandum constituted by this document, which term shall include all supplements hereto;
“Net Asset Value”	the net asset value of the Participating Shares as detailed in section 10;
“Obligations”	means any obligation (whether present, future, contingent or otherwise) for the payment or repayment of money regardless of whether such obligation arises under a bond, loan, note, collateralised debt obligation, commercial paper, trade receivable, letter of credit, promissory note, deposit, certificate of deposit, structured product, derivative, repurchase transaction, stock loan, margin or collateral arrangement;
“Ordinary Resolution”	carries the meaning given such term in the Articles;
“Operational Currency”	the operational currency of a particular Class of Participating Shares as referred to in Section 7;
“Participating Shares”	non-voting participating redeemable shares of \$0.01 par value (including a fraction of a Participating Share) in the capital of the Fund having the rights set out herein and the Articles. The term “Participating Share” shall embrace all Classes and Sub-Classes except when reference is made to a specific Class or Sub-Class;
“Performance Fee”	the performance fee payable by the Fund to the Investment Manager;
“Portfolio Manager”	a manager of assets and/or investment funds in which the Fund has invested;
“Record”	a separate record maintained in the books of the Fund in respect of any Class or Sub-Class of Participating Shares pursuant to the Articles and

	Section 7 hereof;
“Redemption Day”	the last Business Day of each calendar quarter;
“Redemption Fee”	the redemption fee set out in section 10 hereof;
“Redemption Price”	the price at which Participating Shares shall be redeemed as determined in accordance with the provisions contained in the Articles and the valuation principles set forth herein (see Section 10);
“Shares”	the Participating Shares and/or the Management Shares as permitted by the context;
“Shareholder”	a person owning Participating Shares;
“Special Resolution”	carries the meaning given such term in the Articles;
“Special Situations”	carries the meaning given in Section 11;
“Sub-Class”	a sub-class of any Class of Participating Shares designated by the Directors pursuant to the Articles;
“Subscription Agreement”	the subscription agreement accompanying this Memorandum;
“Subscription Day”	in respect of each Class, Sub-Class and/or any particular Participating Shares, such day or days as the Directors may from time to time determine either in any particular case or generally;
“Subscription Price”	the price at which Participating Shares shall be issued as determined in accordance with the Articles
“Supplement”	a supplement to this Memorandum setting forth the offering terms specific to a particular Class or Classes of Participating Shares;
“Valuation Day”	the Business Day immediately preceding a Dealing Day or such other day as the Directors may determine;
“US”	the United States of America;
“US Dollars” , “Dollar” and “US \$”	the currency of the United States of America.

INTERPRETATION

Any reference in this Memorandum to:

- (a) words importing the singular shall include the plural and vice versa;
- (b) unless the context otherwise requires words importing persons only shall include companies or associations or bodies of persons whether incorporated or not;
- (c) in each reference to a determination or exercise by the Directors of a discretion it shall be implied that such discretion shall be exercised by the Directors in their sole and absolute discretion either generally or in any particular case;
- (d) the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative;
- (e) all references to “day” shall be deemed to signify a calendar day unless otherwise stated to be a “Business Day”;
- (f) any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- (g) in the event of any conflict between the wording contained herein and the wording of the Articles, the wording found in the Articles shall prevail;
- (h) references to statutes are, unless otherwise specified, references to statutes of the Islands (and such reference shall be taken to be to the short title applicable to such statute) and, subject to paragraph (b) above, include any statutory modification or re-enactment thereof for the time being in force; and
- (i) the headings herein are for convenience only.

DIRECTORY

Registered Office:	Argo Distressed Credit Fund Limited c/o Maples Corporate Services Limited P.O. Box 309, Ugland House Grand Cayman KY1-1104 Cayman Islands
Principal Address:	Argo Distressed Credit Fund Limited c/o HSBC Securities Services (Ireland) Limited 1 Grand Canal Square Grand Canal Harbour Dublin 2, Ireland
Investment Manager:	Argo Capital Management (Cyprus) Limited Jackie Court, Suite 401 10 Vasilissis Frederikis Street Nicosia 1066 Cyprus
Investment Advisor:	Argo Capital Management Limited 80 New Bond Street London, W1S 1SB UK
Administrator:	HSBC Securities Services (Ireland) Limited 1 Grand Canal Square Grand Canal Harbour Dublin 2, Ireland
Auditors:	KPMG P.O. Box 493 Century Yard, Cricket Square Grand Cayman, KY1-1106 Cayman Islands
Custodian:	BNP Paribas Trust Company (IOM) Limited Merchant's House, 24 North Quay, Douglas, Isle of Man, IM1 4LE
United Kingdom Counsel:	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA UK
Ireland Counsel	Maples and Calder 75 St Stephen's Green Dublin 2 Ireland
Cayman Islands Counsel:	Maples and Calder P.O. Box 309, Ugland House South Church Street, George Town Grand Cayman KY1-1104 Cayman Islands

Written inquiries relating to the Fund should be addressed to Argo Distressed Credit Fund Limited at its principal address set forth above.

SUMMARY

The following is a summary of this Offering Memorandum (the "Memorandum") and other documents relating to the Fund and is qualified in its entirety by reference to the Memorandum and related documents. The Memorandum and related documents should be reviewed carefully for more information with respect to the Fund.

The Fund

Argo Distressed Credit Fund Limited (the "Fund") is an exempted company incorporated and existing under the laws of the Cayman Islands.

Investment Objective and Approach

The Fund's investment objective is to achieve above-average returns on a risk adjusted basis by actively trading and investing in securities and other commercial instruments of developing markets. The scope of the Fund seeks to benefit from investment opportunities globally arising from dislocated markets, distressed credit opportunities, Distressed Securities and other investments opportunities the Fund identifies.

Investment Manager

The investment manager of the Fund is Argo Capital Management (Cyprus) Limited, a Cyprus company that is registered as a Cyprus Investment Firm and provider of investment management services with the Cyprus Securities and Exchange Commission and registered with the US Securities and Exchange Commission (the "Investment Manager"). The Investment Manager will be responsible for investing and trading the Fund's assets. The Investment Manager also serves as the Investment Manager to the Argo Funds (except Argo Real Estate Fund Limited).

Investment Advisor

The investment advisor of the Fund is Argo Capital Management Limited, an English company that is registered as an investment advisor with the Financial Services Authority (the "Investment Advisor"). The Investment Manager has appointed the Investment Advisor to provide the Investment Manager with advice and recommendations as to the investment of the Fund's portfolio and may from time to time delegate to it the authority to make day-to-day investment decisions in accordance with the investment objective and approach described in this Memorandum.

Risk Factors

An investment in the Fund may be deemed to be speculative and is not intended as a complete investment program. The Fund is designed for sophisticated investors who are able to bear a substantial loss of their investment in the Fund. The nature of the Fund's investments involves certain risks and the Fund will utilise investment techniques (such as hedging, leverage and short selling) which may carry additional risks. An investment in Participating Shares therefore carries substantial risk and is suitable only for persons who can assume the risk of losing their entire investment. There is no assurance that the Fund's investment objective will be achieved, and investment results may vary substantially from year to year. An investment in the Fund is subject to certain specific risks which are discussed in detail in the section of this Memorandum entitled "Certain Risks".

Principal Terms

- The Fund's minimum initial investment is US \$100,000 for Dollar Class Shares or the Euro equivalent thereof in the case of Euro Class Shares (net of any initial fees and bank charges). These minimum investment levels may be increased at the discretion of the Directors in specific cases. Different minimum levels of investment may be prescribed in respect of different Classes of Participating Shares, but will not, in any case, be below US \$100,000 (or the equivalent thereof in other currencies). The minimum subscription amount in respect of subscriptions for

additional Shares by existing Shareholders is US \$10,000.

- The Fund is offering Class A Shares, Class B Shares and Class C Shares for subscription. Class C Shares are offered exclusively to clients of certain persons providing capital introduction services to the Investment Manager in connection with the marketing of the Fund. Class A Shares and Class B Shares are being offered with an Operational Currency of US Dollars or Euros. Class C Shares have an Operational Currency of US Dollars. Class A Shares (whether US Dollar or Euro denominated) and Class C Shares invest into the same portfolio of assets as Class B Shares, save that the Fund will use direct leverage, via a credit facility, in respect of the Class B Shares in addition to the indirect exposure to leverage gained through the Fund's investment in shares of the Argo Funds and Other Funds. See the Supplement specific to the Class B Shares for additional information pertaining to the use of leverage. Other Classes of Participating Shares having different offering terms to the Class A Shares, Class B Shares or Class C Shares may also be offered for subscription, the offering terms for which shall be set out in a separate Supplement to the extent their offering terms differ from those of the Class A Shares, Class B Shares or Class C Shares.
- Subscriptions will be permitted on the first Business Day of each month and at such other times as the Fund, at its sole discretion, will permit.
- Redemptions will be permitted on the last Business Day of each calendar quarter on 120 days' prior written notice. Redemption proceeds will be paid in cash (see "Redemptions", below).
- The Investment Manager will be paid a monthly Management Fee for its management services. The Management Fee chargeable to a Class of Participating Shares for any month is an amount equal to the percentage of the net assets of the Fund on the Valuation Day specified in the Supplement pertaining to such Class of Participating Shares before deduction of any Performance Fee, payable in arrears. The Management Fee chargeable to each Class of Participating Shares will be subject to reduction (by way of waiver by the Investment Manager) in respect of investments made by the Fund directly in the Argo Funds (so as to avoid duplication of management fees).
- The Investment Manager will receive a Performance Fee at the end of each month equal to 20% of the net profits (including net unrealized gains), if any, attributable to each Participating Share, subject to a loss carry-forward provision. The Performance Fee will be waived by the Investment Manager in respect of that part of the Fund's net asset value which is comprised of investments made by the Fund directly in the Argo Funds (so as to avoid duplication of Performance fees).

Eligible Investors

The Fund's Participating Shares will be offered only to Eligible Investors. An Eligible Investor is any person whose:

- (a) ordinary business or professional activity includes the buying and selling of investments, whether as principal or agent; or
- (b) (if a natural person) individual net worth, or joint net worth with his or her spouse, exceeds US \$1 million; or
- (c) (if an institution) assets under discretionary management exceed US \$5 million.

Investors must warrant in the Subscription Agreement that they are an Eligible Investor and that they have the knowledge, expertise and experience in financial matters to evaluate the risks of investing in the Fund, are aware of the risks inherent in investing in the assets in which the Fund will invest and the method by which these assets will be held and/or traded, and can bear the

loss of their entire investment in the Fund. Any transferee of Shares will be required to warrant in like terms before any transfer is registered. These requirements will not apply to direct or indirect subscriptions by the Investment Manager and/or its directors, employees or associated companies.

Each prospective investor who is a resident of the United States will also be required to represent, among other things, that it is (i) an "accredited investor" as such term is defined under Regulation D of the Securities Act of 1933, as amended, and (ii) a "qualified client" as such term is defined in Rule 205-3 of the Investment Advisers Act of 1940, as amended.

Participating Shares will not be offered to the public in the Cayman Islands.

Subject as mentioned above and under "Transfer of Shares" below, Participating Shares may be transferred with the approval of the Directors.

Purchase of Participating Shares

Any investor desiring to subscribe for the Fund's Participating Shares should sign one copy of the Subscription Agreement offering to purchase a specified number and Class of Participating Shares, and fax an executed copy of the Subscription Agreement, and send the original by mail to:

Argo Distressed Credit Fund Limited
c/o HSBC Securities Services (Ireland) Limited
1 Grand Canal Square
Grand Canal Harbour
Dublin 2,
Ireland

Payment of the subscription amount should be made in accordance with the payment instructions set forth in the Subscription Agreement.

The Fund (and the Administrator on its behalf) each reserves the right to reject any application in whole or part at their absolute discretion, in which event the amount paid on application or the balance thereof (as the case may be) will be returned, subject to applicable law (without interest) as soon as practicable in US Dollars or Euros at the risk and cost of the applicant.

The Administrator will issue a confirmation statement to successful applicants confirming acceptance of their application. Once completed applications have been received and accepted by the Administrator, they are irrevocable unless otherwise agreed by the Investment Manager.

Applications for the Fund's Participating Shares will not be dealt with, and the Fund's Participating Shares will not be issued, until receipt of notification that an applicant's funds have been cleared in the full amount of the subscription. Subject thereto, the Fund's Participating Shares are deemed to be issued on the relevant Subscription Day.

Subject to a board resolution, the Directors have discretion to accept late applications for subscriptions.

The Directors reserve the right from time to time to resolve to close the Fund to new subscriptions, either for a specified period or until they otherwise determine. During any such period the Fund's Participating Shares will not be available for subscription.

1. THE FUND

Argo Distressed Credit Fund Limited (the "Fund") is an exempted company incorporated and existing under the laws of the Cayman Islands on 31 October 2007 which commenced operations in 2008. The Fund was originally called Argo Multi Strategy Fund Limited.

The Fund's administrator is HSBC Securities Services (Ireland) Limited ("the Administrator" and its mailing address is 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland. The Fund's investment manager is Argo Capital Management (Cyprus) Limited, a Cyprus company that is registered as an investment advisor with the Cyprus Securities and Exchange Commission (the "Investment Manager"). The investment advisor of the Fund is Argo Capital Management Limited, an English company that is registered as an investment advisor with the Financial Services Authority (the "Investment Advisor"). The Fund's custodian is BNP Paribas Trust Company (IOM) Limited and its registered office is at Merchant's House, 24 North Quay, Douglas, Isle of Man, IM1 4LE. The Fund is structured as a multi-class fund, having multiple classes of Participating Shares having different offering terms investing into a common portfolio of assets.

An investment in the Fund may be deemed speculative and is not intended as a complete investment program. It is designed only for experienced and sophisticated persons who are able to bear the risk of the substantial impairment or loss of their entire investment in the Fund.

2. INVESTMENT OBJECTIVE AND APPROACH

The Fund's investment objective is to achieve above-average returns on a risk adjusted basis by actively trading and investing in securities and other commercial instruments of developing markets.

The investment policy of the Fund is to purchase, sell, participate in, or otherwise deal in, or in relation to, Distressed Securities, and/or other situations from which the Investment Manager identifies an opportunity to extract profit. Although the Fund is entitled to make and/or realise an investment in any jurisdiction, the majority of such investments are made in emerging markets jurisdictions or have a connection with an emerging markets jurisdiction. The investment policy and approach of the Fund may result in a relatively concentrated portfolio.

The Investment Manager invests the Fund's assets in distressed or impaired securities of emerging market sovereign and corporate borrowers and takes both a passive and proactive stance on restructuring these assets. Argo Distressed Credit Fund adopts a fundamental approach to investing in Distressed Securities which goes beyond applying a simple asset valuation test. Instead, in conducting the Fund's investment program the Investment Manager takes the view that it is also important to have a sound understanding of the legal environment in which the target is operating as well as the structural issues which do and may affect that target, its industry and its market place.

When an entity experiences financial difficulties its securities will often trade at a large discount to its true economic worth. This presents an opportunity for the Fund, as many private and institutional investors will sell such securities at a discount either because they are not prepared to bear the risks involved in a potential future restructuring or re-organisation, or because they are prevented from holding non-investment grade investments in their portfolio. Banks may also wish to sell Distressed Securities at a discount in order to realise cash with which to make other investments.

The Investment Manager takes the view that the Fund may realise a return on a Distressed Securities investment by retaining the investment through the restructuring process, in the belief that the price of such securities will appreciate once the restructuring has been completed, or alternatively by taking a fundamental view that such securities are undervalued when compared to their intrinsic value.

The Fund trades and invests in secured and unsecured debt of borrowers in emerging markets through eurobonds, credit linked notes or other debt products of such borrowers. The Fund may also invest in Western European high yield debt. Additionally, for cash management purposes, the Fund invests assets in G7 currency or local currency denominated instruments issued by such entities as national governments or their agencies, banks, international development agencies and shares of other corporates and financial institutions.

Argo Distressed Credit Fund Limited may adopt a passive or active approach to investments in Distressed Securities. When taking a passive approach, it will buy the Distressed Securities and wait for the return to materialise. When taking an active approach, it will become involved and try to influence the restructuring and refinancing process through taking an active role. In certain circumstances the Fund may also take the lead role in reorganising the Entity.

The Investment Manager takes the view that a number of key elements need to be addressed when making an investment in Distressed Securities for example, the Fund needs to:

- i. satisfy itself as to the fundamental earnings power of the underlying assets of the Entity, and form its own view as to the events which led to the fall in price of the Entity's debt, securities and/or general creditworthiness; and
- ii. understand the quality of the Entity's existing management, understand the motives that the Entity's managers/owners may have for successfully completing a restructuring/reorganisation and their willingness to implement a restructuring and to repay the outstanding debt.

The Fund seeks to invest a small portion of its assets in listed or unlisted equity participations aiming to diversify its portfolio and utilise its credit and country risk knowledge to enhance returns

Additionally the Investment Manager may choose to invest a proportion of the Fund's assets in Argo Funds.

Investment Policies

The Fund has the authority to borrow and may itself do so in the future. In addition, the Fund may also incur leverage, which may take the form of trading on margin, derivative instruments that are inherently leveraged, and other forms of direct or indirect borrowings, to which the Fund will be exposed.

The Investment Manager monitors the exposure of the Fund to different markets and may enter into transactions involving options and futures, and may purchase government securities, indices and other securities for hedging purposes or to achieve the overall investment objective of the Fund.

The Investment Manager reserves the right to alter or modify the investment strategies of the Fund in light of available investment opportunities or to take advantage of changing market conditions.

THE FUND MAY BE DEEMED TO BE A SPECULATIVE INVESTMENT AND IS NOT INTENDED AS A COMPLETE INVESTMENT PROGRAM. IT IS DESIGNED ONLY FOR SOPHISTICATED PERSONS WHO ARE ABLE TO BEAR THE RISK OF THE LOSS OF THEIR INVESTMENT IN THE FUND. THERE CAN BE NO ASSURANCE THAT THE FUND WILL ACHIEVE ITS INVESTMENT OBJECTIVES.

3. INVESTMENT RESTRICTIONS

Argo Distressed Credit Fund observes the following investment restrictions:

- a. an individual Entity limit shall apply so that not more than 25 per cent of the Net Asset Value shall be invested in the aggregate bonds, loans, equities, convertible debt, convertible equity, credit linked notes, collateralised debt obligations, commercial paper, trade receivables, letters of credit, promissory notes, deposits, certificates of deposit, all types of derivatives issued by, guaranteed by, or issued in relation to, or in connection with any one Entity;
- b. an individual jurisdiction limit shall apply so that not more than 30 per cent of the Net Asset Value shall be invested in the aggregate of bonds, loans, equities, convertible debt, convertible equity, credit linked notes, collateralised debt obligations, commercial paper, trade receivables, letters of credit, promissory notes, deposits, certificates of deposit, all types of derivatives issued by, guaranteed by, or issued in relation to, or in connection with Entities located in the same jurisdiction;
- c. at least 50 per cent of the Net Asset Value shall be invested in assets denominated in all or any of the following (Pounds Sterling, United States Dollars, Euro, Swiss Francs, Japanese Yen, Canadian Dollars, Australian Dollars, New Zealand Dollars, or Hong Kong Dollars).

The Investment Manager is responsible for monitoring the investment restrictions on the Fund's behalf.

The Fund may also enter into all or any of the following types of transactions: (a) all types of foreign exchange transactions; (b) all types of exchange traded futures, options and other exchange traded products; (c) all types of over the counter derivatives.

The Investment Manager applies risk control disciplines in managing its investment portfolio and, where practicable, uses hedging techniques to cover market risk (defined as the likelihood of a sharp fall in the market price of an asset) as well as the political and credit risks inherent in its investments, the use of credit default swaps or other credit derivatives to hedge exposure.

Pending investment of subscription proceeds or where market or other factors warrant, monies may be invested in money market instruments, cash deposits, or government bonds in such currency as the Investment Manager may determine or in such other securities or instruments as it may deem appropriate.

4. BACKGROUND OF THE INVESTMENT MANAGER AND INVESTMENT ADVISOR

The investment manager of the Fund is Argo Capital Management (Cyprus) Limited, a Cyprus company that is registered as a Cyprus Investment Firm and provider of investment management services with the Cyprus Securities and Exchange Commission and registered with the US Securities and Exchange Commission. The directors of the Investment Manager are Kyriakos Rialas, Andreas Rialas, Loucas Demetriou, Sophocles Sophocleous, Fanos Theofanis and Michael Kloter. The Investment Manager will be responsible for investing and trading the Fund's assets. The Investment Manager also serves as investment manager to the Argo Funds (except for AREOF).

The investment advisor of the Fund is Argo Capital Management Limited, an English company that is registered as an investment advisor with the Financial Services Authority. The directors of the Investment Advisor are Andreas Rialas, Stephen Rothwell and Perry Wilson. The Investment Manager has appointed the Investment Advisor to provide the Investment Manager with advice and recommendations as to the investment of the Fund's portfolio and may from time to time delegate to it the

authority to make day-to-day investment decisions in accordance with the investment objective and approach described in this Memorandum. The Investment Advisor also serves as investment advisor to the existing Argo Funds (except for AREOF).

5. MANAGEMENT AND ADVISORY AGREEMENTS

Management Agreement

Under a management agreement (the "Management Agreement") between the Investment Manager and the Fund, the Investment Manager will, subject to the control of and review by the Directors, invest and reinvest the assets of the Fund, in accordance with the objectives and policies of the Fund set forth above. Under the terms of the Management Agreement, the Fund will pay the Investment Manager for its services as investment manager a monthly "Management Fee" and "Performance Fee" as described below.

The Management Agreement will continue in force until terminated by either party on 90 days' notice in writing to the other party. It may be terminated forthwith by either party on immediate written notice if the other party commits any material breach of its obligations and fails to remedy the breach within 30 days of receipt of written notice requiring the same, or if the other party is dissolved or otherwise enters into insolvency proceedings. Termination of the Management Agreement by the Fund is subject to the approval of the holders of the Management Shares. The Investment Manager will not be liable for any loss suffered by the Fund in connection with the performance by the Investment Manager of its obligations under the Management Agreement in the absence of fraud, bad faith, wilful misfeasance, reckless disregard or negligence on the part of the Investment Manager in the performance or non-performance of its obligations and duties under the Management Agreement. The Fund agrees to indemnify the Investment Manager against all liabilities incurred by it in the performance of its obligations under the Management Agreement other than liabilities arising out of the fraud, negligence, wilful misfeasance or bad faith of the Investment Manager or the reckless disregard by the Investment Manager of its obligations.

The Investment Manager has also been appointed by the Fund as a distributor to solicit subscriptions for Shares, with power to appoint sales agents, pursuant to a Distribution Agreement dated 1 May 2008.

Management Fee

The Management Fee chargeable to a Class of Participating Shares for any month is an amount equal to the percentage of the net assets of the Fund on the Valuation Day as specified in the Supplement pertaining to such Class of Participating Shares. The Management Fee is paid monthly in arrears based on the value of the net assets of the Fund as of the Valuation Day. The Management Fee will be deducted in computing the net profit or net loss of the Fund.

Performance Fee

The Performance Fee chargeable to a Class of Participating Shares for any month is an amount equal to 20% of the net profits (including net unrealized gains), if any, during the month allocable to each Participating Share, subject to a loss carry-forward. If a Participating Share has losses chargeable to a previous month and during a subsequent month there is a profit allocable to such Participating Share, there will be no Performance Fee payable with respect to such Participating Share until the amount of the cumulative losses of all prior months previously allocated to such Participating Share have been recouped. In the event that the Management Agreement is terminated or a redemption is made prior to the last day of a particular month, the Performance Fee will be computed as though the termination date was the last day of such month.

The Investment Manager (and/or its directors, employees or associated companies) may subscribe directly or indirectly for Shares and may invest a proportion of the Performance Fee (net of any

tax and after an appropriate provision for operating expenses) directly or indirectly back into the Fund by the acquisition of further Shares or have all or part of its fee paid by way of the issue of fully paid up Shares of equivalent value subject to completion of all required subscription documentation and provision of all required anti-money laundering documentation. The level of the Investment Manager's investment in the Fund will depend upon the Performance Fee payable to it and will fluctuate over time.

Fee Waivers

The Management Fee chargeable to each Class of Participating Shares will be subject to reduction (by way of waiver by the Investment Manager) in respect of investments made by the Fund directly in the Argo Funds (so as to avoid duplication of management fees). See the Supplement specific to each Class of Participating Shares for additional information pertaining to the rate of the Management Fee and its waiver by the Investment Manager.

The Performance Fee will be waived by the Investment Manager in respect of that part of the Fund's net asset value which is comprised of investments made by the Fund directly in the Argo Funds (so as to avoid duplication of Performance fees).

The Fund may, with the prior written consent of the Investment Manager, in effect, waive or reduce the Management Fee and/or Performance Fee for certain Shareholders who are relatives, employees or affiliates of the Investment Manager or its principals, for certain large or strategic investors and in any other cases in its sole discretion. Any reduction of the Management Fee and Performance Fee for a Shareholder may be effected by providing a rebate to the Shareholder in the form of additional Participating Shares of the Fund to any such person.

Advisory Agreement

Under an investment advisory agreement (the "Advisory Agreement") between the Investment Manager, the Investment Advisor and the Fund, the Investment Manager appointed the Investment Advisor to provide it with advice and recommendations as to the investment of the Fund's portfolio and pursuant to which the Investment Manager may from time to time delegate to the Investment Advisor the authority to make day-to-day investment decisions in accordance with the investment objective, policy and approach as described herein. The Investment Advisory Agreement will continue in force until terminated by the Investment Manager or the Investment Advisor on 90 days' notice in writing to the other. It may be terminated forthwith by the Investment Manager or the Investment Advisor on immediate written notice if the other commits any material breach of its obligations and fails to remedy the breach within 7 days of receipt of written notice requiring the same, or if the other is dissolved or otherwise enters into insolvency proceedings. The Investment Manager may terminate the Investment Advisory Agreement forthwith if the Investment Advisor ceases to be able to fulfil its obligations under the Investment Advisory Agreement due to any change in the laws of England or the Cayman Islands. The Investment Advisor will not be liable for any loss suffered by the Fund in connection with the performance by the Investment Advisor of its obligations under the Investment Advisory Agreement in the absence of fraud, wilful misfeasance, negligence or wilful default on the part of the Investment Advisor in the performance or non-performance of its obligations and duties under the Investment Advisory Agreement. The Fund has agreed to indemnify the Investment Advisor against all liabilities incurred by it in the performance of its obligations under the Investment Advisory Agreement other than liabilities arising out of the negligence, wilful default or fraud of the Investment Advisor or the reckless disregard by the Investment Advisor of its obligations. The Investment Manager is responsible for payment of the Investment Advisor's fees.

6. FUND ADMINISTRATOR AND CUSTODIAN

Administrator

The Administrator is HSBC Securities Services (Ireland) Limited which was incorporated in Ireland as a limited liability company on 29 November 1991 and is an indirect wholly owned subsidiary of HSBC Holdings plc, a public company incorporated in England and Wales. As at 31 December 2008, HSBC Holdings plc had consolidated gross assets of approximately US\$2,527 billion.

An Administration Agreement dated 9 October 2009 between the Fund and the Administrator whereby the Administrator has been appointed to provide certain administration, accounting, registrar, transfer agency and related services to the Fund. The Administration Agreement will continue until terminated by either party on 90 days' prior written notice to the other party and may be terminated with immediate or subsequent effect by written notice by a party if the other party: (i) has committed a material breach or is in persistent breach of the Agreement and has not remedied such breach within 30 days after service of notice; or (ii) goes into liquidation or has a receiver or its equivalent in any jurisdiction appointed over all or any of its assets. The Administration Agreement provides that in the absence of fraud, negligence or wilful default of the Administrator, the Administrator will not be liable for any loss incurred by the Fund. The Fund agrees to indemnify the Administrator against any loss suffered by the Administrator save where such loss results from the negligence, fraud or wilful default on the part of the Administrator.

The Administrator is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the assets of the Fund and is not responsible for the preparation of this document other than the preparation of the above description and accepts no responsibility or liability for any information contained in this document except disclosure relating to it.

Custodian

The Fund has appointed BNP Paribas Trust Company (IOM) Limited as Custodian of the Fund. The Custodian was incorporated in the Isle of Man as a private limited company on 1st May 1973 with number 05638C. The Custodian's registered office is at Merchant's House, 24 North Quay, Douglas, Isle of Man, IM1 4LE. The Custodian is a wholly owned subsidiary of BNP Paribas Securities Services (Holdings) Limited whose ultimate parent company is BNP Paribas, S.,A., a company incorporated in France. The Custodian has an authorised share capital of £5,000,000 of which £1,000,000 is fully paid. The Custodian is licensed under the Financial Services Act 2008 for the provision of investment business and services to Collective Investment Schemes. As at 31st December 2007, BNP Paribas Securities Services (Holdings) Limited had in excess of £32.6 billion of assets under custody.

Pursuant to an agreement between the Fund and the Custodian (the "Custodian Agreement"), the Custodian will be responsible for all assets of the Fund other than assets deposited as margin with brokers. Such assets will be held by the Custodian in a separate client account and will be separately designated in the books of the Custodian. Assets deposited as margin need not be segregated and may become available to the creditors of brokers. The Custodian is not responsible for the selection or performance of the underlying investments of the Fund nor is it responsible in a fiduciary capacity for the administration of the Fund.

The Fund's assets will be held on its behalf either directly by or in the name of the Custodian or sub custodian(s), nominee(s), agent(s) or delegate(s) (together the "Sub-Custodians") of the Custodian. Sub-custodians may be appointed by the Custodian, provided that the Custodian shall exercise reasonable skill, care and diligence in the selection of a suitable Sub-Custodian and shall be responsible to the Fund for the duration of the special custody agreement for satisfying itself as to the ongoing suitability of the Sub-Custodians to provide custodial services to the Fund. The Custodian will also maintain an appropriate level of supervision over the Sub-Custodians and will make appropriate inquiries periodically to confirm that the obligations of the Sub-Custodians continue to be competently discharged. Any Sub-Custodian appointed will be paid normal commercial rates. The Custodian shall not be liable in the event of the loss of any assets held by a Sub-Custodian provided that such Sub-Custodian exercised reasonable care and acted without gross negligence or wilful misconduct.

EXPENSES

The Investment Manager will be responsible for and will pay, or cause to be paid, all its ordinary office overhead expenses, which include rent, supplies, secretarial expenses, stationery, charges for furniture and fixtures and compensation of administrative, research and investment personnel. All other expenses will be borne by the Fund, including legal, accounting (including outsourced accounting), auditing, NAV calculation and other professional expenses, administrator fees and expenses, director fees and expenses, organizational expenses, custodial fees and other reasonable expenses related to the Fund's operations. The Fund will also bear, indirectly through its investment in the Argo Funds, the pro rata share of the expenses of the Argo Funds such as custodial fees and brokerage commissions and some overhead expenses including directors' fees and similar. Notwithstanding the foregoing, the Investment Manager may elect to pay some of the expenses which are otherwise to be borne by the Fund.

The set-up expenses (estimated not to exceed US\$15,000) will be borne by the Fund and amortized over a period of 60 months from the date the Fund commences operations.

Each Argo Fund is liable to pay its investment manager (i) a management fee equal to 2% per annum of net assets, payable monthly, and (ii) an annual performance fee of 20% of profits, calculated and payable monthly. By investing in the Argo Funds, the Fund will indirectly bear such expenses.

The Euro A Class Shares and Euro B Class Shares will bear the expense of all currency hedging activities undertaken to hedge their exposure to the Fund's portfolio, which is denominated in US Dollars.

The Euro B Class Shares and the Dollar B Class shares alone will bear the expense of all leverage employed by the Fund in respect of such share classes.

7. DESCRIPTION OF THE FUND'S PARTICIPATING SHARES

General

The authorised share capital of the Fund consists of 4,999,900 non-voting Participating Shares having a par value of US \$0.01 per share and 100 Management Shares having a par value of US \$0.01. The Fund's Management Shares are held by the Investment Manager and carry the sole right to vote at meetings of the Fund. The Fund's Participating Shares may be issued in multiple Classes, which may have offering terms different to other classes of Participating Shares, including terms related to liquidity, operational currency, leverage and fees. The Fund may also, in the sole discretion of the Directors, for administrative convenience issue sub-classes of any Class of shares to more easily implement any waiver, rebate or modification of the fees payable to the Investment Manager or any modification of the redemption or other offering terms set out in this Memorandum.

Memorandum and Articles

All holders of Shares are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Memorandum and Articles of the Fund, copies of which are available from the Fund's registered office.

The Memorandum of Association provides, in paragraph 3, that the objects of the Fund are unrestricted and the Fund shall have full power and authority to carry out any object not prohibited by law as provided by section 7(4) of the Companies Law (2007 Revision).

The Articles have been drafted in broad and flexible terms to allow the Directors:

- (i) to issue additional Classes of Shares with different terms (including the offering of shares in a different currency) to those of the Shares offered and described in this Offering Memorandum; and
- (ii) the authority to, in their discretion, determine a number of issues including the period of notice to be given for redemptions and whether or not to charge subscription or redemption fees, generally or in any particular case. In approving the offering of Shares on the terms set out in this Offering Memorandum, the Directors have exercised a number of these discretions in accordance with the Articles.

The Articles contain, among other things, provisions to the following effect:

Classes of Shares

The Participating Shares will be designated as Shares of a particular Class on or before allotment. The Directors may resolve to create new Classes from time to time, each having the terms set out herein.

At the date of this Memorandum, the Fund has designated and is offering five Classes of Participating Shares, being the Dollar A Class, Dollar B Class, Euro A Class, Euro B Class and C Class.

Operational Currency

Although the authorised share capital of the Fund is denominated in US Dollars, the Directors may designate a Class as having an Operational Currency other than US Dollars. Subscriptions and redemptions will be processed in the Operational Currency of such Class, and the Net Asset Value per Participating Share of such Class will be calculated and quoted in such Operational Currency.

At the date of this Offering Memorandum, the Directors have designated the Operational Currency of the Dollar A Class, Dollar B Class and C Class as the US Dollar and the Operational Currency of the Euro A Class and Euro B Class as the Euro.

Equalisation

The Directors may, in order to reduce inequities that could otherwise result to a Shareholder or the Investment Manager with regard to the calculation and apportionment of the Performance Fee or to a Shareholder with regard to the payment of dividends apply a policy of equalisation. This may result in an applicant for Participating Shares paying over and above the Subscription Price, a bonus for the benefit of only certain holders of a Class or Sub-Class of Participating Shares or the compulsory redemption, at par or at the relevant Net Asset Value per Share, of a Shareholder's Shares.

Records

The Directors shall establish in the books of the Fund a separate Record with its own distinct designation for the Fund and for each Class of Participating Shares in the relevant Operational Currency. The proceeds from the allotment and issue of each Class of Participating Shares shall be applied in the books of the Fund to the Record established for that Class of Participating Shares. The assets, profits, gains, income and liabilities, losses and expenses attributable to the single underlying portfolio of the Fund shall be applied in the books of the Fund to the Record established for the Fund and the assets, profits, gains, income and liabilities, losses and expenses attributable to a particular Class shall be applied to the Record relating to such Class. In the case of any asset or liability (including any expense) of the Fund which the Directors do not consider is attributable to a particular Record, the Directors shall allocate such asset or liability among the Records in proportion to the Net Asset Value of each Class. The assets of each Record shall be kept separate and separately identifiable from assets attributable to other Records.

Variation of Rights

The rights attaching to any Class of Participating Shares (unless otherwise provided by the terms of issue of the Participating Shares of that Class) may be varied or abrogated either whilst the Fund is a going concern or during or in contemplation of a winding up, with the consent in writing of the holders of two thirds of the issued Participating Shares of that Class, or with the sanction of a resolution passed by a two thirds majority of the holders of the issued Participating Shares of that Class at a general meeting of the holders of the Participating Shares of that Class. For such purposes the Directors may, in their discretion, treat all Classes of Participating Shares as forming one Class, if they consider that they would all be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate Classes, as the case may be.

Alterations of Capital

The Fund may, by Ordinary Resolution increase its share capital, consolidate its Shares or any of them into Shares of a larger amount, cancel any Shares not taken by any person or sub-divide its Shares or any of them into Shares of a smaller amount. Subject to the provisions of the law, by a Special Resolution, the Fund may reduce its share capital and any capital redemption reserve fund.

Transfer of Shares

The instrument of transfer of any Shares shall be in writing in any usual or common form in the Cayman Islands or any other form which the Directors may approve and shall be executed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the register of Shareholders in respect thereof. No transfer of Participating Shares may be effected without the prior written consent of the Directors. The Directors may refuse to approve a transfer of shares where the holding of such Participating Shares may result in regulatory, pecuniary, legal, taxation, or material administrative disadvantage for the Fund or its Shareholders as a whole, where the transferee is not an Eligible Person, where such transfer would result in the aggregate number of Participating Shares held by a Shareholder falling below the specified minimum holding, or for any other reason, in their absolute discretion. In connection with any request to transfer Shares, the Directors may require such certifications and other documents as they consider reasonably necessary. In particular, the transferee must complete the relevant Subscription Agreement and provide any requested identification documents.

Issue and Redemption of Participating Shares

- (i) Participating Shares may be issued on any Subscription Day at the relevant Subscription Price.
- (ii) The Net Asset Value per Participating Share as of any Valuation Date shall be calculated as set out in Section 10 hereof.
- (iii) Except where there is a suspension of the calculation of the Net Asset Value per Participating Share or a Deferred Redemption, the Fund shall redeem Participating Shares as of each Redemption Day at the relevant Redemption Price, subject to the Shareholder giving a valid redemption notice in respect of such Participating Shares.
- (iii) A redemption notice will take effect on the first Redemption Day falling not less than 120 days after the day on which valid notice is received by the Fund.

Untraced Shareholders

The Fund may, after advertising its intention in the manner and for such period as is prescribed in the Articles, compulsorily redeem any Participating Shares if the Participating Shares have been in issue for at least 6 years and during that period (i) cash dividends have become payable on them and no cheque or warrant or money order sent to the Shareholder has been presented for payment, or (ii) no payment made by the Fund has been claimed or accepted by the Shareholder, or (iii) so far as any Director at the end of the relevant period is then aware, the Fund has not received any communication during the relevant period from the Shareholder or the person entitled to them by transmission. Upon such compulsory redemption, the Fund will become indebted to the former holder of the Participating Shares or the person entitled to them by transmission for an amount equal to the net proceeds of sale.

Directors

- (i) Unless otherwise determined by the Fund in general meeting the number of Directors shall not be less than two and not more than eight.
- (ii) A shareholding qualification for Directors may be fixed by the Fund in general meeting, but unless and until so fixed, no qualification shall be required.
- (iii) A Director may be a director or other officer of or otherwise interested in any company promoted by the Fund or in which the Fund may be interested (including the Argo Funds) and (unless otherwise agreed) no such Director shall be accountable to the Fund for any remuneration or other benefits received thereby.
- (iv) Provided the nature of his interest is or has been declared in accordance with the Articles, a Director or intending Director may enter into or be directly or indirectly interested in any contract or arrangement with the Fund and such contract or arrangement shall not be liable to be avoided and the Director concerned shall not be liable to account to the Fund for any profit realised by any such contract or arrangement by reason of his holding of that office and the fiduciary relationship so established and may hold any other office or place of profit under the Fund in conjunction with the office of Director (except that of Auditor) on such terms as to tenure of office and otherwise as the Directors may determine.
- (v) The Directors shall be entitled to such remuneration as they shall themselves determine and, unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day;
- (vi) The Fund may by Ordinary Resolution remove a Director from office and may by Ordinary Resolution appoint a person who is willing to act to be a Director either to fill a vacancy or as an additional Director.
- (vii) The Directors may appoint any person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles as the maximum number of Directors.
- (viii) A person may be appointed a Director by Ordinary Resolution of the Fund or by the Directors. Any Director also has the power to appoint an alternate.
- (ix) There is no fixed retirement age for the Directors and there is no provision for the retirement of Directors by rotation.
- (x) None of the Directors have a service contract, existing or proposed, with the Fund.

- (xi) The Directors may vote on any transaction in which they have a material interest if they first disclose the nature of their interest to the Fund.

Dividends

- (i) Subject to the law, the Directors may in their discretion from time to time declare dividends including interim dividends on Participating Shares in issue and authorise payment of the same out of the funds of the Fund.
- (ii) No dividend shall be declared or paid other than out of funds as may be lawfully distributed as dividends, including Share premium.
- (iii) Any dividend, interest or other money payable in cash in respect of Participating Shares will be paid by wire transfer to each Shareholder in accordance with the details provided upon subscription or subsequently notified to the Administrator.
- (iv) No dividend shall bear interest against the Fund.
- (v) The Directors may satisfy any dividend in whole or in part by distributing in specie assets of the Fund.
- (vi) Any unclaimed dividends shall be forfeited after six years and, upon forfeiture, will form part of the assets of the Fund.
- (vii) The Fund is not obliged to send or transfer a dividend to a person until they notify the Fund of an address or account to that purpose where: the cheque is not cashed or the bank transfer is not accepted and reasonable enquiries have failed to establish another address or account; or the cheque is not cashed or the bank transfer is not accepted on two consecutive occasions.

Borrowing Powers

The board may exercise all the powers of the Fund. Under its Memorandum of Association, the Fund shall have and be capable of exercising all the functions (including borrowing) of a natural person of full capacity irrespective of any question of corporate benefit as provided by section 27 (2) of the Companies Law (2007 Revision) of the Cayman Islands. The Memorandum of Association may be amended by Special Resolution.

Winding Up

The Fund may be wound up at any time upon the passing of a Special Resolution by the Management Shareholder.

Indemnities and Exculpation

- (i) Every Director (including for the purposes of this Article, any alternate Director appointed pursuant to the provisions of these Articles), managing Director, agent, Secretary, or other officer for the time being and from time to time of the Fund and the personal representatives of the same shall be indemnified and secured harmless out of the assets and funds of the Fund against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him otherwise than by reason of his own Gross Negligence or wilful default in or about the conduct of the Fund's business or affairs or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by him in defending (whether successfully or otherwise) any civil

proceedings concerning the Fund or its affairs in any court whether in the Cayman Islands or elsewhere.

- (ii) No such Director, alternate Director, managing Director, agent, Secretary, or other officer of the Fund and the personal representatives of the same shall be liable (i) for the acts, receipts, neglects, defaults or omissions of any other such Director or officer or agent of the Fund, (ii) by reason of his having joined in any receipt for money not received by him personally or in any other act to which he was not a direct party for conformity, (iii) for any loss on account of defect of title to any property of the Fund, (iv) on account of the insufficiency of any security in or upon which any money of the Fund shall be invested, (v) for any loss incurred through any bank, broker or other agent or any other party with whom any of the Fund's property may be deposited or (vi) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities or discretions of his office or in relation thereto unless the same shall happen through his own Gross Negligence (as such term is defined in the Articles) or wilful default.

Notices

Notices or other documents served on Shareholders are deemed to have been served seven clear days after being sent by post, email or telefax.

Transfers

Participating Shares may be transferred subject to the approval of the Directors and the proposed transferee of the Participating Shares providing to the Fund the necessary subscription agreement (and the necessary anti-money laundering documentation to the Administrator prior to the transfer). In this regard, the proposed transferee will be required to make the representations and warranties required of a subscriber in form and substance satisfactory to the Fund. The Directors will have full discretion to approve or disapprove any proposed transferee, and no proposed transfer will be recognized until the documents relating to it, including but not limited to subscription documents, have been approved by the Fund.

8. OFFERING OF PARTICIPATING SHARES

Offering of Shares

The Fund is conducting an offering of its Participating Shares to a limited number of investors who meet the requirements set forth in the Subscription Agreement accompanying this Memorandum. The minimum initial subscription for each investor is US \$100,000 for Dollar Class Shares or the Euro equivalent in the case of Euro Class Shares. Subscriptions for Participating Shares may be made only in US Dollars or in the case of subscriptions for the Euro Class Shares, in Euros, unless the Directors in their discretion permit contributions in another currency, in securities or partly in cash and partly in securities. Participating Shares may be purchased on the first Business Day of each month and at such times designated by the Fund in its sole discretion.

Class A Shares (whether US Dollar or Euro denominated) and Class C Shares invest into the same portfolio of assets as Class B Shares, save that the Fund will apply leverage to the Class B Shares in addition to the indirect exposure to leverage gained through the Fund's investment in shares of the Argo Funds and Other Funds. See the Supplement specific to the Class B Participating Shares for additional information pertaining to the use of leverage.

Investors interested in subscribing for Participating Shares should follow the procedures set forth in Section 16 "Procedure to Purchase Participating Shares."

9. PAYMENTS TO SPONSORS

The Investment Manager may agree to pay (or cause to be paid) to persons who are instrumental in the sale of shares in the Fund ("Sponsors") a portion of the Management Fee or Performance Fee attributable to such shares that would otherwise be paid to the Investment Manager. The portion of the Management Fee or Performance Fee, if any, payable to any Sponsor will be fixed by the Fund with the approval of the Investment Manager. In no event will any such fees be borne by the shareholders.

10. REDEMPTIONS

General

Redemptions will be permitted on the last Business Day of each calendar quarter upon 120 days' prior written notice. Participating Shares will be redeemed at their net asset value as of the close of business of such redemption date ("Redemption Price") (as determined in accordance with the provisions contained in the Fund's Articles and the valuation principles set forth herein). Notwithstanding the foregoing, the Directors, in their sole discretion, may waive or modify any terms related to redemptions for Shareholders who are relatives, employees or affiliates of the Investment Manager or its principals, for certain large or strategic investors and in any other cases in its sole discretion.

Redemption requests must be made by mail or facsimile (with original to follow promptly by mail). If by mail, the Shareholder's request should be made by letter addressed to Argo Distressed Credit Fund Limited c/o HSBC Securities Services (Ireland) Limited 1 Grand Canal Square, Grand Canal Harbour Dublin 2, Ireland and if by facsimile, the request should be sent to facsimile number +353 1 647 7560 FAO Investor Services with original to follow promptly by mail (payment will not be made until the redemption request is received by mail).

Neither the Fund nor the Administrator shall be responsible for any mis-delivery or non-receipt of any redemption request, whether sent by facsimile or courier. The Administrator will confirm in writing all faxed redemption requests that are received in good order within two Business Days. Shareholders failing to receive a faxed confirmation within 5 Business Days should contact the Administrator at +353 1 635 6935 to confirm receipt. Failure by a Shareholder to ensure the receipt of a redemption request may render faxed instructions or orders invalid. Payment of the Redemption Price will be made as soon as practicable.

Promptly after the Fund has determined the Net Asset Value of the Participating Shares as of the date of redemption (which in the Directors' discretion may be after the Fund's independent public accountants have completed their examination of the Fund's annual financial statements), the Fund will pay to such Shareholder the balance, if any, of the amount to which such Shareholder is entitled, or such Shareholder will be obligated to repay the Fund the excess, if any, of the amount previously paid over the amount to which such Shareholder is entitled, in each case together with interest on the portion not paid back within 45 days at the rate earned (or that would be earned) on cash invested by the Fund on the date of redemption or last day of the year, as the case may be. A Shareholder who makes a partial redemption will be paid as promptly as practicable, generally within 45 days.

Payment of Redemption Proceeds

Redemption proceeds will be paid in cash.

Payment of the Redemption Price to a Shareholder may be subject to the retention of a reserve for Fund liabilities as determined by the Directors from time to time. If the reserve (or portion thereof) is later determined to have been in excess of the amount required, the proportionate amount of such excess will be returned to each redeeming Shareholder with interest thereon at the rate earned (or that would be earned) on cash invested by the Fund.

If the Directors suspect or are advised that the payment of any redemption proceeds to a redeeming Shareholder may result in a breach or violation of any applicable laws or regulations (including, without limitation, any anti-money laundering or anti-terrorism laws and regulations) by the Fund or any other person in any relevant jurisdiction, or such refusal is necessary to ensure the compliance by the Fund, its Directors, the Investment Manager or the Administrator, and their respective affiliates, subsidiaries or associates or any of the Fund's other service providers with any such applicable law or regulation in any relevant jurisdiction, in such circumstances, and until otherwise instructed by the relevant authority, the Directors may deposit such redemption proceeds in a separate bank account. If the Directors are given permission to pay out such redemption proceeds to the relevant Shareholder, such Shareholder's only right against the Fund shall be the right to receive the moneys so deposited (without interest).

If any Participating Shares are redeemed without provision by the Shareholder of appropriate payment instructions, the Directors may deposit in a separate bank account the aggregate Redemption Price of all Participating Shares held by the Shareholder which are so redeemed. Upon such deposit the person whose Participating Shares have been so redeemed shall have no interest in or claim against the Fund or its assets except the right to receive the moneys so deposited (without interest).

Redemption Fees

A fee will be levied on Shares redeemed within three years of the Dealing Day on which they are issued ("Redemption Fee"). The Redemption Fee is equal to 3% of the gross redemption proceeds payable where Shares are redeemed within one year of the date of initial subscription for Shares, and will be reduced by 1% per year thereafter. A shareholder redeeming Shares in the second year following initial subscription will therefore pay a Redemption Fee of 2%, and in the third year the Redemption Fee will be 1%. Shares redeemed after three years from the Dealing Day on which they are issued will not attract a Redemption Fee.

This Redemption Fee may be reduced or waived at the total discretion of the Directors. A redeeming Shareholder's redemption proceeds will be reduced by the amount of the applicable Redemption Fee (if any) and the net amount paid to the redeeming Shareholder. Such Redemption Fee will be retained by the Fund.

Required Redemptions

If the Directors, in their sole discretion, deem it to be in the best interests of the Fund to do so because the continued participation of any Shareholder in the Fund might cause the Fund to violate any law, rule or regulation or expose the Fund to the risk of litigation, arbitration, administrative proceedings or any similar action or proceeding, or for any other reason, the Fund may require such Shareholder to redeem its Participating Shares (in whole or in part) from the Fund at any time on not less than on 5 clear days' notice, such redemption to be effective on the date specified in such notice. Payment will be made in accordance with the procedure applicable to Participating Shares that are redeemed at the request of the holder.

If at any time the Directors, in their discretion, determine that due to certain circumstances including, but not limited to, the following:

- (i) changing market conditions which have an adverse effect on the Investments held for any Class;

- (ii) the Net Asset Value of a Class falling to a level at which, in the opinion of the Directors, the Investments referable to such Class can not be managed effectively,

it is prudent for the Fund to do so, the Directors may by notice in writing to the holders of all the Participating Shares of a certain Class, compulsorily redeem at the Redemption Price all of the Participating Shares of such Class. Any redemptions shall be effected on a Redemption Day occurring not less than 15 clear days following the date of the notice. Upon such Redemption Day, such Participating Shares shall be redeemed in all respects as if the holders thereof had submitted a Redemption Request, whether or not the Fund shall have received any certificate(s) in respect of such Participating Shares.

Suspension of Redemptions

The Directors may declare a suspension of the determination of the Net Asset Value or redemption of the Shares (or both) for the whole or any part of any period when:

- (i) any stock exchange on which a substantial portion of securities owned by the Fund are traded is closed, other than for ordinary holidays, or dealings thereon are restricted or suspended;
- (ii) there exists any state of affairs which, in the opinion of the Directors, constitutes a state of emergency as a result of which (a) disposal of a substantial part of the investments of the Fund would not be reasonably practicable and might seriously prejudice the Shareholders of the Fund or (b) it is not reasonably practicable for the Fund fairly to determine promptly or accurately the value of its net assets;
- (iii) a suspension of the determination of the net asset value or redemption of the shares has been declared by an Argo Fund;
- (iv) any period when remittance of monies which will, or may be, involved in the realisation of, or in the payment for, investments of the Fund cannot, in the opinion of the Directors, be carried out at normal rates of exchange; or
- (v) any period when proceeds of the sale or redemption of the Shares cannot be transmitted to or from the Fund's account.

In addition to the foregoing, if on the date of a redemption by a Shareholder, assets of the Fund are invested with a Portfolio Manager who does not permit, or delays payment with respect to, redemptions on such date, then at the sole discretion of the Directors (i) payment to the Shareholder of that portion of its requested redemption amount attributable to the Fund's investment with such Portfolio Manager will be delayed until such time as the Portfolio Manager permits redemptions or payment is made by such Portfolio Manager and (ii) the amount otherwise due the Shareholder will be increased or decreased to reflect the performance of the particular Portfolio Manager through the date on which the redemption from the Portfolio Manager is effected to the extent provided for in the documentation of the particular Portfolio Manager.

Deferred Redemptions

In the event that redemption requests are received for redemption of Shares representing in aggregate more than 10 per cent of the Net Asset Value of Shares then in issue, the Fund is entitled to reduce the requests rateably and *pro rata* amongst all Shareholders seeking to redeem Shares on the relevant Dealing Day and carry out only sufficient redemptions which, in aggregate, amount to 10 per cent of the Net Asset Value of the shares then in issue. Shares which are not redeemed but which would otherwise have been redeemed will be redeemed on the next Dealing Day (subject to further deferral if

the deferred requests themselves exceed 10 per cent of the Shares then in issue) in priority to any other Shares which redemption requests have been received. Shares will be redeemed at the Redemption Price prevailing on the Dealing Day on which they are redeemed.

Liquidating Accounts

If on any Redemption Day, assets of the Fund are invested in Investments which (i) the Fund is unable to realise, or (ii) if realised would be at a value determined by the Directors to be a discount to their true value, or (iii) the Fund is unable (or it is not practicable) to distribute any such Investment to the redeeming Shareholder, then, in the discretion of the Directors, payment to the Shareholder of that portion of his requested redemption relating to such Investments may be delayed until such time as such Investment may be realised, or may be realised at a value which is not in the determination of the Directors a discounted value, or the Fund is able to distribute such Investment to the Shareholder, and the amount otherwise due the Shareholder will be increased or decreased to reflect the performance of such Investment through the date on which such Investment is realised by the Fund or distributed to the Shareholder.

Net Asset Value

The Net Asset Value will be calculated as at the close of business on each Valuation Day or at such other times as the Directors may determine.

The Directors have appointed the Administrator to calculate the Fund's Net Asset Value. Net Asset Value will be calculated by the Administrator on the accrual basis of accounting utilising International Financial Reporting Standards ("IFRS") as a guideline, by deducting the value of the Fund's liabilities from the value of the Fund's assets. The Net Asset Value of a Participating Share of a relevant Class (or sub-Class) on a Valuation Date will be the total net assets of the Fund attributable to the relevant Class (or sub-Class) divided by the number of Participating Shares of that Class (or Sub-Class) then outstanding.

The Directors have delegated to the Administrator the calculation of Net Asset Value and the Net Asset Value per Share of each Class of Share. The Administrator will calculate the Net Asset Value of the Fund in accordance with the following principles:

- (i) any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon will be valued at the closing mid-market price (the average of the closing bid and closing offer prices), as at the relevant Valuation Day, and as adjusted in such manner as the Directors, in their sole discretion, think fit, having regard to the size of the holding, and where prices are available on more than one exchange or system for a particular security the Directors will in their sole discretion determine which of those prices shall apply. The securities will be valued using two sources where possible utilising various recognised third party pricing sources such as, but not limited to, Reuters or Bloomberg;
- (ii) any security which is not listed or quoted on any securities exchange or similar electronic system or, if being so listed or quoted, is not regularly traded will be valued using a third party pricing source, where possible, or using prime broker or counterparty prices even if the prime broker is the counterparty.

In respect of prices, as described above, which are not available securities will be valued at its fair value as determined by the Directors having regard to its cost price, the price at which any recent transaction in the security may have been effected, the mid-price of indicative bid-offer prices quoted by financial institutions that may regularly trade such securities in the over-the-counter market, the size of the holding having regard to the total

amount of such security in issue, and such other factors as the Directors in their sole discretion deem relevant in considering a positive or negative adjustment to the valuation;

- (iii) investments, other than securities, which are dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued by reference to the most recent official settlement price quoted by that clearing house, exchange or financial institution. If there is no such price, then the average will be taken between the lowest offer price and the highest bid price at the close of business on any market on which such investments are or can be dealt in or traded, provided that where such investments are dealt in or traded on more than one market, the Directors may determine at their discretion which markets shall prevail;
- (iv) private equity assets will be valued using a third party pricing source, where possible. In the event a third party pricing source is not available the Directors may determine at their discretion to value the assets using the accrual method or with reference to the fair value guidelines issued by the European Venture Capital Association;
- (v) investments, other than securities, which are not dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued on the basis of the latest available valuation provided by the relevant counterparty;
- (vi) deposits will be valued at their cost plus accrued interest; and
- (vii) any value (whether of an investment or cash) otherwise than in US Dollars, as the case may be, will be converted into US Dollars, as the case may be, at the rate (whether official or otherwise) which the Directors in their absolute discretion deem applicable as at close of business on the relevant Valuation Day, having regard, among other things, to any premium or discount which they consider may be relevant and to costs of exchange.

The Directors may, at their discretion, permit other methods of valuation to be used if they consider that such method of valuation better reflects value and is in accordance with good accounting practice.

The Net Asset Value per Share on any Valuation Day is calculated by dividing the Net Asset Value (less the amount paid up on the Founder Shares then in issue) by the number of Shares in issue as at the close of business on that Valuation Day. In determining any value, the Directors shall be entitled to rely on any valuations provided or attributed to any asset or liability by the Investment Manager.

11. CERTAIN RISKS

The Fund may be deemed to be a speculative investment and is not intended as a complete investment program. It is designed only for experienced and sophisticated persons who are able to bear the risk of the substantial impairment or loss of their investment in the Fund. The following risks should be carefully evaluated before making an investment in the Fund:

In calculating the Net Asset Value of the Fund and Net Asset Value per Participating Share, the Administrator will not be liable or otherwise responsible for any loss suffered by Fund or any other person by reason of any inaccuracy, error or delay in any pricing information provided by automatic pricing services or other service providers, brokers, market makers or intermediaries used by the Administrator in providing the Services, or by the manager, administrator or valuation agent of any collective investment scheme into which the Fund invests. The Administrator will not be liable or otherwise responsible for any loss suffered by the Fund or any other person by reason of any inaccuracy, error or delay in information provided to the Administrator by or for the Fund or Investment Manager or

any person associated with the Fund or Investment Manager (including any broker, market maker or intermediary or any third party service provider that the Fund has required the Administrator to use.

In circumstances where the Administrator is directed by the Fund or the Investment Manager to use particular determinations of fair prices, particular pricing services, the Administrator shall not be liable for any loss suffered by the Fund or any other person by reason of error in the calculation of the Net Asset Value of the Fund and / or Net Asset Value per Participating Share resulting from any inaccuracy in such fair prices or the information provided by such pricing services.

For the avoidance of doubt, the Administrator is not responsible for the valuation or pricing of any private equity investments of the Fund, or the validation of such valuations or pricing information, and will rely solely upon any valuations or pricing information provided to it by the Fund or any valuer, third party valuation agent or other third party which in each such case is appointed or authorised by the Fund to provide valuations or pricing information of the Fund's private equity investments to the Administrator. The Administrator shall have no responsibility or liability for such valuations or pricing information, relying on such valuations or pricing information or not validating such valuations or pricing information.

For certain instruments and certain illiquid instruments only a single third price source may be available such as the counterparty or broker or investment advisor price and in such instances this will be the sole price used to calculate the Net Asset Value of the Fund. The Administrator shall have no responsibility or liability for such prices.

Achievement of the Fund's Investment Goal and Objective

All securities, commodities and currency investments and trading risk the loss of capital. While the Investment Manager believes that the Fund's investment program will moderate this risk to some degree through the Argo Funds, no guarantee or representation is made that the program of the Fund will be successful. Through the Argo Funds, the investment program of the Fund may include the use of such investment techniques as short sales, leverage, uncovered option and futures transactions, currency transactions and limited diversification, which practices can, in certain circumstances, increase the adverse impact to which the Fund may be subject.

No assurance can be given that the Fund will achieve its goal of providing investors with the investment benefits of a variety of investments while seeking to lessen the risks associated with any one fund manager. In addition, no assurance can be given that the Fund will achieve its investment objective or that investors will receive a return of their capital.

General Trading Risks

Substantial risks, including market risks, are involved in trading in US and foreign government securities, corporate securities, commodity and financial futures, options, and the various other financial instruments and investments in which the Fund will trade. Substantial risks are also involved in borrowing and lending against such investments. The prices of these investments are volatile, market movements are difficult to predict and financing sources and related interest and exchange rates are subject to rapid change. One or more markets in which the Fund will trade may move against the positions held by them, thereby causing substantial losses.

Special Situations

The Fund may invest in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of business enterprise,

there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Fund of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Fund may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Fund may invest, there is a potential risk of loss by the Fund of its entire investment in such companies.

Distressed Securities

The Fund may invest in securities of enterprises which are experiencing or have experienced significant financial or business difficulties. Investments may include loans, commercial paper, loan participations, trade claims held by trade or other creditors, stocks, Fund interests and similar financial instruments, executory contracts and options or participations therein not publicly traded. Distressed securities may generate significant returns, but also involve a substantial degree of risk. An Argo Fund may lose a substantial portion or all of its investment in a distressed environment or may be required to accept cash or securities with a value less than its investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by local laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such instruments may be greater than normally expected. In trading distressed securities, litigation is sometimes required. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses. Moreover, it may sometimes be difficult to enforce and collect on these obligations.

Emerging Markets Securities

The Fund invests in securities of companies domiciled or operating in one or more foreign countries, including certain countries in emerging markets. Investing in these securities involves considerations and possible risks not typically involved in investing in securities of companies domiciled and operating in the G8 countries, including (i) the risk of nationalization or expropriation of assets or confiscatory taxation; (ii) social, economic and political instability including war; (iii) dependence on exports and the corresponding importance of international trade and commodities prices; (iv) less liquidity of securities markets; (v) currency exchange rate devaluations and fluctuations; (vi) potentially higher rates of inflation (including hyper-inflation); (vii) controls on foreign investment and limitations on repatriation of invested capital and the Fund's ability to exchange local currencies for US Dollars; (viii) a higher degree of governmental involvement in and control over the economies; (ix) government decisions to discontinue support for economic reform programs and imposition of centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about economies and issuers; (xi) less extensive regulatory oversight of securities markets; (xii) longer settlement periods for securities transactions; (xiii) less stringent laws regarding the fiduciary duties of officers and directors and protection of investors; (xiv) certain consequences regarding the maintenance of Fund portfolio securities and cash with sub-custodians and securities depositories in emerging market countries; and (xv) liquidity risk. The application of foreign tax laws (e.g., the imposition of withholding taxes on dividend, interest or other payments) or confiscatory taxation may also affect investment in emerging market securities. Higher expenses may result from investment in emerging market securities than would from investment in G8 securities because of the costs that must be incurred in connection with conversions between various currencies and foreign brokerage commissions that may be higher than in G8 states. Non-G8 securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the G8 states. Investments in foreign countries could be

affected by other factors not present in G8 states, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

Currency Risks

The investments of the Fund that are denominated in any particular currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Fund may try to hedge these risks by investing in foreign currencies, foreign currency futures contracts and options thereon, forward foreign currency exchange contracts, or any combination thereof, but there can be no assurance that such strategies will be implemented, or if implemented, will be effective. In addition, the Fund may invest in assets which are denominated in a currency other than its base currency. The Fund may try to hedge these risks on behalf of certain Classes by investing in foreign currencies, foreign currency futures contracts and options thereon, forward foreign currency exchange contracts, or any combination thereof, for the account of such Classes, but there can be no assurance that such strategies will be implemented, or if implemented, will be effective.

High Yield Securities

The Fund may invest in particularly risky investments that also may offer the potential for correspondingly high returns. As a result, the Fund, and consequently the Fund, may lose all or substantially all of their investment in any particular instance. In addition, there is no minimum credit standard which is a prerequisite to an investment in any security and the debt securities may be less than investment grade and may be considered to be "junk bonds." Such securities may rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of whose debt securities may be secured by substantially all of the issuer's assets. Moreover, an Argo Fund may invest in securities which are not protected by financial covenants or limitations on additional indebtedness.

Leverage; Short Sales; Options

The Fund may employ leverage, may engage in the "short selling" of securities and may write or purchase options. While the use of borrowed funds and "short sales" can substantially improve the return on invested capital, their use may also increase any adverse impact to which the investments of the Fund may be subject. Selling securities short, while often used to hedge investments, does run the risk of losing an amount greater than the initial investment in a relatively short period of time. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase. The writing or purchasing of an option also runs the risk of losing the entire investment or of causing significant losses to the Fund in a relatively short period of time.

In addition to the foregoing, the Fund may utilize a credit facility for leveraging purposes to enhance performance and also for the purposes of (i) satisfying withdrawal requests in the event that any of the Argo Funds have no available cash or immediately available liquid investments, (ii) paying fees and expenses, (iii) making investments in anticipation of the receipt of subscription funds, and (iv) investing any small subscription amounts. The Investment Manager alone is responsible for the application of leverage and ensuring the Fund's use of leverage does not exceed the applicable limit. The

Argo Funds may employ leverage which may also take the form of loans for borrowed money, derivative transactions and trading in instruments that may be inherently leveraged. This practice, which is known as "leverage," is speculative and involves certain risks. Leverage will increase the investment return of the Fund if it earns a greater return on the borrowed funds than the amount it is charged for the use of those funds. However, leverage will increase losses in the event the returns of the Fund are negative or otherwise fail to cover the cost of the credit facility.. Additionally, most forms of leverage, including the credit facilities, have some form of "margin call" or "knockout provision" which could force the Fund to liquidate investments at a time that is not optimal. Finally, financing relationships, such as credit facilities, may require the Fund to pledge its portfolios to its lenders and to comply with financial and other covenants, such as meeting predetermined debt to equity ratios; violation of a financial or other covenant could force the Fund to liquidate investments at a time when the Investment Manager might not want to and subject the Fund to being foreclosed upon by the lenders. This risk is amplified in the case of the Class B Shares, in respect of which the Fund may employ direct leverage of up to 200%. In respect of the A shares the Fund may not employ leverage in excess of 200%.

Futures

Futures prices are highly volatile, with price movements being influenced by a multitude of factors such as supply and demand relationships, government trade, fiscal, monetary and exchange control policies, political and economic events and emotions in the marketplace. Futures trading is also highly leveraged. Further, futures trading may be illiquid as a result of daily limits on movements of prices. Finally, the Fund's futures trading could be adversely affected by speculative position limits.

Derivative Instruments

To the extent the Fund invests in swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions or, in certain circumstances, non-US securities, the Fund may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

Illiquidity

Because of the limitation on withdrawal rights and the fact that Fund interests are not freely tradable, an investment in the Fund is a relatively illiquid investment and involves a high degree of risk.

A subscription for limited Fund interests should be considered only by persons financially able to maintain their investment and who can afford a substantial loss of their investment.

Effects of Substantial Redemptions

Substantial redemptions by Shareholders within a short period of time could require the Investment Manager to arrange for the Fund's positions to be liquidated more rapidly than would otherwise be desirable, which could (i) adversely affect the value of the remaining Shareholders' interests, (ii) cause the Fund to utilize leverage in order to satisfy redemption requests, which could cause the remaining Shareholders to bear the costs of such leverage, or (iii) result in the Investment Manager

choosing to terminate the Fund. In addition, regardless of the period of time in which withdrawals occur, the resulting reduction in the Fund's assets could make it more difficult to generate a positive rate of return or recoup losses due to a reduced equity base.

Where the Fund receives redemption requests representing in aggregate more than 10 per cent of the Net Asset Value of Shares then in issue, the Fund is entitled to reduce the requests rateably and pro rata amongst all Shareholders seeking to redeem Shares on the relevant Dealing Day and carry out only sufficient redemptions which, in aggregate, amount to 10 per cent of the Net Asset Value of the shares then in issue. The Fund may also, at any time, implement a liquidating account mechanism in respect of redemption requests whereby payment of a portion of a Shareholder's redemption proceeds may be delayed until such time as the Investments to which it relates may be realised, or may be realised at a value which is not in the determination of the Directors a discounted value, or the Fund is able to distribute such Investments to the Shareholder, and the amount otherwise due the Shareholder will be increased or decreased to reflect the performance of such Investments through the date on which such Investments are realised by the Fund or distributed to the Shareholder.

The imposition of either of the 10% restriction on the aggregate value of redemptions to be processed on a Dealing Day, or the liquidating account mechanism, will extend the period in which a Shareholder remains invested in the Fund and exposed to gains or losses on the Fund's portfolio, notwithstanding that such Shareholder has validly requested the redemption of his Shares.

Contagion Risk Factor

The Fund has the power to issue Participating Shares in Classes. However, the Fund is a single legal entity. Shareholders of one or more Classes may be compelled to bear the liabilities incurred in respect of other Classes which such Shareholders do not themselves own if there are insufficient assets in that other Class to satisfy those liabilities. Accordingly, there is a risk that liabilities of one Class may not be limited to that particular Class and may be required to be paid out of one or more other Classes.

Handling of mail

Mail addressed to the Fund and received at its registered office will be forwarded unopened to the Investment Manager and/or the Administrator to be dealt with. None of the Fund, its directors, officers or service providers will bear any responsibility for any delay howsoever caused in mail reaching the Investment Manager and/or the Administrator. In particular the Directors will not receive, open or deal directly with mail addressed to the Fund.

Lack of Operating History

The Fund is a recently formed entity that only commenced operations in July 2008.

Absence of US Regulation

Neither the Fund nor the Argo Funds is registered as an investment company under the US Investment Company Act of 1940, as amended (the "1940 Act"). As a result, certain protections of the 1940 Act (which, among other matters, requires a percentage of an investment company's directors to be disinterested, requires securities held in custody to be segregated, regulates the relationship between the

investment company and its Advisor and requires investor approval before fundamental investment policies can be changed) will not be afforded to the Fund or its Shareholders.

The Funds and the Argo Funds are located outside the United States and may not be subject to US law or the jurisdiction of US courts and regulatory authorities.

Potential Conflicts of Interest

It should be noted that both the Investment Manager and the Investment Advisor also serve as the investment manager and investment advisor to the Argo Funds, which have investment objectives substantially similar to that of the Fund. The Investment Manager and its members, officers, affiliates and/or employees may have other clients, establish other client relationships (including funds and managed accounts) and give advice or take action with respect to such other clients that differs from the advice given with respect to the Fund, as well as trade for their own accounts. As a result of the foregoing, the Investment Manager and the Investment Advisor (and their respective principals, officers, affiliates and employees) may have conflicts of interest in allocating their time and activity between the Fund and other clients, including ones in which the Investment Manager or the Portfolio Managers (and their respective affiliates) may have a greater financial interest.

Andreas Rialas is a director of the Fund, and is also a director of the Investment Manager, the Investment Advisor and each of the Argo Funds, and may have a conflict of interest with regard to his fiduciary duties to the Fund and to the Investment Manager, the Investment Advisor and the Argo Funds. Further, the Fund's independent directors, Philip Scales and Ooi Boon Aun, may serve as a director of other investment vehicles. Accordingly, to the extent that the interests of the Fund and such other investment vehicles are inconsistent, such director may have a conflict of interest.

THE FOREGOING LIST DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN THIS OFFERING. PROSPECTIVE INVESTORS SHOULD READ THE ENTIRE MEMORANDUM BEFORE DETERMINING TO INVEST IN THE FUND.

12. TAXATION

Cayman Islands Taxation

The Government of the Cayman Islands, will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Fund or the Shareholders. The Cayman Islands are not party to any double taxation treaties.

The Fund has applied for and has received an undertaking from the Governor-in-Cabinet of the Cayman Islands that, in accordance with section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, for a period of 20 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Fund or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on the shares, debentures or other obligations of the Fund or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by the Fund to its members or a payment of principal or interest.

United Kingdom Taxation

It is intended that the central management and control of the Fund will be undertaken by the Directors outside the United Kingdom, so that the Fund should not be resident in the United Kingdom for the purposes of United Kingdom taxation.

The Directors, the Investment Manager and the Investment Advisor intend that the activity of the Investment Advisor and the basis on which that activity is undertaken pursuant to the arrangements described in outline in this Memorandum will satisfy the criteria required to be met for the benefit of the investment management exemption in the Finance Act 2003 to be available in relation to the Fund. Provided this exemption is so available, the Investment Advisor should not constitute a permanent establishment of the Fund and profits of the Fund (disregarding the amounts paid to the Investment Advisor) should not, therefore, be chargeable to tax in the United Kingdom. However, it cannot be guaranteed that the conditions necessary for this exemption to apply will at all times be satisfied.

If any interest or other income having a United Kingdom source is received by the Fund subject to deduction of tax at source, the Fund would not be entitled to claim from HM Revenue & Customs repayment or a refund of the tax so deducted.

European Union Savings Directive

Dividends and other distributions of income made by the Administrator on behalf of the Fund, together with payment of the proceeds of sale and/or redemption of Participating Shares ("Payments"), are not subject to any reporting requirements that arise as a result of the Cayman Islands legislation (the "Cayman EUSD Legislation") implementing measures similar to the EU Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the "EUSD"). For the purpose of the Cayman EUSD Legislation, the Fund is a non-UCITS fund and therefore Payments by the Fund are "out of scope".

If an investor is based in the European Union or certain states that have equivalent measures to the EUSD (including Switzerland, Channel Islands, Monaco and the Cayman Islands) and is making an investment in the Fund on behalf of other underlying investors who are individuals or certain unincorporated entities resident in the European Union or certain of the states that have equivalent measures to the EUSD, then the provisions of the EUSD may apply. In such circumstances the investor may become the paying agent for EUSD purposes pursuant to implementing measures in the investor's country of residence and may be required pursuant to such measures to either obtain all relevant information relating to its underlying investors and their indirect investment in the Fund, and make returns to the appropriate tax authorities under EUSD, or withhold tax at applicable rates from any distribution made to an underlying investor in respect of a Payment.

13. BOARD OF DIRECTORS

The Directors are responsible for the overall management and control of the Fund in accordance with its Memorandum and Articles. However, the Directors are not responsible for the day-to-day operations and administration of the Fund, nor are they responsible for making or approving any investment decisions, having delegated such responsibilities to the Investment Manager pursuant to the Management Agreement and the day-to-day administrative functions to the Administrator pursuant to the Administration Agreement in accordance with its power of delegation as set out in the Articles. The Directors will review the performance of the Investment Manager and the Administrator on a periodic basis.

The board of Directors of the Fund consists of Andreas Rialas, Kyriakos Rialas, Philip Scales and Ooi Boon Aun. Their biographical details are listed below.

Andreas Rialas

Mr Rialas is chief executive of the Investment Adviser. He was formerly an associate director in the emerging markets proprietary trading division of Deutsche Bank, London, which he joined in December 1997. He was initially responsible for eastern European origination and part of a team that traded and managed the emerging markets proprietary portfolio of Deutsche Bank in trade finance and near par loans. The team had cash limits to purchase emerging markets assets in excess of US \$250

million. In 1999 he was promoted to be vice-president of the trade finance specialist product group in the Global Banking Division of Deutsche Bank.

Between 1993-1996 he was at London Forfaiting Asia Ltd where he traded a portfolio in excess of US \$200 million of emerging market assets, attaining the position of head of secondary debt trading. He originated and syndicated many pioneering syndicated loan and trade finance transactions for eastern European Borrowers in Bulgaria, Croatia, Romania, Macedonia, Slovakia, Ukraine, Czech Republic, the Baltics, Kazakhstan and Russia. He developed an extensive knowledge of the Asian debt markets and was responsible for secondary trading in Europe of the primary assets originated by the Hong Kong subsidiary of London Forfaiting Asia Ltd. He studied law at the University of London graduating in 1991 and subsequently trained to be an English barrister specialising in banking law qualifying in 1993.

Kyriakos Rialas

Mr Rialas is the chief executive of the Investment Manager. He qualified as a chartered accountant with KPMG in London and started his career in the fixed income division of SG Warburgs in the City. He joined the Bank of Cyprus group treasury division and assisted in the setting up of the Bank's risk management policies and spearheaded their investments in bonds and debt markets. He also worked in emerging market bank ratings with Capital Intelligence Rating Agency, travelled regularly in emerging market countries and produced rating reports for banks in countries like Egypt, Greece and Pakistan. He joined London Forfaiting Cyprus Ltd in 1996 as finance director, with branches in Hong Kong, Bangkok, Mumbai and Moscow and where markets covered included Asia and Eastern Europe. He had full responsibility for the financial reporting of a large book of emerging market syndicated loans and trade finance debt. Prior to joining Argo Capital Management (Cyprus) Limited, he headed Emporiki Bank IBU in Cyprus, the second largest Greek state bank, where he managed a syndicated loan portfolio of around US \$600 million. He holds an MA honours degree in engineering from Cambridge University.

Ooi Boon Aun

Mr Ooi is the founder of East Alliance Assets Limited, an investment banking and corporate finance boutique. He has over 20 years of experience in banking and was most recently managing director of Depfa Investment Bank Ltd in Hong Kong. Prior to 2004 he was a non executive director and then executive director and head of debt origination, North Asia at Standard Bank Asia Ltd. Between 1998 and 2003 he was employed by Thailand Beverage and Business Group - one of the largest Thai conglomerates- and was subsequently appointed Group Vice Chairman and President. Mr. Ooi holds a BA in Business Administration from National University of Singapore.

Philip Scales

Mr Scales is managing director of IOMA Fund and Investment Management Limited ("IOMAFIM"), part of the Isle of Man Assurance Group. IOMAFIM specialises in the provision of third party fund administration and investment management services. Prior to this, he 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. Mr Scales is a Fellow of the Institute of Chartered Secretaries and Administrators.

The Articles do not stipulate a retirement age for the Directors and do not provide for retirement of the Directors by rotation. There is no shareholding qualification for the Directors. The Directors are empowered to exercise all of the borrowing powers of the Fund. The Articles provide that the remuneration of the Directors in respect of services rendered or to be rendered to the Fund shall be determined by a resolution of the Directors. The Directors may also be paid all reasonable travel, hotel and other related expenses properly incurred by them in attending meetings of the Directors or any

committee of the Directors or any general meeting or any meeting held in connection with the business of the Fund.

The Articles provide certain rights of indemnification in favour of Directors and officers of the Fund against legal liability and expenses, summarised at section 7, above.

With the exception of the Investment Manager, the Directors may change any of the Fund's service providers including the Fund's auditors without the consent of the Shareholders.

14. FISCAL YEAR AND FISCAL PERIODS; FINANCIAL STATEMENTS; AUDITORS

The fiscal year of the Fund will end on December 31 of each year.

Since Participating Shares may be issued and redeemed and dividends declared on Participating Shares during the course of a fiscal year, the Fund's Articles provide for fiscal periods, which are portions of a fiscal year, for the purpose of allocating net profits and net losses to the records maintained for each class of Participating Shares. A new fiscal period will commence on each of the first day of each fiscal year, the date next following the date of any redemption of Participating Shares and, the date of any issuance of Participating Shares and the date established by the Directors for determining the record ownership of Participating Shares for the payment of dividends, and the prior fiscal period will terminate on the date immediately preceding the first day of a new fiscal period.

Each year, Shareholders will be sent audited financial statements of the Fund. At least quarterly, the Fund will send an un-audited report to each Shareholder setting forth the net asset value of its Participating Shares. KPMG (Cayman Islands) will be the independent public accountants of the Fund.

As a regulated mutual fund under Cayman Islands law, the Fund is required to file its audited financial statements with the Cayman Islands Monetary Authority within 6 months of the end of its fiscal year.

15. GENERAL COMMENTS

The summary set forth herein does not purport to be and should not be construed as a complete description of the Memorandum and Articles of the Fund, the Management Agreement, the Administration Agreement or Advisory Agreement, copies of which will be furnished upon any request made to the Fund at its principal office. Additionally prospective investors should be aware of certain regulatory considerations and anti-money laundering requirements

Regulation

The Fund falls within the definition of a "mutual fund" in terms of the Mutual Funds Law (2007 Revision) of the Cayman Islands and accordingly, is regulated under the Mutual Funds Law. However, the Fund is not required to be licensed or to employ a licensed mutual fund administrator since the minimum interest purchasable by a prospective investor in the Fund is at least US \$100,000 or its equivalent in any other currency. Accordingly, the obligations of the Fund are (a) to register the Fund with the Cayman Islands Monetary Authority, (b) to file with the Monetary Authority prescribed details of this Memorandum and any changes to it, (c) to file annually with the Monetary Authority accounts audited by an approved auditor and (d) to pay a prescribed initial registration fee and annual fee (currently US \$3,050).

The Fund is subject to the supervision of the Monetary Authority and the Monetary Authority has wide supervisory powers under The Mutual Funds Law in that regard, including the power to instruct the Fund to have its accounts audited and to submit them to the Monetary Authority within such time as the Monetary Authority specifies. Failure to comply with any supervisory requests by the Monetary Authority may result in substantial fines. In addition, the Monetary Authority has wide powers to take action if certain events occur, such as the Fund not being able to meet its obligations when they come

due or the Fund carrying on its business in a manner that is prejudicial to its investors or creditors. The powers of the Monetary Authority in these circumstances include the power to require the substitution of a Director and, at the expense of the Fund, to appoint a person to advise the Fund on the proper conduct of its affairs; and, at the expense of the Fund, to appoint a person to assume control of the affairs of the Fund including, but not limited to, having the ability to terminate the business of the Fund. There are other remedies available to the Monetary Authority including the ability to apply to the courts of the Cayman Islands for approval of other actions or requiring the Fund to reorganize its affairs in a manner specified by the Monetary Authority.

Prevention of Money Laundering

Measures aimed at the prevention of money laundering will require a detailed verification of the investor's identity, address and source of funds. Depending on the circumstances of each application, a detailed verification of source of funds might not be required where (i) the investor makes payment from an account held in the investor's name at a recognised financial institution or (ii) the application is made through a recognised intermediary. These exceptions will only apply if the financial institution or intermediary referred to above is located within a country recognised in Ireland as having equivalent anti-money laundering regulations or satisfies other applicable conditions. A detailed verification of the investor's identity and address will always be required. By way of example an individual will be required to produce a certified copy of a passport or identification card together with two original or certified pieces of evidence of his/her address such as utility bill or bank statement (not more than three months old). In the case of corporate investors, such measures will require production of a certified copy of the certificate of incorporation (and any change of name), a certified copy of the memorandum and articles of association (or equivalent), a certified copy of the corporation's authorised signatory list, the names, occupations, dates of birth and resident and business address of all directors and beneficial owners (who may also be required to verify their identity as described above).

The Administrator and the Fund each reserves the right to request such information as is necessary to verify the identity, address and source of funds of an investor. In the event of delay or failure by an investor or applicant to produce any information required for verification purposes, the Administrator or the Fund may refuse to accept the application and subscription monies. The Administrator may also refuse to process redemption requests or pay redemption proceeds in such circumstances. Applicants should note specifically that redemption proceeds will not be paid to an account which is not in the name of the applicant.

Each applicant for Participating Shares acknowledges that the Administrator and the Fund shall be held harmless against any loss arising as a result of a failure to process his/her application for Participating Shares or redemption request, if such information and documentation as has been requested by the Administrator has not been provided by the applicant.

Each applicant for Shares will be required to make such representations as may be required by the Directors in connection with anti-money laundering programmes, including, without limitation, representations that such applicant is not a prohibited country, territory, individual or entity listed on the United States Department of Treasury's Office of Foreign Assets Control ("OFAC") website and that it is not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programmes. Each applicant will also be required to represent that subscription monies are not directly or indirectly derived from activities that may contravene United States federal or state, or international, laws and regulations, including anti-money laundering laws and regulations.

It is a further condition of each subscription that neither the Fund nor the Administrator shall be responsible, or have any liability for, loss or damage (whether actual or alleged) arising from a decision by the Fund to treat any application as lapsed or not accepting an application for shares as a result of the applicant failing to provide sufficient information or evidence of identity to the satisfaction of the Administrator.

Applicants should note that confirmation of investment, and details of the Shares allotted will NOT be issued until verification is completed to the satisfaction of the Administrator. Applicants for Shares should note that this may result in Shares being issued on a Dealing Day subsequent to the dealing Day applied for by that Shareholder. The Fund and/or the Administrator will not be liable for any losses, costs or expenses suffered by the applicant or Shareholders as a result. Requirements are set out below and the timely provision of such information will assist the Administrator to promptly process applications.

In the event of delay or failure by the prospective investor to produce any or satisfactory information required for verification purposes, the Administrator may refuse to accept the subscription or to register a transfer. Accordingly, in the case of subscription applications, the application by the applicant will be deemed to have lapsed and any allotment of Shares to the applicant will be cancelled. Any funds remitted by the applicant or received by or on behalf of the Fund will subject to applicable law be returned without interest to the account from which such funds were originally debited, less any loss in value arising whilst invested in the Fund and less any wire transfer charges. Applications for registration of any transfers will be deemed to have lapsed in the absence of proper verification.

If any person knows or suspects that a payment to the Fund (by way of subscription or otherwise) is the proceeds of criminal conduct, such person is required to report such information and such report shall not be treated as a breach by such person on any restriction imposed on such person by law or otherwise on the disclosure of information.

16. PROCEDURE TO PURCHASE PARTICIPATING SHARES

Persons interested in purchasing Participating Shares of the Fund should inform themselves as to (i) the legal requirements within their own countries for the purchase of such Participating Shares and (ii) any foreign exchange restrictions which they might encounter.

Any person desiring to subscribe for Participating Shares of the Fund is requested to execute the Subscription Agreement, in the form attached, offering in the Subscription Agreement to purchase a specified US Dollar or Euro amount (as the case may be) of Participating Shares, and fax an executed copy of the Subscription Agreement, with the original to follow by mail to: Argo Distressed Credit Fund Limited c/o HSBC Securities Services (Ireland) Limited, 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland, facsimile number + 353 1 649 7560 FAO: Investor Services.

Payment of the subscription amount should be made in accordance with the payment instructions and terms set forth in the Subscription Agreement. Subject to a board resolution, the Directors retain discretion to accept late applications for subscriptions.

With respect to certain countries, special requirements may have to be observed with respect to subscriptions.

Subscribers for and each transferee of Participating Shares, unless specifically permitted by the Directors, will be required to give certain representations and undertakings to the Fund which are contained in the Subscription Agreement.

The subscription documents to be executed and delivered by prospective subscribers also contain the subscriber's agreement to indemnify and hold harmless the Fund and its directors, officers and agents and other representatives against any loss, liability, cost or expense (including attorneys' fees, taxes and penalties) which may result, directly or indirectly, from any misrepresentation or breach of any warranty, condition, covenant or agreement set forth therein or in any other document delivered by the subscriber to the Fund.

The Directors reserve the right from time to time to resolve to close the Fund to new subscriptions, either for a specified period or until they otherwise determine. During any such period the Fund's Participating Shares will not be available for subscription.

The acceptance or non-acceptance of any subscription is solely at the discretion of the Directors and no reasons need be given for the non-acceptance of any subscription. Any subscription amounts not accepted by the Fund will, subject to applicable law be promptly returned to the subscriber without interest

ARGO DISTRESSED CREDIT FUND LIMITED

APPENDIX A

Supplement relating to Class A Participating Shares

This Supplement contains specific information in relation to the Class A Participating Shares of Argo Distressed Credit Fund Limited (the "Fund").

This Supplement forms part of, and should be read together with, the Offering Memorandum of the Fund (the "Memorandum"). The Memorandum includes a general description of:

- the Fund, and the Fund's management and administration;
- risk factors; and
- general investment policies.

Copies of the Memorandum are available from the Administrator.

The Directors, whose names are set out in the Memorandum, accept responsibility for the information contained in the Memorandum and in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Capitalised terms not defined herein are defined in the Memorandum.

1. Operational Currency

Class A Participating Shares may be issued having an Operational Currency of US Dollars or Euros. As the Fund's base currency is US Dollars and as the Fund anticipates making the majority of its investments in US Dollar denominated assets, the Fund will employ hedging strategies in respect of the Class A Euro Participating Shares. The costs of such hedging strategies shall be allocated to the Class A Euro Participating Shares.

2. Use of Leverage

The Fund will not employ direct leverage in respect of the investment programme of the Class A Participating Shares. Holders of Class A Participating Shares will however have indirect exposure to the leverage employed by the Argo Funds into which the Fund expects to invest the majority of its assets.

3. Management Fee

The Management Fee chargeable to Class A Participating Shares is 2% per annum, calculated and paid monthly in arrears. The Management Fee will be waived by the Investment Manager in respect of that part of the Fund's net asset value which is comprised of investments made by the Fund directly in the Argo Funds (so as to avoid duplication of management fees).

Investors should carefully review the Memorandum in full before considering an investment in Class A Participating Shares.

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APPENDIX B

Supplement relating to Class B Participating Shares

This Supplement contains specific information in relation to the Class B Participating Shares of Argo Distressed Credit Fund Limited (the "Fund").

This Supplement forms part of, and should be read together with, the Offering Memorandum of the Fund (the "Memorandum"). The Memorandum includes a general description of:

- the Fund, the Argo Funds into which the Fund will invest, and the Fund's management and administration;
- risk factors; and
- general investment policies.

Copies of the Memorandum are available from the Administrator.

The Directors, whose names are set out in the Memorandum, accept responsibility for the information contained in the Memorandum and in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Capitalised terms not defined herein are defined in the Memorandum.

1. Operational Currency

Class B Participating Shares may be issued having an Operational Currency of US Dollars or Euros. As the Fund's base currency is US Dollars and as the Fund anticipates making the majority of its investments in US Dollar denominated assets, the Fund will employ hedging strategies in respect of the Class B Euro Participating Shares. The costs of such hedging strategies shall be allocated to the Class B Euro Participating Shares.

2. Use of Leverage

The Fund may employ up to 200% direct leverage in respect of the investment programme of the Class B Participating Shares. In addition to this direct leverage, holders of Class B Participating Shares will have indirect exposure to the leverage employed by the Argo Funds into which the Fund expects to invest the majority of its assets.

3. Management Fee

The Management Fee chargeable to Class B Participating Shares is 2% per annum, calculated and paid monthly in arrears. The Management Fee will be waived by the Investment Manager in respect of that part of the Fund's net asset value which is comprised of investments made by the Fund directly in the Argo Funds (so as to avoid duplication of management fees).

Investors should carefully review the Memorandum in full before considering an investment in Class B Participating Shares.

APPENDIX C

Supplement relating to Class C Participating Shares

This Supplement contains specific information in relation to the Class C Participating Shares of Argo Distressed Credit Fund Limited (the "Fund").

This Supplement forms part of, and should be read together with, the Offering Memorandum of the Fund (the "Memorandum"). The Memorandum includes a general description of:

- the Fund, and the Fund's management and administration;
- risk factors; and
- general investment policies.

Copies of the Memorandum are available from the Administrator.

The Directors, whose names are set out in the Memorandum, accept responsibility for the information contained in the Memorandum and in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Capitalised terms not defined herein are defined in the Memorandum.

1. Operational Currency

Class C Participating Shares may be issued having an Operational Currency of US Dollars.

2. Use of Leverage

The Fund will not employ direct leverage in respect of the investment programme of the Class C Participating Shares. Holders of Class C Participating Shares will however have indirect exposure to the leverage employed by the Argo Funds into which the Fund expects to invest the majority of its assets.

3. Management Fee

The Management Fee chargeable to Class C Participating Shares is 3.5% per annum, calculated and paid monthly in arrears. The Management Fee will be reduced (by way of waiver by the Investment Manager) to 1.5% in respect of that part of the Fund's net asset value comprised of investments made by the Fund directly in the Argo Funds. The Investment Manager may rebate a portion of the management fee received from the Fund in respect of its Class C Participating Shares to certain persons providing capital introduction services to the Investment Manager in connection with the marketing of the Fund.

Investors should carefully review the Memorandum in full before considering an investment in Class C Participating Shares.