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SPARK VENTURES PLC – RESTRUCTURING PROPOSALS

The UK Shareholders Association (UKSA) notes the letter sent to shareholders of Spark Ventures plc by one of its major shareholders, Vine Street Capital.

In the opinion of UKSA the board of Spark Venture's proposals to transfer the management of its investments, the management of third party funds including the Quester/Spark Venture Capital Trusts and all employees of Spark Ventures to a newly formed management company owned and managed by the current executive directors Company are not in the interest of shareholders. We are concerned that this proposal to acquire Querist (the fund management business) could enable the management to achieve most of the rewards of a management buy out at a very low price and with few of the risks – in essence a raw deal for shareholders. The Company acquired Quester (part of the Querist package) in May 2007, when it valued the investment management contracts at £5.3m. Just two years later, the same business may be sold to the executive management for £1m.

We suggest that shareholders should therefore consider carefully how they vote on resolutions 3, 4 and 5 at the forthcoming General Meeting on 7 August 2009 if they wish to prevent this undervalued transaction from going ahead. Instead they could encourage management to prepare a marketing document to proactively invite offers from third party acquirers for Querist (any such offer from the executive management team would not be ruled out of course).

As part of this process management could invite selected third parties to bid on the management of Spark Ventures assets in a wind down mode. We do not support the notion that only the current executive management team of Spark Ventures can secure the best deal for shareholders in winding down the investment portfolio.

Finally, we share Vine Street Capital's doubts over the independence of the non executive members of the Board of the Company and we suggest therefore that the composition of the board should be changed before any decisions are made on this matter.

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For more information, the Vine Street Capital announcement can be read at:
www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-detail.html?announcementId=10133883