

This document comprises a prospectus relating to F&C Global Smaller Companies PLC (the “Company”) prepared in accordance with the prospectus rules and listing rules of the UK Listing Authority made under section 73A of the Financial Services and Markets Act 2000. This document has been approved by the Financial Conduct Authority in accordance with Rule 3.2 of the Prospectus Rules. This document will be made available to the public in accordance with the Prospectus Rules by being made available at www.fandcglobalsmallers.com.

The Directors of the Company, whose names appear on page 28 of this document, and the Company each accept responsibility for the information contained in this document. The Directors and the Company having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of the knowledge of the Directors and the Company, in accordance with the facts and does not omit anything likely to affect the import of such information.

F&C GLOBAL SMALLER COMPANIES PLC

(incorporated in England and Wales with registered no.00028264 and registered as an investment company under section 833 of the Companies Act 2006)

Issue of up to £40 million in nominal amount of 3.5 per cent. Convertible Unsecured Loan Stock (“CULS”) at 100p per £1 nominal unit

Applications will be made to the UK Listing Authority for the CULS to be admitted to the Official List and to the London Stock Exchange for the CULS to be admitted to trading on the London Stock Exchange’s main market for listed securities. It is expected that Admission of CULS will become effective, and dealings in the CULS will commence, on 30 July 2014.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this Prospectus and the offering of CULS in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. The CULS have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Canada, Australia or Japan. Accordingly, the CULS may not (unless an exemption from such Act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Canada, Australia or Japan. The Company will not be registered under the United States Investment Company Act of 1940 (as amended) and investors will not be entitled to the benefits of such Act.

Oriel Securities Limited (“Oriel”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for F&C Global Smaller Companies PLC and for no-one else and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Oriel and is not advising any other person in relation to any transaction contemplated in or by this document.

Potential investors should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company. Potential investors should also consider the risk factors relating to the Company set out on pages 13 to 17 of this document.

27 June 2014

CONTENTS

	<i>Page</i>
SUMMARY	3
RISK FACTORS	13
IMPORTANT INFORMATION	18
EXPECTED TIMETABLE	20
ISSUE STATISTICS	21
DEFINITIONS	22
DIRECTORS, INVESTMENT MANAGER AND ADVISERS OF THE COMPANY	28
PART 1 THE COMPANY	29
PART 2 DIRECTORS, INVESTMENT MANAGER AND ADMINISTRATION OF THE COMPANY	34
PART 3 DETAILS OF THE CULS	39
PART 4 THE ISSUE AND TERMS OF THE OPEN OFFER	54
PART 5 FINANCIAL INFORMATION ON THE COMPANY (INCLUDING PORTFOLIO INFORMATION)	79
PART 6 GENERAL INFORMATION	84
TERMS AND CONDITIONS OF THE PLACING	108
TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION	113
NOTES ON HOW TO COMPLETE THE SUBSCRIPTION FORM	119

SUMMARY

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A-E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Section A – Introduction and warnings

Element	Disclosure requirement	Disclosure
A.1	Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary, including any translation, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Financial Intermediaries	Not applicable. No consent has been given by the issuer or person responsible for drawing up the Prospectus to the use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries.

Section B – Issuer

Element	Disclosure requirement	Disclosure
B.1	Legal and commercial name	F&C Global Smaller Companies PLC
B.2	Domicile and legal form	The Company was incorporated and registered in England and Wales on 15 February 1889 as a limited company under the Companies Acts 1862 to 1886 with registered number 00028264. The Company operates under the Act and regulations made under the Act.
B.5	Group description	Not applicable.
B.6	Major shareholders	As at 23 June 2014, the Company was not aware of any notifiable interests in the issued share capital of the Company. The Directors are not aware of any person or persons who, following the Issue, will or could, directly or indirectly, jointly or severally, exercise control over the

		Company. There are no different voting rights for any Shareholder.																																																																
B.7	Key financial information	<p>Selected historical financial information relating to the Company which summarises the financial condition of the Company for the three financial years ended 30 April 2014 is set out in the following table:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><i>Audited financial results for the year ended 30 April 2012</i></th> <th style="text-align: right;"><i>Audited financial results for the year ended 30 April 2013</i></th> <th style="text-align: right;"><i>Audited financial results for the year ended 30 April 2014</i></th> </tr> </thead> <tbody> <tr> <td colspan="4">Net asset value</td> </tr> <tr> <td>Net assets (£'000)</td> <td style="text-align: right;">246,776</td> <td style="text-align: right;">340,090</td> <td style="text-align: right;">431,086</td> </tr> <tr> <td>Net asset value per Share (p)</td> <td style="text-align: right;">596.35</td> <td style="text-align: right;">756.21</td> <td style="text-align: right;">841.78</td> </tr> <tr> <td>Share price (p)</td> <td style="text-align: right;">588.00</td> <td style="text-align: right;">764.50</td> <td style="text-align: right;">840.00</td> </tr> <tr> <td colspan="4">Income</td> </tr> <tr> <td>Revenue return after expenses and taxation (£'000)</td> <td style="text-align: right;">2,799</td> <td style="text-align: right;">3,044</td> <td style="text-align: right;">4,461</td> </tr> <tr> <td>Revenue return per Share (p)</td> <td style="text-align: right;">6.87</td> <td style="text-align: right;">7.10</td> <td style="text-align: right;">9.31</td> </tr> <tr> <td>Dividend per Share (p)</td> <td style="text-align: right;">5.63</td> <td style="text-align: right;">6.50</td> <td style="text-align: right;">8.00</td> </tr> <tr> <td colspan="4">Ongoing Charges</td> </tr> <tr> <td>As a percentage of average Shareholders' funds (%)</td> <td style="text-align: right;">1.08</td> <td style="text-align: right;">0.85</td> <td style="text-align: right;">0.76</td> </tr> <tr> <td colspan="4">Portfolio summary</td> </tr> <tr> <td>Shareholders' funds (£'000)</td> <td style="text-align: right;">246,776</td> <td style="text-align: right;">340,090</td> <td style="text-align: right;">431,086</td> </tr> <tr> <td colspan="4">NAV/share price returns</td> </tr> <tr> <td>Net asset value total return</td> <td style="text-align: right;">(0.1)%</td> <td style="text-align: right;">28.1%</td> <td style="text-align: right;">12.3%</td> </tr> <tr> <td>Share price total return</td> <td style="text-align: right;">1.7%</td> <td style="text-align: right;">31.3%</td> <td style="text-align: right;">10.8%</td> </tr> </tbody> </table> <p>During the three financial years of the Company to 30 April 2014 and since 30 April 2014 (being the end of the last financial period of the Company for which financial information has been published), there has been no significant change in the Company's financial condition or the operating results of the Company.</p>		<i>Audited financial results for the year ended 30 April 2012</i>	<i>Audited financial results for the year ended 30 April 2013</i>	<i>Audited financial results for the year ended 30 April 2014</i>	Net asset value				Net assets (£'000)	246,776	340,090	431,086	Net asset value per Share (p)	596.35	756.21	841.78	Share price (p)	588.00	764.50	840.00	Income				Revenue return after expenses and taxation (£'000)	2,799	3,044	4,461	Revenue return per Share (p)	6.87	7.10	9.31	Dividend per Share (p)	5.63	6.50	8.00	Ongoing Charges				As a percentage of average Shareholders' funds (%)	1.08	0.85	0.76	Portfolio summary				Shareholders' funds (£'000)	246,776	340,090	431,086	NAV/share price returns				Net asset value total return	(0.1)%	28.1%	12.3%	Share price total return	1.7%	31.3%	10.8%
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B.8	Key pro forma financial information	Not applicable. No pro forma financial information is included in this document.																																																																
B.9	Profit forecast	Not applicable. There are no profit forecasts or estimates made in this document.																																																																
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The audit reports on the historical financial information contained within the document are not qualified.																																																																

B.34	Investment policy	<p><i>Investment objective</i></p> <p>The Company's investment objective is to invest in smaller companies worldwide in order to secure a high total return.</p> <p><i>Investment policy</i></p> <p>The Company pursues this investment objective by investing in a large number of stocks in various industry sectors and geographic locations. There are no specific sector or geographical exposure limits. Whilst the Company has a global orientation, its objective is to find attractively valued investment opportunities wherever they may be and it is therefore not constrained to mandatory weightings per geographic region.</p> <p>The Company invests mainly in quoted equities, including those quoted on the Alternative Investment Market. It is able to invest in other types of securities or assets, including collective funds. Investments in unquoted securities can be made with the prior approval of the Board. No transaction can be made which would result in a holding of the Company exceeding 10 per cent. of the value of the total portfolio. Derivative instruments, such as futures, options, and warrants, can be used for efficient portfolio management up to a maximum of 10 per cent. of the NAV per Share at any one time.</p> <p>The Company can borrow in either sterling or foreign currencies. Effective gearing is limited, in normal circumstances, to a maximum of 20 per cent. of shareholders' funds, valuing the Company's Debenture Stock at nominal value. The Company's portfolio can also be for hedged currency movements.</p> <p>Any material change to the investment policy of the Company may only be made with the prior approval of Shareholders by way of an ordinary resolution at a general meeting.</p>
B.35	Borrowing limits	<p>The Company has the power under its Articles to borrow up to 100 per cent. of Ordinary Shareholders' realised reserves. The Company's investment policy provides that effective gearing is limited to a maximum of 20 per cent. of Ordinary Shareholders' funds.</p>
B.36	Regulatory status	<p>Save for its compliance with the Act, the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules, the Company is not a regulated entity.</p>
B.37	Typical investor	<p>The Directors believe that the profile of a typical investor in the Company is a professionally advised private investor, an institutional investor or individuals who are prepared to tolerate a degree of risk or potential for loss, investing in smaller companies worldwide.</p>

B.38	Investment of 20 per cent. or more in single underlying asset or investment company.	Not applicable. The Company will not invest more than 15 per cent. of gross assets in other listed investment companies.
B.39	Investment of 40 per cent. or more in single underlying asset or investment company.	Not applicable. The Company will not invest more than 15 per cent. of gross assets in other listed investment companies.
B.40	Applicant's service providers	<p><i>The Investment Manager</i></p> <p>The Company has appointed F&C Management Limited as its investment Manager. The Investment Manager is a private limited company and was incorporated in England and Wales under the Companies Act 1948 with the registered number 00517895 on 27 March 1953. The Investment Manager operates under the Act and is authorised and regulated by the Financial Conduct Authority.</p> <p>The Company has entered into the Investment Management Agreement with the Investment Manager under which the Investment Manager is responsible for the day-to-day management of the Company's investment portfolio, subject to the overall control and supervision of the Board. The Investment Manager manages the Company's investments in accordance with the policies laid down by the Board from time to time and in accordance with the investment restrictions referred to in the Investment Management Agreement.</p> <p>The Investment Manager is entitled to a management fee of an amount equal to 0.4 per cent. per annum, payable monthly in arrears, of the adjusted net assets of the Company that are managed by the Investment Manager (the Debenture Stock is valued at market value). Investments made by the Company in third party collective investment schemes that are made on strategic grounds after 30 April 2006 are subject to a management fee, payable monthly in arrears, of 0.25 per cent. per annum of the month end market value of such investments.</p> <p>The Manager is also entitled to a performance fee, calculated and payable annually, equal to 10 per cent. of the value of any outperformance in the year by the Company's net assets (debt is valued at market value and adjustments are made for share buybacks and dividends) compared to the Benchmark Index. The total amount of fees (including both the management fee and the performance fee) that may be payable by the Company to the Investment Manager in any financial year is capped at 1 per cent. of the average month-end net assets of the Company calculated over that financial year. Any performance above this cap or below the level of the Benchmark Index is carried forward to the following financial year for inclusion in the calculation of performance in that year.</p> <p>The Investment Management Agreement can be terminated by either party on six months' written notice. The Investment Management Agreement may be terminated immediately if the Investment Manager is in</p>

		<p>material breach of the agreement, guilty of negligence, wilful default or fraud or is the subject of insolvency proceedings.</p> <p><i>The Administrator and Company Secretary</i> All secretarial and administrative services are provided by the Investment Manager under the terms of the Investment Management Agreement. The costs of these services are included in the management fee.</p> <p><i>The Custodian</i> JPMorgan Chase Bank has been appointed as the principal Custodian of the assets of the Company. The Custodian holds, or arranges for sub-custodians to hold, all of the cash, securities and other assets of the Company and arranges and settles (directly or acting through sub-custodians) all transactions relating to those assets as agent for the Company.</p> <p>Given that the fees payable by the Company to the Custodian under the Custody Agreement are calculated by reference to <i>inter alia</i> the market value of the assets held, the country of settlement and the type of transaction carried out by the Custodian, there is no maximum amount payable under the Custodian Agreement.</p> <p>The Custody Agreement may be terminated by the Company by giving sixty days written notice to the Custodian or immediately if the Custodian has acted fraudulently or is in wilful default or it ceases to be authorised by the FCA. The Custodian may terminate the Custody Agreement by giving 6 months written notice to the Company or by giving sixty days written notice to the Company in the event that the Custodian reasonably determines that the Company has ceased to satisfy the Custodian's customary credit requirements.</p> <p><i>The Registrar</i> The Company utilises the services of Computershare Investor Services PLC as registrar in relation to the transfer and settlement of Ordinary Shares held in uncertificated form.</p> <p>Given that the fees payable under the Registrar Agreement are calculated as <i>inter alia</i>, a multiple of the number of Shareholders admitted to the register each year plus a multiple of the number of share transfers made each year, there is no maximum amount payable under the Registrar Agreement.</p> <p><i>The Auditor</i> PriceWaterhouseCoopers LLP provides audit services to the Company. The annual reports and accounts are prepared according to accounting standards in line with the United Kingdom Generally Accepted Accounting Practice.</p>
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		The fees charged by the Auditors depends on the services provided, computed, <i>inter alia</i> , on the time spent by the Auditors on the affairs of the Company and there is not a maximum amount payable.
B.41	Regulatory status of investment manager and custodian	The Investment Manager is authorised and regulated by the Financial Conduct Authority. The Custodian is authorised and regulated by the Financial Conduct Authority.
B.42	Calculation of Net Asset Value	The net asset value of an Ordinary Share is calculated by the Company in accordance with the Company's accounting policies and is published in respect of each business day through a Regulatory Information Service. The calculation of the Net Asset Value per Share will be suspended only in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.
B.43	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.
B.44	No financial statements have been made up	Not applicable. The Company has commenced operations and historical financial information is included within the document.
B.45	Portfolio	The Company's portfolio is comprised predominantly of equities. As at 23 June 2014 (the latest practicable date prior to the publication of this document), the Company's portfolio comprised, by value, 97.7 per cent. equities.
B.46	Net Asset Value	The unaudited Net Asset Value as at 23 June 2014 was £443.3 million.

Section C – Securities

Element	Disclosure requirement	Disclosure
C.1	Type and class of securities	The Company will issue a maximum of 40 million CULS of £1 nominal each. The ISIN number for the CULS is GB00BNH7RK38, the ISIN number for the Open Offer Entitlement is GB00BNHKWJ64 and the ISIN number for the Excess CREST Open Offer Entitlement is GB00BNHKWK79.
C.2	Currency	The Company will issue CULS denominated in pound Sterling.
C.3	Number of securities to be issued	The Company will issue a maximum of 40 million CULS under the Issue.
C.4	Description of the rights attaching to the securities	<i>Conversion Right</i> Each CULS Holder (and where applicable, the Trustee on his behalf) will have the right to convert the whole or such part (being an integral multiple of £1 nominal) of his CULS as he may specify into fully paid Ordinary

		<p>Shares in accordance with the provisions of this document and the Trust Deed.</p> <p><i>Ordinary Shares</i></p> <p>The Ordinary Shares issued in relation to the conversion of CULS will rank equally with the existing Ordinary Shares.</p> <p><i>Voting Rights</i></p> <p>Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares, Shareholders shall have the right to receive notice of and to attend and vote at general meetings of the Company.</p> <p>Each Shareholder being present in person or by proxy or by a duly authorised representative (if a company) at a general meeting shall upon a show of hands have one vote and upon a poll all Shareholders shall have one vote for every Ordinary Share held.</p> <p>No voting rights are attached to the CULS.</p> <p><i>Dividend rights</i></p> <p>Shareholders will be entitled to receive such dividends as the Directors may resolve to pay to them out of the assets attributable to their Ordinary Shares.</p> <p>The CULS carry no rights to dividends, but they carry the right to receive interest at the rate of 3.5 per cent. per annum</p> <p><i>Return of capital</i></p> <p>Ordinary Shareholders are entitled to participate (in accordance with the rights specified in the Articles) in the assets of the Company attributable to their Ordinary Shares in a winding up of the Company or a winding up of the business of the Company.</p>
C.5	Restrictions on the free transferability of the securities	<p>The CULS will be denominated, and will be registered and transferable without payment of any fee (excepting all transfer taxes), in integral multiples of £1 nominal. The Trust Deed will contain provisions enabling the CULS to be held and transferred in uncertificated form. The Trustee may, without any sanction of CULS Holders, concur with the Company in making modifications to the provisions of the Trust Deed in order to reflect changes in the CREST Regulations or in the applicable law and practice relating to the holding or transfer of CULS in uncertificated form and the issue of Ordinary Shares in uncertificated form on conversion of CULS.</p> <p>The CULS have not been, nor will be, registered in the United States under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and are subject to restrictions on transfer contained in such laws. There are restrictions on the purchase of Ordinary Shares by persons who are located in the United States or who</p>

C.6	Admission	<p>are U.S. Persons (as defined in the U.S. Securities Act) and on the resale of CULS by any Shareholders to any person who is located in the United States or is a U.S. Person.</p> <p>Applications will be made to the UK Listing Authority for the CULS to be admitted to the Official List and to the London Stock Exchange for the CULS to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that such admissions will become effective, and that dealings in the CULS will commence on 30 July 2014.</p>
C.7	Dividend policy	<p>The Company has followed and aims to continue to follow a progressive dividend policy. Dividends are paid in January and August of each year.</p> <p>There are no assurances that any dividends will be paid.</p>

Section D – Risks

Element	Disclosure requirement	Disclosure
D.2	Key information on the key risks specific to the issuer or its industry	<p>The value of an investment in the Company, and the income derived from it, may go down as well as up and may not always reflect the Net Asset Value per Share.</p> <p>Changes in economic or political conditions and other factors can substantially and adversely affect the value of investments and therefore the Company's performance and prospects.</p> <p>The past performance of the Company, and of investments managed by the Investment Manager, are not necessarily indicative of future performance. The departure of key skilled professionals from the Manager could have a material adverse effect on the Company's business, financial condition and results of operations.</p> <p>The Company has been approved as an investment trust under section 1158 of the Tax Act and conducts its business so as to continue to satisfy the conditions for approval. Such approval exempts the Company from United Kingdom taxation on its capital gains. Breach of the tests that a company must meet to maintain approval as an investment trust company could lead to the Company being subject to tax on capital gains and, as a result, could materially adversely affect the Company's results and performance.</p> <p>Any change in the Company's tax status or in taxation legislation or accounting practice could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders.</p> <p>The Company predominantly invests in listed smaller companies equities. Individual smaller companies can be expected, in comparison to larger companies to have less mature businesses, less depth of management and a higher risk profile. As a result they may find it difficult to access finance and/or overcome periods of economic slowdown. As they are less likely</p>

		<p>to have the financial resources of larger companies they may find it more difficult to retain key skilled individuals. These events may have a material adverse effect on the performance of that smaller company and may lead them to reduce their dividends which could put pressure on the company's own ability to pay dividends. Furthermore, smaller company share prices can be more volatile than those of larger companies, particularly at times of economic stress.</p>
D.3	Key information on the key risks specific to the securities	<p>The market price of the CULS will be influenced by a number of factors, including the supply of, and demand for, CULS; the price, NAV per Share and dividend yield of the Ordinary Shares; prevailing interest rates; market conditions; and general investor sentiment. There can be no guarantee that the market price of the CULS will fully reflect any value inherent in their convertibility into Ordinary Shares.</p> <p>On a winding-up of the Company, the nominal amount of the CULS will rank ahead of the Ordinary Shares but will be subordinated to the Company's borrowings and creditors.</p> <p>The rate of conversion of the CULS is set at a 15 per cent. premium to the unaudited Net Asset Value per Ordinary Share at the date of Admission. When any CULS convert into Ordinary Shares at a time when the NAV per Ordinary Share is greater than the Conversion Price, there will be NAV per Ordinary Share dilution for existing Ordinary Shareholders. This potential dilution may impact on the market price of Ordinary Shares.</p> <p>Securities of the Company are designed to be held over the long-term and may not be suitable as short-term investments. There can be no guarantee that any appreciation in the value of the Company's investments will occur, and investors may not get back the full value of their investment.</p> <p>The CULS will be unsecured and will be subordinate to any creditors of the Company. Notwithstanding the fact that the Company has no current intention to introduce additional gearing should the Issue be fully subscribed, in the event that the Company puts in place additional gearing such gearing would rank ahead of the CULS.</p> <p>The Company borrows funds for the purpose of purchasing securities. Such borrowings include the CULS. This may provide an opportunity for greater growth in the net assets of the Company and greater capital appreciation in the value of the Ordinary Shares, but at the same time it increases the exposure of the Company and Ordinary Shareholders to the risk of capital loss.</p> <p>Although the CULS and the Ordinary Shares resulting from any conversion of CULS will be listed on the Official List and traded on the Main Market, it is possible that there may not be a liquid market in the CULS or the Ordinary Shares. Accordingly CULS holders or</p>

		Shareholders may be unable to realise their CULS or Ordinary Shares at the quoted market price or at all.
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Section E – Offer

Element	Disclosure requirement	Disclosure
E.1	Net proceeds and costs of the Issue	<p>The aggregate costs of and incidental to the publication of this document, which have been or will be borne by the Company, are approximately £820,000 (the “Documentation Costs”).</p> <p>On the assumption that the Issue is fully subscribed, the net proceeds of such Issue are expected to be £39,180,000.</p>
E.2 A	Reasons for the Issues and use of proceeds	The Company is proposing to raise up to £40 million through the Issue of CULS. The Board believes that employing structural gearing will enhance the Manager’s ability to increase capital returns and that doing so by way of an issue of CULS should, upon the conversion of the CULS, also increase the core capital of the Company. The net proceeds of the Issue will be invested by the Manager in accordance with the Company’s investment policy.
E.3	Terms and conditions of the offer.	The Company will issue a maximum of 40 million CULS under the Issue. The Issue, which is not underwritten, is conditional upon (i) the passing of the Resolution without any amendment at the General Meeting convened for 24 July 2014; (ii) the Placing Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms; (iii) (a) the UKLA having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the CULS arising under the issue to the Official List with a standard listing has been approved and will become effective as soon as a dealing notice has been issued by the Financial Conduct Authority and any listing conditions having been satisfied; (b) the London Stock Exchange having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the CULS will be admitted to trading; (c) Admission occurring on or before 8.00 a.m. on 30 July 2014 or such time and/or date as the Company and Oriel may agree, being not later than 29 August 2014 and (d) the minimum issue proceeds being equal to or exceeding £25 million or such lower amount as the Company, the Manager and Oriel may agree in writing.
E.4	Material interests	Not applicable. No interest is material to the Issue.
E.5	Name of person selling securities	Not applicable. No person or entity is offering to sell the security as part of the Issue.
E.6	Dilution	Not applicable. No offer.
E.7	Expenses charged to the investor	Not applicable. There are no direct costs charged to the investor.

RISK FACTORS

The risk factors referred to below are the risks which are considered by the Company and the Directors to be material as at the date of this document but are not the only risks relating to the Company, the Ordinary Shares or the CULS. Additional risks and uncertainties relating to the Company or the Ordinary Shares that are not currently known to the Company or the Directors or that the Directors or the Company do not currently consider to be material may also have a material adverse effect on the Company. Potential investors should review this Prospectus carefully and in its entirety and consult with their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before acquiring any CULS.

Prospective investors should note that the risks relating to the Company, its industry, the Ordinary Shares and the CULS summarised in the section of this document headed "Summary" are the risks that the Company believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the CULS. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of the document headed "Summary" but also, among other things, the risks and uncertainties described below.

Potential investors should carefully consider the following material risk factors in relation to the Company, the Ordinary Shares or the CULS.

Risks relating to the CULS

Risks relating to the market value of the CULS

The market price of the CULS will be influenced by a number of factors, including the supply of, and demand for, CULS; the price, NAV per Share and dividend yield of the Ordinary Shares; prevailing interest rates; market conditions; and general investor sentiment. There can be no guarantee that the market price of the CULS will fully reflect any value inherent in their convertibility into Ordinary Shares.

The rate of conversion of the CULS is set at a 15 per cent. premium to the unaudited Net Asset Value per Ordinary Share at close of business on the date of Admission. When any CULS convert into Ordinary Shares at a time when the Net Asset Value per Ordinary Share is greater than the Conversion Price, there will be a dilution of the Net Asset Value per Ordinary Share for Ordinary Shareholders. This potential dilution is likely to impact on the market price of Ordinary Shares.

Risks relating to the liquidity of the CULS

Although the CULS will be listed on the Official List with a Standard Listing and admitted to trading on the Main Market, it is possible that there may not be a liquid market in the CULS, and investors may have difficulty in selling them.

On a winding-up of the Company, the nominal amount of the CULS will rank ahead of the Ordinary Shares but will be subordinated to the Company's borrowings and creditors. Therefore, the rights and remedies available to the Trustee and CULS Holders may be limited by applicable winding-up, insolvency, re-organisation, moratorium or similar provisions relating to or affecting creditors' rights generally.

Risks relating to the conversion of CULS

If, at any time after 31 July 2017, the middle market price of the Ordinary Shares is 20 per cent. or more above the Conversion Price for at least 20 dealing days during a period of 30 consecutive dealing days, the Company will be able to require CULS Holders to redeem their CULS at par. In such event, CULS Holders would be given a final opportunity to convert their CULS into Ordinary Shares. Following conversion of 80 per cent. or more of the CULS originally issued and any further CULS forming a single series and on any subsequent conversion date, the Company will be entitled to require remaining CULS Holders to convert their outstanding CULS into Ordinary Shares after they have been given an opportunity to have their CULS redeemed. If either of these situations were to occur, CULS Holders

would not be able to hold their CULS until the final maturity date of the CULS of 31 July 2019 and to have their CULS redeemed for cash on that date.

The Trust Deed constituting the CULS will not contain any additional restrictions on borrowings (including borrowings ranking ahead of the CULS), the disposal of assets or the creation of charges by, or changes in, the nature of the business of the Company or any subsidiary of the Company. In addition, the Trust Deed will not contain any provision giving CULS Holders any right of redemption on a take over of the Company or on a demerger (although in each case CULS Holders will have a right to exercise their conversion rights).

The CULS will be unsecured and will be subordinate to any creditors of the Company. Notwithstanding the fact that the Company has no current intention to introduce additional gearing should the Issue be fully subscribed, in the event that the Company put in place additional gearing such gearing would rank ahead of the CULS.

Risks relating to the Ordinary Shares

Risks relating to the market value of the Ordinary Shares

An investment in the Company is suitable only for investors who are capable of evaluating the risks and merits of such investment, who understand the potential risk of capital loss for whom an investment in the Ordinary Shares constitutes part of a diversified investment portfolio, who fully understand and are willing to assume the risks involved in investing in the Company and who have sufficient resources to bear any loss (which may be equal to the whole amount invested) which might result from such investment.

A prospective investor should be aware that the value of an investment in the Company is subject to normal market fluctuations and other risks inherent in investing in securities. There is no assurance that any appreciation in the value of the Ordinary Shares will occur or that the investment objectives of the Company will be achieved. The value of investments and the income derived therefrom by way of dividends and/or returns may fall as well as rise and investors may not recoup the original amount invested in the Company.

The value of the Ordinary Shares and income derived from them (if any) can go down as well as up. There is no guarantee that the market price of the Ordinary Shares will fully reflect their underlying net asset value. In the event of a winding-up of the Company, Shareholders will rank behind any creditors of the Company and, therefore, any positive return for Shareholders will depend on the Company's assets being sufficient to meet the prior entitlements of any creditors.

The price of an Ordinary Share may also be affected by speculation in the press or investment community regarding the business or investments of the Company or factors or events (including interest rates) that may directly or indirectly affect their respective investments.

Risks relating to the trading price of the Ordinary Shares

The Ordinary Shares may trade at a discount to NAV and Shareholders may be unable to realise their investments through the secondary market at net asset value. The Ordinary Shares may trade at a discount to NAV for a variety of reasons, including market conditions or due to changing investor perceptions about the Company's investment strategy and stock selection skills of the Investment Manager. While the Board may seek to mitigate any discount to NAV through discount management mechanisms, there can be no guarantee that they will do so or that such mechanisms will be successful and the Board accepts no responsibility for any failure of any such strategy to effect a reduction in any discount.

Risks relating to the liquidity of the Ordinary Shares

The Company does not have a fixed winding up date and therefore, unless Shareholders vote to wind up the Company, Shareholders will only be able to realise their investment in Ordinary Shares through the market. Although the Ordinary Shares will be listed on the Official List and traded on the Main Market, it is possible that there may not be a liquid market in the Ordinary Shares and Shareholders may have difficulty in selling them. Accordingly Shareholders may be unable to realise their Ordinary Shares at the quoted market price (or at the prevailing Net Asset Value per Ordinary Share), or at all.

Risks relating to dividends

The Company will pay dividends on the Ordinary Shares only to the extent that it has profits (including available reserves) available for that purpose, which will largely depend on the amount of income which the Company receives on its investments and the timing of such receipt. The amount of dividends payable by the Company may fluctuate. The level of available revenue reserves per Share will be diluted by the issue of any new Shares.

If under UK law or accounting rules and standards applicable to the Company there were to be a change to the basis on which dividends could be paid by companies, this could have a negative effect on the Company's ability to pay dividends.

Risks relating to the Company

There can be no guarantee that the investment objectives of the Company will be met. If the objectives are not met Shareholders may not receive an attractive level of income or any income or capital growth in the underlying value of their Ordinary Shares.

Risks relating to gearing

The Company may incur borrowings for investment purposes. Whilst the use of borrowings should enhance the total return on the Shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling, further reducing the total return on the Shares. As a result, the use of borrowings by the Company may increase the volatility of the Net Asset Value per Share.

There is no guarantee that any borrowings of the Group would be refinanced on their maturity either at all or on terms that are acceptable to the Group.

Risks relating to the reliance on key individuals

The past performance of the Investment Manager and other assets managed by the Investment Manager is not indicative of the future performance and prospects of the Company. The Company has no employees and is dependent on the skills and experience of the Investment Manager to manage its investments. The departure of key skilled professionals from the Manager could have a material adverse effect on the Company's business, financial condition and results of operations.

Risks relating to the AIFM Directive

The EU Directive on Alternative Investment Fund Managers ("AIFM Directive") came into force on 22 July 2013 and regulates alternative investment fund managers ("AIFMs") based in the EU and prohibits such AIFMs from managing any alternative investment fund ("AIF") or marketing shares in such AIFs to investors in the EU unless authorisation under the AIFM Directive is granted to the AIFM. In order to obtain such authorisation, and be able to manage the AIF, an AIFM will need to comply with various obligations in relation to itself and the AIF. F&C Investment Business Limited, a company within the F&C Group, will be appointed as the AIFM to the Company with effect from 1 July 2014, or such later date as may be agreed between the Financial Conduct Authority and the AIFM as being the effective date of authorisation of F&C Investment Business Limited as the AIFM. F&C Investment Business Limited has submitted its application for authorisation to manage AIFs to the Financial Conduct Authority. In the event that such authorisation is not granted or is delayed or any future regulatory changes arising from implementation of the AIFM Directive (or otherwise) that impair the ability of F&C Investment Business Limited to manage the investments of the Company, or limit the Company's ability to market future issues of its Shares, the Company's ability to carry out its investment strategy and achieve its investment objective may be adversely affected. Furthermore as a consequence of the implementation of the AIFM Directive it is likely that the annual operating costs of the Company will increase particularly in relation to the required appointment of a depositary. If further additional costs were to be incurred by the Company as a result of the implementation of the AIFM Directive, this could have a material adverse effect on the financial position and on the returns available to the Company's investors.

Risks relating to taxation and accounting

The Company aims to conduct its business so as to continue to satisfy the conditions for approval as an investment trust under section 1158 of the Tax Act. The Company has been approved as an investment trust in accordance with the Investment Trust (Approved Company) (Tax) Regulations 2011 and it will therefore continue to have investment trust status in each accounting period going forward, other than to the extent that the Company commits a serious breach of one of the conditions for qualification as an investment trust and will be exempt from United Kingdom taxation on its capital gains. Breach of the tests that a company must meet to maintain approval as an investment trust company could lead to the Company being subject to tax on capital gains which could have a material adverse effect on the financial condition of the Company.

Any change in the Company's tax status or in taxation legislation or accounting practice could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Representations in this document concerning the taxation of investors are based upon current UK tax law and practice, which are, in principle, subject to change.

Any change in applicable accounting standards may also adversely affect the value of the Company's assets in its books of account or restrict the ability of the Company to pay dividends.

Risks relating to the Company's investments

Risks relating to investing in smaller companies

The Company invests predominantly in listed smaller company equities. Individual smaller companies can be expected, in comparison to larger companies, to have less mature businesses, less depth of management and a higher risk profile. As a result they may find it difficult to access finance and/or overcome periods of economic slowdown. As they are less likely to have the financial resources of larger companies they find it more difficult to retain key skilled individuals. These events may have a material adverse effect on the performance of that smaller company and may lead them to reduce their dividends which could put pressure on the Company's own ability to pay dividends. Furthermore, smaller company share prices can be more volatile than those of larger companies, particularly at times of economic stress.

In addition the relatively small market capitalisation of such companies can make the market in their shares illiquid and/or the Company may accumulate investment positions that represent a significant multiple of the normal trading volumes of an investment which may make it difficult for the Company to sell its investments. Therefore prices of smaller capitalisation stocks are often more volatile than prices of larger capitalisation stocks and the risk of bankruptcy of individual smaller companies (with the attendant losses to investors) is higher. If such events were to occur the Company's business prospects, financial position and results of operation could be materially adversely affected.

Risks relating to emerging markets

Investments may be made in collective funds investing in the securities of companies in emerging markets. Such securities may involve a higher degree of risk not typically associated with investing in other more established economies or securities markets for example there may be greater risk of (i) social, political and economic instability; (ii) low or non-existent volumes of trading, resulting in lack of liquidity and in price volatility; and (iii) the absence of developed legal structures governing private or foreign investment and private property. In the event that any of these risks materialise, it may make it more difficult for the third party investment managers of the funds held to sell these securities which may materially and adversely affect the performance of the Company and, as a result, the returns to Shareholders.

Risks relating to market and economic conditions

The Company's investments are subject to normal market fluctuations and the risks inherent in the purchase, holding or selling of securities and there can be no assurance that appreciation in the value of those investments will occur.

The number, quality and size of investment opportunities, and general market and economic conditions, may lead to delays in investing the net proceeds of the Issue. If equity prices rise or fall significantly

before the net proceeds are fully invested, the potential returns available to Shareholders may differ from the returns which would have been available on the Company's existing portfolio.

Changes in economic conditions (including, for example, interest rates and rates of inflation), industry conditions, competition, changes in the law, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect the value of investments and therefore the Company's performance and prospects.

Risks relating to the market price of the Company's investments

The fair value of equity and other financial securities held in the Company's portfolio fluctuates with changes in market prices. Prices are themselves affected by movements in currencies and interest rates and by other financial issues including the market perception of future risks.

Risks relating to foreign currency

The Company may invest in companies whose underlying assets are quoted in currencies other than Sterling. Movements in the rates of exchange between Sterling and other currencies may adversely affect the value of the Company's portfolio notwithstanding any efforts made to hedge such fluctuations.

IMPORTANT INFORMATION

General

This document should be read in its entirety. New investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company or the Investment Manager or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules neither the delivery of the Prospectus nor any application made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Shareholders must not treat the contents of the document or any subsequent communications from the Company, or the Investment Manager or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

Apart from the liabilities and responsibilities (if any) which may be imposed on Oriel Securities Limited by FSMA or the regulatory regime established thereunder, Oriel Securities Limited makes no representations, express or implied, or accepts any responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by it or on its behalf in connection with the Company, the CULS or the Issue. Oriel Securities Limited accordingly disclaims all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which it might otherwise have in respect of this document or any such statement.

All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles of the Company.

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

Regulatory information

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, CULS in any jurisdiction in which such offer or solicitation is unlawful. The issue or circulation of the Prospectus may be prohibited in some countries.

Suitability for Retail Distribution

The Company is an investment trust and therefore the CULS are not subject to the restrictions that apply to non-mainstream pooled investments. The Company conducts its affairs so that its securities can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the FCA's rules relating to non-mainstream investment products and intends to continue to do so.

Investment considerations

The contents of this document are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory, investment decisions or any other matter. Prospective investors must inform themselves as to: (i) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Shares; (ii) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Shares which they might encounter; and (iii) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Shares.

Prospective investors must rely on their own representatives, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment therein.

It should be remembered that the price of CULS, and the income from such CULS (if any), can go down as well as up. An investment in CULS is suitable only for investors who are capable of evaluating the

merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise therefrom (which may be equal to the whole amount invested). Such an investment should be seen as long term in nature and complementary to existing investments in a range of other financial assets.

Any investment objectives of the Company are targets only and should not be treated as assurance or guarantees of performance.

Forward looking statements

To the extent that this document includes “forward looking statements” concerning the Company, those statements are based on the current expectations of the Board and are naturally subject to uncertainty and changes in circumstances. Forward looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates” and words of similar import.

By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that might occur in the future. Given these risks and uncertainties, potential investors should not place undue reliance on forward looking statements as a prediction of actual results.

Nothing in the preceding two paragraphs seeks to limit or qualify, in any way, the working capital statement in paragraph 8 of Part 5 of this document.

The Company does not undertake any obligation to update publicly or revise forward looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

Information in this document will be updated as required by the Prospectus Rules, Listing Rules and Disclosure and Transparency Rules, as appropriate.

Documents incorporated by reference

The published annual report and accounts of the Company for the three financial years ended 30 April 2014 on the pages specified in the table below are incorporated by reference into this document. The non-incorporated parts of these annual reports and accounts of the Company are either not relevant to investors or covered elsewhere in the Prospectus.

<i>Nature of information</i>	<i>Statutory Accounts for Year ended</i>		
	<i>30 April 2012 Page No.</i>	<i>30 April 2013 Page No.</i>	<i>30 April 2014 Page No.</i>
Financial Highlights	1	1	1
Chairman’s Statement	2-5	2-5	2-5
Business Model and Strategy	n/a	n/a	6-9
Manager’s Review	6-15	6-15	10-19
List of Investments	18-20	18-20	22-24
Income statement	41	41	49
Reconciliation of movements in Shareholders’ funds	42	42	50
Balance sheet	43	43	51
Cash flow statement	44	44	52
Notes on the Accounts	45-61	45-61	53-69
Independent Auditors’ report	40	40	45-48

The documents incorporated by reference can be obtained from the Company’s website, www.fandcglobalsmallers.com.

EXPECTED TIMETABLE

<i>Event</i>	<i>2014</i>
Record Date for entitlements under the Open Offer	6.00 p.m. Tuesday 17 June
Ex-entitlement Date	8.00 a.m. Thursday 26 June
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	Monday 30 June
Latest recommended time and date for requested withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. Wednesday 16 July
Latest time and date for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. Thursday 17 July
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims)	3.00 p.m. Friday 18 July
Open Offer closes. Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on Tuesday 22 July
Offer for Subscription closes. Latest time and date for receipt of completed Subscription Forms and payment in full under the Offer for Subscription (as appropriate)	11.00 a.m. on Wednesday 23 July
Latest time and date for receipt of placing commitments	12 noon Thursday 24 July
General Meeting of the Company to approve matters in connection with the issue	12.30 p.m. Thursday 24 July
Results of the Issue announced through a Regulatory Information Service	Friday 25 July
Admission and commencement of dealings in CULS on the London Stock Exchange on or around	8.00 a.m. Wednesday 30 July
CULS issued to investors and CREST stock accounts expected to be credited for the CULS	Wednesday 30 July
Conversion Price announced through a Regulatory Information Service	Thursday 31 July
CULS issued to investors and definitive certificates for CULS expected to be despatched	Week commencing 4 August

Notes:

- (1) The dates set out in the expected timetable of principal events above and mentioned throughout this document and the Application Form are indicative only and may be adjusted by the Company with the agreement of Oriel, in which event details of the new dates will be notified to the UK Listing Authority and to the London Stock Exchange and, where appropriate, to Shareholders.
- (2) References to times in this document are to London time.

ISSUE STATISTICS

Number of Ordinary Shares in issue at the date of this document	51,511,102
CULS interest rate	3.5%
CULS Issue Price	100p
CULS Conversion Premium	15%
Number of CULS to available under the Open Offer	40 million
Net Asset Value per Ordinary Share	860.1500p
Estimated net proceeds of the Issue available to the Company	£39,180,000
ISIN for Ordinary Shares	GB0000175058
ISIN for CULS	GB000BNH7RK38
ISIN for Open Offer Entitlements	GB000BNHKWJ64
ISIN for Excess CREST Open Offer Entitlements	GB000BNHKWK79

The statistics above are for illustrative purposes only based on the assumption that the Issue is subscribed in full. Prospective investors should note that actual outcomes may be expected to differ from these illustrations and therefore should not be relied upon. The illustrations are not guarantees of future performance and involve certain risks and uncertainties. The attention of prospective investors is drawn to the risk factors set out on page 13 to 17 of this document.

DEFINITIONS

Act	the Companies Act 2006 (as amended)
Admission	admission of the CULS under the Issue to the standard debt segment of the Official List and to trading on the London Stock Exchange's main market
AIC Code	The Association of Investment Companies Code of Corporate Governance
AIFM	Alternative Investment Fund Manager under the UK SI 2013/1773, the Alternative Investment Fund Managers Regulations 2013
AIFM Directive	Directive 2011/61/EU of the European Parliament and of the Council
Application Form or Open Offer Application Form	the personalised application form for Qualifying non-CREST Shareholders to use in connection with the Open Offer which, where relevant, will be sent out shortly
Articles	the articles of association of the Company (as amended from time to time)
Benchmark Index	30 per cent. Numis UK Smaller companies (excluding investment companies) Index/70 per cent. MSCI All Country World ex UK Small Cap Index
Board or Directors	the board of directors of the Company (or any duly authorised committee of the board of directors) from time to time
BMO Financial Group	Bank of Montreal and its subsidiary undertakings from time to time
business day	any day other than a Saturday, Sunday or public holiday in the United Kingdom
CDD Rules	Customer Due Diligence Rules
certificated form	not in uncertificated form
City Code	the City Code on Takeovers and Mergers
Company	F&C Global Smaller Companies PLC, a company incorporated in England and Wales (registered number 00028264), whose registered office is at Exchange House, Primrose Street, London EC2A 2NY
Computershare	Computershare Investor Services PLC
Conversion Price	the nominal amount of CULS required for conversion into one Ordinary Share from time to time
Conversion Rights	the right of each CULS Holder (and where applicable, the Trustee on his behalf) to convert the whole or such part (being an integral multiple of £1 nominal) of his CULS as he may specify into fully paid Ordinary Shares in accordance with the provisions of this document and the Trust Deed

CREST	the paperless settlement system operated by Euroclear governed by the CREST Regulations and any successor system or operator for the purposes of those Regulations
CREST Member Account ID	the identification code or number used in CREST to identify a particular CREST member or other CREST participant
CREST Participant ID	the identification code or membership number used in CREST to identify a particular CREST member or CREST participant
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended from time to time
CTA 2010	the Corporation Tax Act 2010, interchangeably referred to as the Taxes Act
CULS	3.5 per cent. convertible unsecured loan stock of the Company, with the rights described in Part 3 of this document
CULS Holder	a holder of CULS
CULS Issue Price or Issue Price	100p per £1 nominal unit of CULS
Debenture Stock	the £10 million 11.5 per cent. debenture stock 2014 of the Company
Disclosure and Transparency Rules	the disclosure and transparency rules made by the FCA under section 72 of FSMA
EEA State	the member states of the European Economic Area
EU	European Union
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST
Excess Application Facility	the arrangement under which each Qualifying Shareholder may apply for CULS up to a maximum amount equal to 125 per cent. of their Open Offer Entitlement provided they have agreed to take up their Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
Excess CREST Open Offer Entitlement	in respect of each Qualifying CREST Shareholder, the entitlement to apply for CULS in excess of their Open Offer Entitlement which will be credited to his or her stock account in CREST, under the Excess Application Facility, provided that the Qualifying CREST Shareholder has agreed to take up their Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
Excess CULS	CULS in addition to the Open Offer Entitlement for which Qualifying Shareholders may apply under the Excess Application Facility
Excluded Jurisdictions	the United States, Canada, Australia, Japan, New Zealand and the Republic of South Africa
F&C	F&C Asset Management plc

F&C Group	F&C Asset Management plc and its subsidiary undertakings from time to time
F&C Investment Business	F&C Investment Business Limited, a company incorporated in Scotland with registered number SC151198, whose registered office is at 80 George Street, Edinburgh EH2 3BV
FCA	the Financial Conduct Authority
financial year	the financial year of the Company from time to time, currently being the 12 month period ending on 30 April
FSMA	the Financial Services and Markets Act 2000
General Meeting	the general meeting of the Company convened for 12.30 p.m. on 24 July 2014 or any adjournment
Gross Proceeds	the aggregate number of CULS subscribed for through the Issue, multiplied by the CULS Issue Price
HMRC	HM Revenue & Customs
Investment Management Agreement	the investment management agreement dated 1 May 2010 (as amended) between the Company and the Manager, the principal terms of which are summarised in paragraph 6.1 of Part 6 of this document
ISA	individual savings account
Issue	the issue of CULS by the Company under the Open Offer, the Placing and the Offer for Subscription
Listing Condition	(i) the UKLA having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the CULS arising under the issue to the Official List with a standard listing has been approved and will become effective as soon as a dealing notice has been issued by the FCA and any listing conditions having been satisfied; (ii) the London Stock Exchange having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the CULS will be admitted to trading; and (iii) Admission occurring on or before 8.00 a.m. on 30 July 2014 or such time and/or date as the Company and Oriel may agree, being not later than 29 August 2014
Listing Rules	the listing rules made by the FCA under Part VI of FSMA, as amended from time to time
London Stock Exchange	London Stock Exchange plc
Manager or Investment Manager	F&C Management Limited, a company incorporated in England and Wales with registered number 00517895, whose registered office is at Exchange House, Primrose Street, London EC2A 2NY
Main Market	the London Stock Exchange's main market for listed securities

Minimum Issue Proceeds	the minimum gross proceeds of the Issue being £25 million or such lower amount as the Company, the Manager and Oriel may agree in writing
Model Code	model code on dealings in securities contained in Chapter 9 of the Listing Rules
Money Laundering Regulations	the Money Laundering Regulations 2007
Net Asset Value or NAV	the prevailing net asset value per Share from time to time, calculated in accordance with the Company's normal accounting policies which include measuring the Company's debt at par and including current period income
NISA	a new individual savings account
Offer for Subscription	the offer for subscription of CULS at the Issue Price as described in this document
Official List	the Official List of the UK Listing Authority
Open Offer	the open offer to Qualifying Shareholders for subscription of CULS on and subject to the terms and conditions set out in this document (and, where applicable, the Application Form)
Open Offer Entitlement	the entitlement of a Qualifying Shareholder to apply for 0.7765 CULS for each Ordinary Share held by him or her on the Record Date, on and subject to the terms of the Open Offer but excluding, for the avoidance of doubt, CULS under the Excess Application Facility
Ordinary Shareholders or Shareholders	holders of Ordinary Shares who have their name entered on the register of members of the Company
Ordinary Shares or Shares	ordinary shares of 25p each in the capital of the Company
Oriel	Oriel Securities Limited, a company incorporated in England and Wales with registered number 04373759, whose registered office is at 150 Cheapside, London EC2V 6ET
Overseas Shareholders	Ordinary Shareholders with registered addresses in, or who are resident or ordinarily resident in, or citizens of jurisdictions outside, the United Kingdom
Placees	any persons who shall agree to subscribe for CULS under the Placing subject to scaling back to satisfy valid applications by Qualifying Shareholders under the Open Offer
Placing	the placing of CULS by Oriel on behalf of the Company, in accordance with the Placing Agreement
Placing Agreement	the agreement dated on or around the date of this document between the Company and Oriel relating to the Placing, the principal terms of which are summarised in paragraph 6.3 of Part 6 of this document
Prospectus	this document
Prospectus Rules	the prospectus rules and regulations made by the FCA under section 734 of FSMA

Qualifying CREST Shareholders	Qualifying Shareholders holding Ordinary Shares in uncertificated form in CREST
Qualifying non-CREST Shareholders	Qualifying Shareholders holding Ordinary Shares in certificated form
Qualifying Shareholders	holders of Ordinary Shares who have their name entered on the register of members of the Company at the Record Date and whose Open Offer Entitlement will entitle them to a minimum of £1,000 of CULS in nominal value. For the avoidance of doubt Overseas Shareholders and investors holding Shares in the Company through the F&C Savings and Pension Plans are not Qualifying Shareholders
Receiving Agent	Computershare Investor Services PLC, Corporate Actions Project, Bristol BS99 6AH
Record Date	6.00 p.m. on 17 June 2014
Resolution	the resolution to be proposed at the General Meeting which will, if passed, grant the Directors the authority to issue Shares and grant rights to convert any security in to Shares of the Company in connection with the Issue
RIS	a Regulatory Information Service approved by the FCA and on the list of regulatory information services maintained by the FCA
Secretary	(subject to the provisions of the Companies Acts) includes any person appointed by the Directors to perform any of the duties of the secretary and where two or more persons are appointed to act as joint secretaries shall include any one of those persons
Securities Act	the United States Securities Act of 1933, as amended
SIPP	self-invested personal pension
Subscription Form	the application form in connection with the Offer for Subscription which is set out on pages 123 to 126 of this document
Trust Deed	the trust deed proposed to be entered into between the Company and the Trustee constituting the CULS, the principal terms of which are summarised in Part 3 of this document
Trustee	the trustee from time to time of the CULS, which on the issue of the CULS will be The Law Debenture Trust Corporation p.l.c
Tax Act	the Corporation Tax Act 2010
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK Listing Authority or UKLA	the FCA acting in its capacity as competent authority for the purposes of Part VI of FSMA
uncertificated or in uncertificated form	recorded in the Company's register of members as being held in uncertificated form in CREST and title to which may be transferred by means of CREST

United States or US

the United States of America, its territories, its possessions including the States, the District of Columbia and other areas subject to its jurisdiction

US Person

any "US Person" as such term is defined in Regulation S under the Securities Act

VAT

value added tax

DIRECTORS, INVESTMENT MANAGER AND ADVISERS OF THE COMPANY

Directors	Anthony Townsend (<i>Chairman</i>) Andrew Adcock Les Cullen Dr Franz Leibenfrost Jane Tozer Mark White
	all non-executive and of Exchange House, Primrose Street, London EC2A 2NY
Investment Manager, Administrator and Company Secretary	F&C Management Limited Exchange House Primrose Street London EC2A 2NY
Broker and Placing Agent	Oriel Securities Limited 150 Cheapside London EC2V 6ET
Solicitor to the Company in relation to the Issue	Dickson Minto W.S. Broadgate Tower 20 Primrose Street London EC2A 2EW
Auditors	PriceWaterhouseCoopers LLP 7 More London Riverside, London SE1 2RT
Trustee to the CULS	The Law Debenture Trust Corporation p.l.c Fifth Floor 100 Wood Street London EC2V 7EX
Receiving Agents	Computershare Investor Services PLC Corporate Actions Project Bristol BS99 6AH
Principal Banker and Custodian	JPMorgan Chase Bank, N.A. (London Branch) 25 Bank Street Canary Wharf London E14 5JP

PART 1

THE COMPANY

Introduction

F&C Global Smaller Companies PLC is an investment trust, which was launched in 1889 and whose assets are managed by F&C Management Limited. The Company invests in smaller companies worldwide in order to secure a high total return. It has one class of ordinary shares in issue which is listed on the premium segment of the Official List and traded on the Main Market.

Background to and details of the Open Offer, Placing and Offer for Subscription

The Company has in issue £10 million 11.5% debenture stock, which matures in December 2014. As the maturity date approaches, the Directors of the Company have been reviewing whether to replace the structural gearing which the Debenture Stock has offered and have been carefully considering the form of any replacement borrowings. The Board announced on 30 April 2014 that the Company and its advisers were exploring a number of options including the possibility of an issue of CULS.

The Board has today announced that the Company is proposing to raise up to £40 million through an Open Offer, Placing and Offer for Subscription of CULS which will be listed on the Main Market. The Board believes that regular or structural gearing through the investment cycle is appropriate to enhance shareholder returns in the future. The net proceeds of the Issue of CULS will be able to be invested by the Manager in accordance with the Company's investment policy.

Up to £40 million in nominal value of CULS is available under the Issue at an Issue Price of 100p per nominal unit. The interest rate on the CULS will be fixed at 3.5 per cent. per annum, payable semi-annually with the first interest period ending on 31 January 2015. CULS Holders will be able to convert their CULS into Ordinary Shares twice annually throughout the life of the CULS commencing on 31 January 2015 and all outstanding CULS will be repayable at par on 31 July 2019. The rate of conversion will be set at a premium of 15 per cent. to the (unaudited) Net Asset Value per Ordinary Share at the time the CULS are issued. The Company will announce the initial Conversion Price to an RIS as soon as practicable following its calculation.

The CULS Holders will also benefit from capital protection for their investment as the CULS are repayable at par and are substantially covered by the assets of the Company, being 11 times covered based on an Issue of £40 million of CULS and net assets of £443.3 million as at 23 June 2014. Investors should note that the CULS will be unsecured and will be subordinate to any other creditors of the Company. Notwithstanding that the Company has no current intention to introduce additional gearing should the issue be fully subscribed, in the event that the Company puts in place additional gearing such gearing would rank ahead of the CULS.

The Open Offer

The Board has been keen throughout the process of considering a CULS issue that Shareholders should as far as possible be able to apply for an entitlement of CULS on a pre-emptive basis and therefore an Open Offer is being proposed. It is however recognised that, for Shareholders with modest shareholdings, their entitlement under pre-emption would be small from a monetary point of view. In the light of the uneconomic costs of registering and administering such small holdings of CULS the Board is proposing a minimum application requirement of £1,000 in nominal value of CULS. Accordingly only Qualifying Shareholders (being for the avoidance of doubt, Shareholders, other than Overseas Shareholders, who have their name entered on the register of members of the Company on the Record Date and whose Open Offer Entitlement will entitle them to a minimum of £1,000 of CULS in nominal value) will be able to apply for CULS under the Open Offer. Therefore Shareholders with small holdings in the Company will not be Qualifying Shareholders and will not receive an Open Offer Entitlement under the Open Offer. Furthermore, due to unavoidable administrative reasons investors holding shares in the Company through the F&C Savings and Pension Plans will not be Qualifying Shareholders and they will not receive an Open Offer Entitlement under the Open Offer. If such smaller Shareholders or investors in the F&C Savings and Pension Plans wish to participate in the Issue they are welcome to

apply through the Offer for Subscription. Application under the Offer for Subscription must be for CULS with a minimum nominal value of at least £1,000.

Qualifying Shareholders who take up all of their Open Offer Entitlement will also be able to apply for up to a maximum amount equal to 125 per cent. of their Open Offer Entitlement under the Excess Application Facility. The Excess Application Facility will apply to the extent that other Qualifying Shareholders do not take up their Open Offer Entitlements in full.

Placing and Offer for Subscription

To the extent that existing Qualifying Shareholders do not take up their entitlement under the Open Offer and the Excess Application Facility, CULS will be available to existing Ordinary Shareholders and to new investors under the Placing and the Offer for Subscription. It is therefore likely that the number of investors with a material interest in the Company will increase. On any conversion of the CULS, such investors will become investors in the Ordinary Shares which the Board believes will result in a broader investor base in the Company and a larger number of Shares in issue. This should over time, enhance the liquidity of the Shares in the market.

Oriel has in accordance with the terms of the Placing Agreement agreed to use reasonable endeavours as part of the Placing to procure commitments for investment in the CULS. Investors (save for certain overseas investors but including small Shareholders and investors holding shares in the Company through the F&C Savings and Pension Plans) may also apply for CULS through the Offer for Subscription. Individual applications under the Offer for Subscription must be for CULS with a minimum aggregate value at the Issue Price of £1,000. Any such commitments under the Placing or applications under the Offer for Subscription may be subject to scaling back to the extent Qualifying Shareholders take up their rights under the Open Offer, such scaling back at the discretion of the Company.

If Qualifying Shareholders wish to subscribe for CULS in excess of their Open Offer Entitlement and the Excess Application Facility, they may do so either (i) if they have appropriate arrangements with an intermediary through the Placing (in which case they should contact such intermediary); or (ii) by direct application themselves under the Offer for Subscription as further described in section 1 of Part 4.

The Issue is not being underwritten by Oriel and if applications are not received (whether under the Open Offer, Placing or Offer for Subscription) for a minimum of £25 million or such lower amount as the Company, Manager and Oriel may agree in writing the Issue will not proceed.

The Issue is subject to Shareholder approval and a General Meeting is being convened for 12.30 p.m. on 24 July 2014 to approve the Issue.

Benefits of the Open Offer, Placing and Offer for Subscription

The Directors believe that the Issue will have the following advantages for the Company:

- given the attractions of the Company's investment mandate, the Board believes that regular or structural gearing through the investment cycle is appropriate to enhance shareholder returns;
- the fixed cost of servicing the coupon of 3.5 per cent. per annum on the CULS is competitive against other forms of gearing that the Company could currently employ;
- any conversion of the CULS should lead to a broader investor base in the Company and a larger number of Shares in issue. This should enhance the liquidity for the Company's Ordinary Shares in the market; and
- on any conversion of the CULS, the capital base of the Company would increase, allowing fixed operating costs to be spread across a larger number of Ordinary Shares, thereby reducing the ongoing charges per Share.

Investment objective and policy

Investment objective

The Company's investment objective is to invest in smaller companies worldwide in order to secure a high total return.

Investment policy

The Company pursues this investment objective by investing in a large number of stocks in various industry sectors and geographic locations. There are no specific sector or geographical exposure limits. Whilst the Company has a global orientation, its objective is to find attractively valued investment opportunities wherever they may be and it is therefore not constrained to mandatory weightings per geographic region.

The Company invests mainly in quoted equities, including those quoted on the Alternative Investment Market. It is able to invest in other types of securities or assets, including collective funds. Investments in unquoted securities can be made with the prior approval of the Board. No transaction can be made which would result in a holding of the Company exceeding 10 per cent. of the value of the total portfolio. Derivative instruments, such as futures, options, and warrants, can be used for efficient portfolio management up to a maximum of 10 per cent. of the NAV per Share at any one time.

The Company can borrow in either sterling or foreign currencies. Effective gearing is limited, in normal circumstances, to a maximum of 20 per cent. of shareholders' funds, valuing the Company's Debenture Stock at nominal value. The Company's portfolio can also be hedged for currency movements.

Any material change to the investment policy of the Company may only be made with the prior approval of Shareholders by way of an ordinary resolution at a general meeting.

Investment opportunity and strategy

The Company invests in smaller companies worldwide in order to secure a high total return.

Smaller company equities have historically delivered strong returns to investors, in advance of overall equity market returns in most parts of the world. The investment team involved in the management of the Company's investment portfolio seek out opportunities to invest in companies with market capitalisations that fit the generally accepted definition of smaller companies in the relevant local market. In the major developed economy stock-markets there are a large number of publicly listed stocks, and there is therefore an extensive range of companies to choose from when constructing the investment portfolio.

F&C has teams of smaller company specialist managers focusing on fundamental analysis of the opportunities in the North American, UK and Continental European stock markets. The focus is on meeting individual companies and understanding the quality of their management, their position in their targeted markets, and their strategy for growth. Attention is also focused on each individual company's financial strength and cash flow dynamics, which is particularly important given that smaller companies will tend to have less flexibility around funding options than larger companies. The aim is to invest in high quality companies at attractive prices, offering the potential to deliver strong returns.

Investing in smaller companies requires a long term perspective not least because liquidity restrictions make shorter term trading strategies hard to implement for smaller companies. The Company's investment team is therefore focused on the long rather than the short term when considering individual stock opportunities.

For markets outside of North America, the UK and Continental Europe, where F&C lacks dedicated smaller company investment teams, third party managed smaller company funds are assessed and a limited number of these are used to give the Company's investment portfolio exposure to quoted companies in Japan, Asia, Latin America and Africa.

The Company's lead investment manager is responsible for overall portfolio construction (in accordance with the Company's investment policy) and, in conjunction with the Board, asset allocation on a regional basis. The Company's exposure to the different geographic markets is adjusted in the light of the attractiveness of local valuations and the outlook for currencies, but stock selection is the main driver of the Company's overall returns. The Company does not generally seek to hedge currency exposures although, in accordance with the Company's investment policy and the investment guidelines set by the Board from time to time, foreign currency loans may be used if required.

Investment outlook

The strong recent performance of equities and specifically smaller company equities means that the headline valuation metrics in a number of the main world stock markets are now standing at a premium to long term averages, although emerging market valuation multiples are currently below more recent levels. The financial market consequences of the winding down of the US quantitative easing programme and eventually similar moves elsewhere remain uncertain at present, and near term equities could remain volatile.

However, growth in the global economy is continuing and most developed economies are now back in growth mode.

The Board believes, in the long term, there is potential for the smaller company investment universe to continue to deliver good returns.

Investment performance

The Company's investment portfolio has delivered strong returns over the long term as illustrated in the table below.

Returns over the financial periods of the Company 30 April 2014

<i>Period</i>	<i>1 year</i>	<i>3 years</i>	<i>5 years</i>	<i>10 years</i>
Net Asset Value total return	12.3%	42.7%	143.9%	235.2%
Share Price total return	10.8%	48.0%	172.3%	324.7%
Benchmark Index total return	12.4%	32.0%	125.5%	185.7%

This good, long term performance has been achieved predominantly as a result of the strong stock selection of attractively growing individual smaller company stocks in the UK, US and European markets and the Company's strategy of using third party managed collective smaller company funds to provide exposure to other parts of the world has also been successful.

As at 23 June 2014 (the latest practicable date prior to the publication of this document) the Company's unaudited net assets were £443.3 million, as compared with the audited net assets at 30 April 2014 (the Company's most recent financial year-end) of £431.1 million. The net assets of the Company have increased by 2.8 per cent over the period from 30 April 2014 to 23 June 2014.

The Company pays dividends based on the net income received during the year. In the last three financial years of the Company, the dividends per Ordinary Share have been 5.63 pence in 2012, 6.50 pence in 2013 and 8.00 pence in 2014.

Further information about the past performance of the Company and the Ordinary Shares can be obtained from the Company's website, www.fandcglobalsmallers.com. Neither the Company's website nor the content of any website accessible from hyperlinks on that website or any other website are or deemed to be incorporated into or form or is deemed to form any part of this Prospectus.

Dividend policy

The Company follows a progressive dividend policy and aims to continue to do so. Dividends are paid in January and August of each year.

The Shares issued following conversion of the CULS will rank *pari passu* in all respects with the existing Shares, including as to dividends.

The Company has increased its dividend annually over the past 44 years. However, there is no guarantee that the Company will be able to pay progressive or any dividends in the future.

For information on the tax treatment of an investment in the Company, please refer to the paragraph headed "Taxation" on page 103 of this document.

Borrowings

The Company has the power under its Articles to borrow up to 100 per cent. of Ordinary Shareholders' realised reserves. The Company's investment policy provides that effective gearing is limited to a maximum of 20 per cent. of Shareholders' funds.

The Board intends to keep the Company's use of gearing and gearing level under review. On the assumption that the Issue is fully subscribed and proceeds fully invested, the Company's effective gearing level would be approximately 7.4 per cent. (debenture at par value) at 23 June 2014. Notwithstanding the fact that the Company has no current intention to introduce additional gearing should the Issue be fully subscribed, in the event the Company does, in the future, put in place additional gearing such gearing would rank ahead of the CULS.

Capital structure

Share capital

The Company's share capital currently comprises ordinary shares only, all of which are listed in the Official List and admitted to trading on the London Stock Exchange's Main Market. At any general meeting of the Company each Shareholder has, on a show of hands, one vote and, on a poll, one vote in respect of each Ordinary Share held. All Shares rank equally for dividends. Shareholders are entitled to such dividends as are declared by the Company and are entitled, on a return of capital, on a winding up or otherwise, to all undistributed revenue of the Company and to the residual capital of the Company which remains after satisfying any liabilities. In the event that CULS are issued under the Issue, the nominal amount of CULS will rank ahead of the Ordinary Shares on a winding up of the Company. Once the CULS have been converted into Ordinary Shares, such Ordinary Shares will, from their relevant Conversion Date, rank *pari passu* in all respects with the existing Ordinary Shares.

At the annual general meeting of the Company held on 25 July 2013, the Directors were granted authority to allot Shares up to an aggregate nominal amount of £1,140,000. The provisions of the Act which would confer pre-emption rights in respect of such allotments were also disapplied in respect of the allotment or issue out of treasury of Shares up to an aggregate nominal amount of £1,140,000 for the period up until the conclusion of the next annual general meeting of the Company or on the expiry of 15 months from the passing of the resolution, whichever is earlier.

At a general meeting of the Company held on 6 March 2014, Shareholders granted the Directors the authority to allot up to a further 5 million Shares, on a non pre-emptive basis, in connection with the Company's share issuance programme of up to a maximum of 12.5 million shares over the period to 10 March 2015. This share issuance programme was implemented to allow the Company to issue Shares to satisfy demand from investors at times when Shares are trading at a premium to Net Asset Value per Share. During the period from the Company's annual general meeting in July 2013, the Company has issued 5,293,000 Shares.

At the General Meeting, Shareholders are being asked in connection with the Issue, to pass a special resolution which will provide the Directors with the authority to allot and grant rights to convert any security into, in addition to the remaining authorities, up to a maximum nominal amount of £40 million of CULS and to waive the statutory pre-emption rights in relation to such allotments and the grant of such rights.

The Company's Debenture Stock

The Company has issued £10 million 11.5% debenture stock, which matures in December 2014. The Debenture Stock is secured by floating charges against the assets of the Company. As explained in more detail under the paragraph headed "Background to and details of the Open Offer, Placing and Offer for Subscription" above, the Issue of CULS will increase the structural gearing of the Company which is currently provided by the Debenture Stock until December 2014.

Life of the Company

As the Company is a long term investment vehicle it does not have a fixed life and the Articles do not provide for a scheduled winding up date.

PART 2

DIRECTORS, INVESTMENT MANAGER AND ADMINISTRATION OF THE COMPANY

Directors

The Board consists of six non-executive directors who are responsible for the determination of the investment policy of the Company and its overall supervision. The Board believes that all of the Directors (including Anthony Townsend, Jane Tozer and Dr Franz Leibenfrost who have served for over nine years) are independent of the Investment Manager. The Directors are as follows:

Anthony Townsend (Chairman): Mr Townsend was appointed to the Board on 24 September 2004 and is chairman of the Company's nomination committee. He has spent over 40 years working in the City of London and was chairman of the Association of Investment Companies from 2001 to 2003. He is chairman of Baronsmead VCT 3 PLC, British & American Investment Trust PLC, Finsbury Growth & Income Trust PLC and Miton Worldwide Growth Investment Trust plc.

Andrew Adcock: Mr Adcock was appointed to the Board on 31 July 2007. He was, until mid 2009, vice chairman of Citigroup Corporate Broking and managing partner of Brompton Asset Management Limited until July 2011. He has more than 30 years' experience in the City of London and is chairman of Majedie Investments PLC and a non-executive director of Kleinwort Benson Group Ltd, Kleinwort Benson Bank Ltd, Foxtons Group PLC and JP Morgan European Growth and Income Trust PLC.

Les Cullen: Mr Cullen was appointed to the Board on 1 September 2006. He is a non-executive director and senior independent director of Interserve plc. He has previously chaired the audit committees of a number of UK listed companies, been chairman of several private equity-owned companies and been group finance director of Prudential plc and Inchcape plc and other large companies.

Dr Franz Leibenfrost: Dr Leibenfrost was appointed to the Board on 15 February 1999. He is a non-executive director of various European companies.

Jane Tozer: Ms Tozer was appointed to the Board on 13 June 2005. She is a non-executive director of JPMorgan Income & Growth Investment Trust plc, StatPro plc, Asthma UK, Citizens Advice Service in Three Rivers and The Worshipful Company of Information Technologists Charity. She previously worked at IBM and then as CEO of a software development company.

Mark White: Mr White was appointed to the Board on 31 July 2007. He is chief executive of LGT Capital Partners (U.K.) Limited and general manager of Castle Alternative Invest AG. He is also the senior non-executive director of Impax Asset Management Group Plc and chairs its audit and risk committee. He is a non-executive director of Ellis Brady Absolute Return Fund Ltd and Standard Life Equity Income Trust plc. He was previously joint head of JP Morgan Asset Management in Europe and chief executive of Jardine Fleming Investment Management in Hong Kong.

The Investment Manager

The Investment Manager, which is authorised and regulated by the FCA, is a company within the F&C Group (part of the BMO Financial Group), a global investment management business with a wide variety of clients. The ultimate parent company of the Investment Manager is BMO Global Asset Management (Europe) Limited, a wholly owned subsidiary of Bank of Montreal. As at 31 December 2013 (prior to the acquisition of the F&C Group by BMO Global Asset Management (Europe) Limited) the F&C Group had £82.1 billion of assets under management, including approximately £28.3 billion in equities and £40.9 billion in fixed interest securities. Furthermore, as at 31 December 2013, the F&C Group managed £6.7 billion on behalf of investment trusts.

Peter Ewins is the Company's lead manager and in such role he is responsible for the overall construction (in accordance with the Company's investment policy) of the Company's investment portfolio and, in conjunction with the Board, the asset allocation of the portfolio on a regional basis. Peter joined F&C in 1996. He is supported by a team of other smaller company specialist investment managers within F&C.

The Board intends to appoint F&C Investment Business Limited, a company within the F&C Group, as the AIFM to the Company with effect from 1 July 2014, or such later date as may be agreed as required by the AIFM Directive.

Investment management, administration and custodian arrangements

Investment management arrangements

The Directors have overall responsibility for the Company's activities and are responsible for the determination of the Company's investment policy. Under the terms of the Investment Management Agreement, the Investment Manager has been appointed with responsibility for the day-to-day management of the Company's assets subject to the overall supervision of the Directors and to provide certain administrative and secretarial services to the Company. The Investment Manager manages the Company's investments in accordance with the policies laid down by the Directors and in accordance with the investment restrictions referred to in the Investment Management Agreement.

The Board appointed F&C Management Limited as the investment manager of the Company in accordance with the Investment Management Agreement. The Investment Management Agreement is terminable on six months' notice. The management fee which is payable to the Investment Manager in accordance with the Investment Management Agreement is an amount equal to 0.4 per cent. per annum, payable monthly in arrears, of the net assets of the Company that are managed by the Investment Manager (the Debenture Stock is valued at market value). Investments made by the Company in third party collective investment schemes that are made on strategic grounds after 30 April 2006 are subject to a management fee, payable monthly in arrears, of 0.25 per cent. per annum of the month end market value of such investments.

The Manager is also entitled to a performance fee, payable annually, equal to 10 per cent. of the value of any outperformance in the year by the Company's net assets (debt is valued at market value and adjustments are made for share buybacks and dividends) compared to the Benchmark Index. The total amount of fees (including both the management fee and the performance fee) that may be payable by the Company to the Manager in any financial year is capped at 1 per cent. of the average month-end net assets of the Company calculated over that financial year. Any performance above this cap or below the level of the Benchmark Index is carried forward to the following financial year for inclusion in the calculation of performance in that year.

Further details of the terms of the Investment Management Agreement are set out in paragraph 6.1 of Part 6 of this document.

It is intended that the Company will appoint F&C Investment Business as its AIFM with effect from 1 July 2014, or such later date as may be agreed between the FCA and the AIFM as being the effective date of authorisation of F&C Investment Business as the AIFM, and will terminate the existing Investment Management Agreement with the Investment Manager. The Company intends to replace the existing Investment Management Agreement and enter into a new investment management agreement with F&C Investment Business Limited which will contain a number of obligations on the Company to assist F&C Investment Business Limited, in its capacity as AIFM, in its compliance with the AIFMD. The Board will retain control of the Company's investment objective and policy. However, the AIFMD requires that the AIFM set certain thresholds in respect of, for example, risk, liquidity and gearing. It is proposed that these thresholds will be set out in the new investment management agreement and in the event that the parties can't agree to any amendments that may be proposed in the future then the agreement may be terminated. The key commercial terms of the Investment Management Agreement (i.e. the investment management fee provisions, the notice period, the summary termination provisions and the reporting requirements) will be retained in the new agreement.

Administration arrangements

All secretarial and administrative services are provided by F&C Management Limited and the costs of these services are included in the management fee.

It is intended that F&C Investment Business Limited will provide secretarial and administrative services once the new investment management agreement described above is entered into.

Custodian arrangements

JPMorgan Chase Bank has been appointed as the principal Custodian of the assets of the Company. The Custodian holds, or arranges for sub-custodians to hold, all of the cash, securities and other assets of the Company and arranges and settles (directly or acting through sub-custodians) all transactions relating to those assets as agent for the Company. Further details of the custody agreement between the Company and the Custodian are set out in paragraph 6.2 of Part 6 of this document.

The Custodian is a National Banking Association, organised under the laws of the State of New York. It was registered on 11 April 1960 (and remains registered) as an overseas company in England and Wales under company number FC004891 and with branch number BR00746. The Custodian has its registered UK branch office at 25 Bank Street, London E14 5JP. Its telephone number at its registered UK branch office is 020 7742 4000. The Custodian is authorised and regulated by the FCA.

The Board intends to appoint JP Morgan Chase Bank as the depositary to the Company with effect from 1 July 2014 (or such other date as may be agreed) and will enter into a depositary agreement with the depositary. It is expected that the terms of this agreement will provide for the appointment of the Depositary to, *inter alia*, carry out the core duties under Article 21 of the AIFM Directive which include cash management, safekeeping of assets and general oversight of the Company's portfolio.

Annual expenses

The Company has incurred, and will continue to incur, administrative expenses, including, *inter alia*, audit fees, Directors' fees, custody fees, regulatory fees, directors' and officers' liability insurance premiums and printing costs. Subject to the Admission occurring the Company will also incur the annual fees of the Trustee.

It is estimated that the total expenses of the Company for the financial year ending 30 April 2015 (excluding the costs of and incidental to the Issue and any performance fees which may be payable) will not exceed £2.8 million, being 0.6 per cent. of Shareholders' funds as at 23 June 2014.

Accounting policies

The Company charges 75 per cent. of the management fees and finance costs and 100 per cent. of the performance fee to capital. The Company charges all other operating expenses to revenue.

Corporate governance

The Board believes that the Chairman and each of the other Directors is independent of the Investment Manager. All of the Directors are non-executive directors.

The Board is committed to achieving and demonstrating high standards of corporate governance. The Board therefore places considerable emphasis on running the Company in a way it believes is best suited to the successful management of an investment trust on behalf of its Shareholders.

Arrangements in respect of corporate governance, appropriate to an investment trust, have been made by the Board. The Board has considered the principles and recommendations of the AIC's Code of Corporate Governance (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code issued by the Financial Reporting Council (the "UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts.

The Company complied in its most recent financial year, and continues to comply, with the recommendations of the AIC Code that are relevant to the Company and the relevant provisions of the UK Code, except as disclosed in this section below.

The Board

The Board is of the view that length of service will not necessarily compromise the independence or contribution of Directors of an investment trust company, where continuity and experience can be of benefit to the Board. The Board concurs with the view expressed in the AIC Code that "independence stems from the ability to make those objective decisions that may be in conflict with the interests of management". Directors are, however, required to retire and, if appropriate, seek re-election at least

every three years. Directors who have more than nine years' service submit themselves for re-election annually. The Board is not controlled by long serving Directors. Anthony Townsend and Jane Tozer have served on the Board for more than nine years. The Board believes strongly that their independence and contribution to the Board has not been compromised by their length of service and that this has been evidenced by their actions and decisions. The Board therefore believes that both Anthony Townsend and Jane Tozer are independent notwithstanding that they have served on the Board for more than nine years.

The UK Code provides that the Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors. In order to review its effectiveness, the Board carries out a process of formal annual self-appraisal. The Directors consider how the Board functions as a whole and they also review the individual performance of its members. This process is led by the Chairman and encompasses quantitative and qualitative measures of performance implemented by way of a discussion-based assessment process. The performance of the Chairman is evaluated by the other Directors under the leadership of the Senior Independent Director, who as at the date of this document is Dr Franz Leibenfrost. Dr Leibenfrost will be retiring from the Board immediately after the Company's annual general meeting to be held on 24 July 2014. Dr Leibenfrost has served on the Board for just over 15 years and the Board currently believe him to be independent notwithstanding that he has served on the Board for more than nine years.

The appraisals and evaluations consider, amongst other criteria, the balance of skills of the Board, training and development requirements, the contribution of individual Directors and the overall effectiveness of the Board and its committees.

Audit and Management Engagement committee ("A&ME committee")

The A&ME committee, chaired by Les Cullen and comprising all of the other Directors, meets at least twice per year. The principal role of the audit committee is to review the annual and half yearly financial statements and the accounting policies applied therein and to ensure compliance with financial and regulatory reporting requirements. The A&ME committee also reviews the system of internal controls and risk management processes, the terms of appointment of the auditors (including their remuneration), the objectivity of the auditors and the terms under which they are appointed to perform non-audit services. The Board as a whole fulfils the function of the management engagement committee.

Remuneration committee

As all the Directors are non-executive, there is no requirement for a separate remuneration committee. The Board is responsible for (and monitoring compliance with) the remuneration policy which is approved by Shareholders at least every three years. The level of the Directors' fees is considered at least annually by the Board as a whole within the limits set out in the remuneration policy approved by Shareholders.

Each of the committees has written terms of reference which are reviewed at least annually and clearly define their responsibilities and duties.

Directors' share dealings

The Board abides by the Model Code for Directors' Dealings contained in the Listing Rules. The Board is responsible for taking all proper and reasonable steps to ensure compliance with the Model Code.

Conflicts of interest

The Investment Manager and its officers and employees may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Company. In particular, the Investment Manager may provide investment management, investment advice or other services in relation to a number of funds that may have similar investment policies to that of the Company.

The Investment Manager will have regard to their obligations under the Investment Management Agreement or otherwise to act in the best interests of the Company, so far as is practicable having regard to their obligations to other clients or funds, should potential conflicts of interest arise.

The Investment Manager has put in place effective organisational and administrative arrangements to ensure that reasonable steps are taken to prevent a conflict giving rise to a material risk of damage to the interests of its clients. In addition, where the Investment Manager pays or accepts any fee or commission, or provides or receives any non-monetary benefit in relation to its investment services, the Investment Manager takes care to ensure that such benefits do not place it or any third party firm in a situation which would not be in compliance with the general duty to act in accordance with the best interests of its clients.

The Investment Manager maintains a firm-wide conflicts matrix which identifies conflicts and potential conflicts of interest that exist within the firm, and the procedures and controls that have been adopted to manage these conflicts.

Reports to Shareholders and net asset values

The annual report and accounts of the Company are made up to 30 April in each year. Copies of the annual report and accounts are sent to and/or made available electronically to Shareholders in June of each year and annual general meetings of the Company are held in July of each year. Shareholders also receive either by way of a hard copy sent to them in the post or electronically an unaudited half yearly report covering the first six months of each financial year of the Company. A narrative quarterly report on matters relevant to the Company is also announced to the Shareholders and the market in general through a Regulatory Information Service.

The net asset value of an Ordinary Share is calculated by the Company in accordance with the Company's accounting policies and is published in respect of each business day through a Regulatory Information Service. The calculation of the Net Asset Value per Share will be suspended only in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

Taxation

The Company has been approved by HM Revenue & Customs as an investment trust. The Directors believe that the affairs of the Company have been conducted so as to continue to satisfy the conditions to qualify as an investment trust under section 1158 of the Tax Act and the Company will be exempt from UK taxation on its capital gains. The Company will, however, be liable to UK corporation tax on its income in the normal way, with dividend income generally being exempt from corporation tax. Income arising from overseas investments may be subject to foreign withholding taxes at varying rates, but double taxation relief may be available on overseas income other than dividend income.

A guide to the general UK taxation position as at the date of this document is set out in paragraph 9 of Part 6 of this document.

If you are in any doubt as to your taxation position, or are subject to tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser without delay.

PART 3

DETAILS OF THE CULS

The 3.5 per cent. Convertible Unsecured Loan Stock of the Company in a nominal amount of up to £40 million will be created by a resolution of the Board of the Company (or a duly authorised committee of the Board) and will be constituted as an unsecured subordinated obligation of the Company by the Trust Deed between the Company and The Law Debenture Trust Corporation p.l.c, whose registered office is at Fifth Floor, 100 Wood Street, London EC2V 7EX, as trustee for the CULS Holders. Copies of the Trust Deed, when executed, will be available for inspection by CULS Holders at the registered office for the time being of the Company, being at the date of publication of this document Exchange House, Primrose Street, London EC2A 2NY.

The Trust Deed will contain provisions, *inter alia*, to the following effect:

1. Definitions

In addition to the defined terms set out in the Definitions section on pages 22 to 27 of this document, the following additional definitions apply for the purposes of this Part 3.

equity share capital	equity share capital as defined in section 548 of the Act;
Further CULS	further unsecured loan stock of the Company issued in accordance with the provisions described in paragraph 10 below and constituted by the Trust Deed
Independent Financial Adviser	a financial adviser (which may, for the avoidance of doubt, be the Company's auditors or brokers) appointed by the Company and approved in writing by the Trustee or, if the Company fails to make such appointment and such failure continues for a reasonable period (as determined by the Trustee), appointed by the Trustee following notification to the Company and provided that the Trustee has no obligation to make such appointment unless it has been indemnified and/or provided with security and or pre-funded to its satisfaction in respect of all costs, fees and expenses of such adviser and of the Trustee in connection with such appointment;
Relevant Electronic System	any computer-based system enabling title to units of CULS to be evidenced and transferred without a written instrument;
Subsidiary	any company which is for the time being a subsidiary of the Company (within the meaning of section 1159 of the Act).

2. Interest

- 2.1. The CULS will bear interest on its nominal amount for the time being outstanding from (and including) the date of Admission of the CULS (the "Issue Date") at the rate of 3.5 per cent. per annum. Interest (less United Kingdom income tax where applicable or any other deduction or withholding required by law) will be payable on the CULS semi-annually in equal instalments in arrears on 31 January and 31 July in each year (each an "Interest Payment Date"), with the first interest period ending on 31 January 2015 being in respect of the period from (and including) Admission to but excluding 31 January 2015 and the final interest period being in respect of the period from and including 31 January 2019 to but excluding the date of final repayment of the CULS (the "Final Repayment Date").
- 2.2. The amount of interest payable in respect of any period which is either shorter or longer than a Regular Period (as defined below) shall be calculated at the rate of 3.5 per cent. per annum on

the basis of the number of days in the relevant period from (and including) the first day of such period to (but excluding) the last day of such period divided by the product of (a) 2 and (b) the number of days in the Regular Period in which the relevant period falls. "Regular Period" means each period from (and including) any Interest Payment Date (or, in the case of the first interest period, the date of Admission) to (but excluding) the next Interest Payment Date, save that for the purposes of this definition only the first Interest Payment Date shall be deemed to be 31 January 2015 and the last Interest Payment Date shall be deemed to be 31 July 2019.

3. Conversion

- 3.1. Each CULS Holder (and, for the purposes of paragraph 3.13, the Trustee on his behalf) shall (on and subject to the provisions hereinafter mentioned) have the right (a "Conversion Right" and together the "Conversion Rights") to convert the whole or such part (being an integral multiple of £1 nominal) of his CULS as he may specify into fully paid Ordinary Shares which have a nominal value of 25p each. The number of Ordinary Shares to be issued by the Company on exercise of a Conversion Right shall be determined by dividing the nominal amount of CULS to be converted by the conversion price in effect on the relevant Conversion Date (as defined in paragraph 3.2 below) (the "Conversion Price"). The initial Conversion Price for one Ordinary Share (which shall be subject to adjustment in the circumstances described in paragraph 4 below) shall be equal to:

$$CP = NAV \times 1.15$$

CP is the Conversion Price for one Ordinary Share expressed to four decimal places;

NAV is the amount (expressed in pence to four decimal places) equal to the NAV per Ordinary Share at the close of business on the date of Admission expected to be 30 July 2014.

The Company will calculate the initial Conversion Price as soon as practicable after Admission and will announce such price to a RIS following its calculation.

By way of illustration, had the Conversion Price been set by reference to the unaudited NAV per Ordinary Share at 23 June 2014 (the latest practicable date prior to the publication of this document) of 860.1500 pence, the Conversion Price would have been 989.1725 pence and a holder of £1,000 nominal of CULS would have been entitled to 101 Ordinary Shares on conversion of his/her CULS. The exercise of the CULS in full (assuming £40 million is raised by the Issue) would at the above illustrative Conversion Price result in 4,043,784 Ordinary Shares being issued giving an increase of 7.9 per cent. in the Company's current issued Ordinary Share capital. Under the terms of the Trust Deed, the Conversion Price will be subject to subsequent adjustment on the occurrence of certain events.

- 3.2. The Conversion Rights shall be exercisable (in the manner described in paragraph 3.3 or paragraph 3.4 below, as applicable) at any time during the periods of 28 days ending on 31 January and 31 July in each year commencing 31 January 2015 and ending 31 July 2019 (each such period and any other period during which Conversion Rights may be exercised a "Conversion Period") so as to be received by 5.00 p.m. on the last day of the relevant Conversion Period (each such last day a "Conversion Date" and the Conversion Date falling on 31 July 2019 (or Final Repayment Date) the "Final Conversion Date").
- 3.3. In order to exercise, in whole or in part, the Conversion Rights which are conferred by any CULS that are on the relevant Conversion Date in certificated form, the CULS Holder must lodge the relevant CULS certificate(s) (or such other document(s) as the Company may, in its absolute discretion, accept) at the office of the registrars for the time being of the Company (the Registrars) specified in the certificate (or at such other place as the Company may from time to time notify to CULS Holders) during the relevant Conversion Period (or, in the case of the Conversion Period ending on the Final Repayment Date, not later than seven days prior to the Final Repayment Date), having completed and signed the notice of exercise of Conversion Rights (or by giving such other notice of exercise of Conversion Rights as the Company may, in its absolute discretion, accept). The Company may (at its sole discretion) accept as valid notices of exercise of Conversion Rights which are received after the relevant Conversion Date. Once lodged, a notice of exercise of Conversion Rights shall be irrevocable, save with the consent of

the Company. Compliance must also be made with any statutory and regulatory requirements for the time being applicable.

- 3.4. The Conversion Rights which are conferred by any CULS that are on the relevant Conversion Date in uncertificated form shall be exercisable, in whole or in part, (and treated by the Company as exercised) on that Conversion Date if an Uncertificated Conversion Notice is received as referred to below during the relevant Conversion Period (but not later than the latest time for input of the instruction permitted by the Relevant Electronic System on that date) by the Company (or by such person as it may require for such purposes) in such form and subject to such terms and conditions as may from time to time be prescribed by the Company (subject always to the CREST Regulations and the facilities, rules and requirements of the Relevant Electronic System concerned). For these purposes, an "Uncertificated Conversion Notice" shall mean a properly authenticated dematerialised instruction and/or other instruction or notification received by the Company (or by such person as it may require for these purposes) in such form and subject to such terms and conditions as may from time to time be prescribed by the Company (subject always to the CREST Regulations and the facilities, rules and requirements of the Relevant Electronic System) and that specifies (in accordance with the form prescribed by the Company as aforesaid) the nominal amount of CULS in respect of which the Conversion Rights are being exercised. The Company may, in addition but subject to the CREST Regulations and the facilities and requirements of the Relevant Electronic System, determine when any such properly authenticated dematerialised instruction and/or other instruction or notification is to be treated as received by the Company (or by such person as it may require for these purposes). Without prejudice to the generality of the foregoing, the effect of an Uncertificated Conversion Notice may be such as to divest the holder of the CULS concerned of the power to transfer such CULS to another person. Once lodged, an Uncertificated Conversion Notice shall be irrevocable, save with the consent of the Company. Compliance must also be made with any statutory and regulatory requirements for the time being applicable.
- 3.5. Fractions of Ordinary Shares will not be issued on exercise of Conversion Rights, and no payment of cash or other adjustment will be made.
- 3.6. Ordinary Shares allotted in accordance with the exercise of Conversion Rights which are conferred by any CULS that are in certificated form will be allotted not later than 14 days after, and with effect from, the relevant Conversion Date. Certificates in respect of such Ordinary Shares will be despatched free of charge (at the risk of the person(s) entitled thereto) not later than 28 days after the relevant Conversion Date to the person(s) in whose name(s) the CULS are registered at the date of exercise (and, if more than one, to the first-named, which shall be sufficient despatch for all) or (subject as provided by law and to the payment of stamp duty reserve tax or any other tax that may be applicable) to such other person(s) (not being more than four in number) as may be named in the form of nomination available for the purpose from the Registrars (and, if more than one, to the first-named, which shall be sufficient despatch for all). In the event of partial exercise of the Conversion Rights evidenced by a CULS certificate, the Company shall, at the same time, issue a new CULS certificate in the name of the holder for any balance of that holder's CULS not converted.
- 3.7. Ordinary Shares allotted in accordance with the exercise of Conversion Rights which are conferred by any CULS that are in uncertificated form will be allotted not later than 14 days after, and with effect from, the relevant Conversion Date. The Company shall procure that the appropriate instructions are given to enable such Ordinary Shares to be evidenced by means of the Relevant Electronic System as a holding of the person(s) in whose name(s) the CULS in respect of which Conversion Rights have been exercised were registered at the date of such exercise or (subject as provided by law, to the payment of stamp duty reserve tax or any other tax that may be applicable, to such terms and conditions as the Company may from time to time prescribe for this purpose and to the CREST Regulations and the facilities, rules and requirements of the Relevant Electronic System) to such other person(s) (not being more than four in number) as may be named in the properly authenticated dematerialised instruction and/or other instruction or notification in such form.
- 3.8. For the avoidance of doubt, unless the Company otherwise determines or unless the CREST Regulations or the facilities, rules or requirements of the Relevant Electronic System otherwise

require, the Ordinary Shares issued on the exercise of any Conversion Rights shall be issued in certificated form where such Conversion Rights were conferred by CULS which were held in certificated form and in uncertificated form where such Conversion Rights were conferred by CULS which were held in uncertificated form.

- 3.9. On a winding-up of the Company, the nominal amount of the CULS will rank ahead of the Ordinary Shares, but be subordinated to the Company's unsubordinated creditors. Ordinary Shares allotted in accordance with the exercise of Conversion Rights will be allotted credited as fully paid. Such shares will not rank for any dividends or other distributions declared, paid or made on the Ordinary Shares by reference to a record date before the relevant Conversion Date, but, subject thereto, will rank in full for all dividends and other distributions declared, paid or made on the Ordinary Shares by reference to a record date on or after the relevant Conversion Date and otherwise will rank *pari passu* in all other respects, and form one class, with the Ordinary Shares in issue at the relevant Conversion Date.
- 3.10. Without prejudice to the generality of the final sentence of paragraphs 3.3 and 3.4 above, the exercise of Conversion Rights by any CULS Holder whose registered address is in an Excluded Jurisdiction or who is a citizen or national of, or resident in, an Excluded Jurisdiction or a custodian, nominee or trustee for a citizen or national of, or a resident in, an Excluded Jurisdiction (including without limitation any US Person), and the right of such a CULS Holder to receive the Ordinary Shares falling to be issued to him following the exercise of his Conversion Rights, will be subject to such requirements, conditions, restrictions, limitations or prohibitions as the Company may at any time impose, in its absolute discretion, for the purpose of complying with any applicable securities laws of the relevant jurisdiction, which, in the case of the United States, shall include the Securities Act, the Investment Company Act and any rules or regulations promulgated under such Acts. As used herein, US Person means any person or entity defined as such in Rule 902 (k) under the Securities Act and, without limiting the generality of the foregoing, US Person includes a natural person resident in the United States, a corporation or partnership organised or incorporated under the laws of the United States (including any State of the United States) and an estate or trust of which any executor, administrator or trustee is a US Person, but shall not include a branch or agency of a US Person located outside the United States if such agency or branch operates for valid business reasons and is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.
- 3.11. Interest on CULS converted shall be payable up to (but excluding) the relevant Conversion Date (whether or not that is an Interest Payment Date), but shall cease to accrue immediately thereafter.
- 3.12. (a) If any offer is made to all (or as nearly as may be practicable all) the Ordinary Shareholders (or to all (or as nearly as may be practicable all) such holders other than the offeror and/or any company controlled by the offeror and/or persons associated, connected or acting in concert with the offeror) to acquire the whole or any part of the Ordinary Shares (an Offer) and the Company becomes aware that the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or any company controlled by the offeror and/or persons associated, connected or acting in concert with the offeror, the Company shall give notice of that fact in writing (in a form previously approved in writing by the Trustee) (a "Change of Control Notice") to all CULS Holders within 14 days of its becoming so aware. The publication of a scheme of arrangement under the Act providing for the acquisition by any person of the whole or any part of the Ordinary Shares shall be deemed to be the making of an Offer.
- (b) If an offer, proposal, scheme or other arrangement which is on terms as to consideration which are, in the opinion of an Independent Financial Adviser, fair and reasonable (having regard to the terms of the Conversion Rights and the period during which they may be exercised and to the terms of such Offer and any other circumstances which may appear to such Independent Financial Adviser to be relevant) (a "Comparable CULS Offer") has already been, or not later than 30 days after the date of such Change of Control Notice is, made or put to CULS Holders, then the Company shall forthwith thereafter give further

notice in writing of that fact (in a form previously approved in writing by the Trustee) (a "Comparable CULS Offer Notice") to all CULS Holders, and each CULS Holder may, by giving written notice to the Company (in a form previously approved in writing by the Trustee) within 30 days after service of a Comparable CULS Offer Notice require the Company to repay the whole or any part (being an integral multiple of £1 nominal) of his CULS at their nominal amount together with accrued interest up to (but excluding) the date specified in the Comparable CULS Offer Notice (which date shall be a date falling not less than 8 weeks and not more than 10 weeks following the date of the Comparable CULS Offer Notice), in which event the Company shall be bound to repay such CULS together with accrued interest accordingly.

- (c) If no Comparable CULS Offer is made within 30 days after the date of a Change of Control Notice, the Company shall forthwith give notice in writing of that fact (in a form previously approved in writing by the Trustee) (a "Default Notice") to all CULS Holders, and each CULS Holder shall have the right, by giving written notice to the Company (in a form previously approved in writing by the Trustee) within 30 days after service of such Default Notice, (i) to require the Company to repay the whole or any part (being an integral multiple of £1 nominal) of his CULS at their nominal amount together with accrued interest up to (but excluding) the date specified in the Default Notice (which date shall be a date falling not less than 8 weeks and not more than 10 weeks following the date of the Default Notice), in which event the Company shall be bound to repay such CULS together with accrued interest accordingly, and/or (ii) to exercise his Conversion Rights in respect of the whole or any part (being an integral multiple of £1 nominal) of his CULS as he may specify (and so that for this purpose such 30-day period shall be deemed to be a Conversion Period, the last day of a Conversion Period shall be deemed to be a Conversion Date and the provisions of paragraph 3.11 above shall apply accordingly) at the Conversion Price applicable on such deemed Conversion Date.
- 3.13. Notwithstanding the provisions of paragraph 3.2, the Trustee may, at its absolute discretion and without any responsibility for any loss occasioned thereby, at any time during the period of 10 days before the date of final redemption of the CULS (being the final maturity date of the CULS or such earlier date as all CULS then outstanding shall be due to be redeemed by the Company), exercise all Conversion Rights not exercised by CULS Holders on or before the Final Conversion Date at the Conversion Price applicable on the Final Conversion Date and sell for the benefit of the CULS Holders entitled thereto the Ordinary Shares allotted on such conversion, provided that the Trustee shall not exercise such Conversion Rights unless an Independent Financial Adviser (acting as an expert and not an arbitrator) shall have stated in writing that in its opinion the exercise of such Conversion Rights and prompt sale by the Trustee would be in the interests of the CULS Holders concerned as a body. The date of exercise of such Conversion Rights shall be deemed to be a Conversion Date, and the provisions of paragraph 3.11 above shall apply accordingly.
- 3.14. Following the first Conversion Date at which, taking into account all Conversion Rights exercised on or before that date, 80 per cent. or more in nominal amount of the CULS (which expression for the purpose of this paragraph 3.14 shall include the whole of the original nominal amount of the CULS issued and any Further CULS forming a single series therewith but exclude any of the CULS or such Further CULS purchased by the Company or any subsidiary of the Company and cancelled) shall have been converted or shall otherwise have ceased to be in issue, the Company shall be entitled within 30 days after that or any subsequent Conversion Date to give not less than 30 nor more than 60 days' notice in writing (in a form previously approved in writing by the Trustee) (a "Compulsory Conversion Notice") to all CULS Holders requiring them to convert, on the expiry date of such Compulsory Conversion Notice, the whole (but not part only) of the CULS then outstanding into Ordinary Shares at the Conversion Price applicable on such expiry date and in the event of such notice being given as aforesaid the holding of CULS of each CULS Holder shall, subject as hereafter provided in this paragraph 3.14, be automatically converted at such Conversion Price on such expiry date (and so that for this purpose such expiry date shall be deemed to be a Conversion Date and the provisions of paragraph 3.11 above shall apply accordingly), provided that each CULS Holder shall have the right, by giving written notice to the Company in accordance with this paragraph within 30 days after the service of a Compulsory Conversion Notice, to require the Company, in lieu of converting, to repay the whole

(or such part as he may in such notice specify) of his CULS at their nominal amount on the expiry date of the Compulsory Conversion Notice together with interest accrued up to (but excluding) such date, in which event the Company shall be bound to repay such CULS together with accrued interest accordingly. Within 30 days of the delivery of a Compulsory Conversion Notice, each CULS Holder not requiring repayment of the whole of his CULS must either deliver to the Registrars a completed and signed conversion notice(s) on his relevant CULS certificate(s) or lodge an Uncertificated Conversion Notice (as the case may be). No Compulsory Conversion Notice may be given by the Company if it would expire after the date for redemption of the CULS.

- 3.15 If, at any date after 31 July 2017, the nominal amount of the CULS (which expression for the purpose of this paragraph 3.15 shall include the whole of the original nominal amount of the CULS issued but exclude any of the CULS purchased by the Company or any subsidiary of the Company and cancelled) outstanding shall represent 25 per cent. or more of the Company's net assets calculated by reference to the aggregate of the Company's assets less its liabilities and expenses in accordance with its published accounting policies for at least 20 business days during any period of 30 consecutive business days ending on or at any time after 31 July 2017, the Company shall no later than 30 days after such period be entitled to serve notice (in a form previously approved in writing by the Trustee) (a "**Compulsory Redemption Notice**") on the CULS Holders in accordance with this paragraph 3.15 that all outstanding CULS will be redeemed on the redemption date specified in the notice (which shall be a date falling not less than four weeks nor more than six weeks following the Compulsory Redemption Notice) at its nominal amount, together with interest accrued up to (but excluding) the date of redemption, on the redemption date specified in the Compulsory Redemption Notice. For the purpose of this paragraph 3.15, a certificate signed by two Directors as to the value of the Company's net assets (determined as aforesaid) may be relied on by the Trustee as sufficient evidence thereof and, if so relied on, shall (in the absence of manifest error) be binding on all parties.

4. Adjustments of the Conversion Price

- 4.1. The Conversion Price shall from time to time be adjusted in accordance with the provisions of this paragraph 4:

(a) *Consolidation, sub-division or reclassification of Ordinary Shares*

If and whenever there shall be an alteration on a date (or by reference to a record date) on or before the final maturity date of the CULS in the nominal amount of the Ordinary Shares as a result of a consolidation, sub-division or reclassification of the Ordinary Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

- A is the nominal amount of one Ordinary Share immediately after such alteration; and
B is the nominal amount of one Ordinary Share immediately before such alteration.
Such adjustment shall become effective on the date the alteration takes effect.

(b) *Capitalisation issue*

If and whenever the Company shall allot to holders of Ordinary Shares any Ordinary Shares credited as fully paid by way of capitalisation of reserves or profits (including any share premium account or capital redemption reserve) other than Ordinary Shares (in an amount equal to the amount of the cash dividend foregone) paid up out of distributable reserves and issued in lieu of a cash dividend on a date (or by reference to a date) on or before the final maturity date of the CULS, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

where:

- A is the aggregate nominal amount of the issued Ordinary Shares immediately before such issue; and
- B is the aggregate nominal amount of the issued Ordinary Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

(c) *Other adjusting circumstances*

If and whenever on a date (or by reference to a record date) on or before the final maturity date of the CULS:

- (i) the Company shall issue Ordinary Shares to Ordinary Shareholders as a class by way of rights, or issue or grant to Ordinary Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any Ordinary Shares; or
- (ii) the Company shall issue any securities (other than Ordinary Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Ordinary Shares) to Ordinary Shareholders as a class by way of rights or grant to Ordinary Shareholders as a class by way of rights any options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than aforesaid); or
- (iii) the Company shall issue (otherwise than as mentioned in sub-paragraph (i) above) wholly for cash or for no consideration any Ordinary Shares (other than Ordinary Shares issued on exercise of Conversion Rights) or issue or grant (otherwise than as mentioned in sub-paragraph (i) above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for, purchase or otherwise acquire any Ordinary Shares (other than the CULS, which term for this purpose shall include any Further CULS forming a single series therewith); or
- (iv) the Company or any subsidiary of the Company or (at the direction or request of, or under any arrangements with, the Company or any subsidiary of the Company) any other company, person or entity (otherwise than as mentioned in sub-paragraphs (i), (ii) or (iii) above) shall issue wholly for cash or for no consideration any securities (other than the CULS, which term for this purpose shall include any Further CULS forming a single series therewith) which by their terms of issue carry (directly or indirectly), rights of conversion into, or exchange or subscription for Ordinary Shares (or shall grant any such rights in respect of existing securities so issued) or securities which by their terms might be redesignated as Ordinary Shares; or
- (v) there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any such securities (other than the CULS, which term for this purpose shall include any Further CULS forming a single series therewith) other than in accordance with the terms (including terms as to adjustment) applicable to such securities on issue; or
- (vi) one or more other circumstances not referred to in sub-paragraphs (i) to (v) above shall occur,

and, in each such case, the result of such event or circumstance (whether by reason of the terms of issue, the consideration received or payable on exercise of the relevant rights or otherwise) is or may be dilutive of the value of the Conversion Rights, then in order to protect the value of the Conversion Rights following such event or circumstance the Company shall promptly notify the Trustee in writing of the relevant event or circumstance and the Company shall, at its own expense, request an Independent Financial Adviser to determine in good faith as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account of the relevant event or circumstance and the

date on which such adjustment should take effect, and on such determination such adjustment (if any) to the Conversion Price shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made in accordance with this paragraph 4.1(c) if the Company makes such a request of an Independent Financial Adviser not more than 20 business days after the date on which the relevant event or circumstance occurs or arises.

- (d) For the avoidance of doubt the issue of Ordinary Shares in accordance with the exercise of the Conversion Rights shall not result in an adjustment to the Conversion Price.
 - (e) No adjustment will be made to the Conversion Price in accordance with paragraphs 4.1(a), (b) or (c) above (other than by reason of and to reflect a consolidation of Ordinary Shares as referred to in paragraph 4.1(a) above) if it would result in an increase in the Conversion Price.
 - (f) If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price, and following consultation between the Company and an Independent Financial Adviser, a written opinion of such Independent Financial Adviser in respect of such adjustment to the Conversion Price shall be conclusive and binding on all concerned, save in the case of manifest error.
- 4.2. All adjustments to the Conversion Price shall be rounded upwards if necessary to four decimal places. The Company will forthwith notify the CULS Holders in writing (in a form previously approved in writing by the Trustee) of any adjustment to the Conversion Price in accordance with paragraph 4.1 above.
- 4.3. The Trustee shall not be under any duty or obligation to monitor whether any event or circumstance has happened or exists under paragraph 4.1 above and it may assume until it has actual knowledge by way of express notice in writing from the Company to the contrary that no such event or circumstance has occurred and will not be responsible to any party for any loss arising from any failure by it to do so. The Trustee shall not at any time be under any duty or responsibility to any CULS Holder with respect to the nature or the extent of any adjustment to the Conversion Price when made, or with respect to the method employed in making the same.

5. Undertakings

- 5.1. While any Conversion Rights remain capable of exercise by any CULS Holder or the Trustee, save with the previous sanction of an extraordinary resolution of the CULS Holders within the meaning of the Trust Deed (an "Extraordinary Resolution") or with the prior approval of the Trustee where, in the Trustee's opinion, it is not materially prejudicial to the interests of the CULS Holders to give such approval, the Company shall use all reasonable endeavours:
- (a) to procure that (i) the CULS and (ii) the Ordinary Shares which are fully paid shall at all times remain admitted to the Official List and to trading on the Main Market; and
 - (b) to ensure that during such time as the Ordinary Shares are admitted to the Official List and to trading on the Main Market and/or listed or quoted on any other stock exchange all the Ordinary Shares allotted on exercise of Conversion Rights will, on allotment, be admitted to the Official List and to trading on the Main Market and/or be listed or quoted on such other stock exchange.
- 5.2. While any Conversion Rights remain capable of exercise by any CULS Holder or the Trustee, subject as provided in paragraph 5.8 below and save with the sanction of an Extraordinary Resolution or with the approval of the Trustee where, in the Trustee's opinion, it is not materially prejudicial to the interests of the CULS Holders to give such approval, the Company shall not:
- (a) save as permitted by sub-paragraph 5.2(f) below, distribute capital profits (whether realised or not) or capital reserves (including any share premium account or capital redemption reserve) or profits or reserves arising from a distribution of capital profits (whether realised or not) or capital reserves (including as aforesaid) by a subsidiary of the Company except by means of a capitalisation issue permitted under sub-paragraph 5.2(b)

below, and so that for the purposes of this sub-paragraph 5.2(a) and insofar as the relevant audited accounts do not distinguish between capital and revenue profits or reserves the Company and the Trustee shall be entitled to rely on a written estimate (whether or not addressed to the Trustee) by the Auditors (as defined in the Trust Deed) as to the extent (if any) to which any part of any profits or reserves should be regarded as capital profits or capital reserves;

- (b) capitalise any profits or reserves other than by way of a capitalisation issue made only to the Ordinary Shareholders in the form of fully paid Ordinary Shares and (if so extended) in like proportions to the holders of any other class of equity share capital of the Company in the form of fully paid Ordinary Shares or shares of such other class of equity share capital or for the purposes of a scrip dividend where permitted under sub-paragraph 4.1(b) above without adjustment to the Conversion Price;
 - (c) make or permit any subsidiary of the Company to make any offer or invitation to Ordinary Shareholders or allot any Ordinary Shares in pursuance of a capitalisation issue, in each case during, or by reference to a record date falling within, a Conversion Period or following a Conversion Period by reference to a record date prior to such Conversion Period;
 - (d) save as permitted by sub-paragraphs (a), (b) or (c) of this paragraph 5.2, create or permit to be in issue any equity share capital which as regards voting, dividends, other distributions or capital has more favourable rights than those attached to the Ordinary Shares;
 - (e) do any act or thing if, as a consequence, the nominal amount of Ordinary Shares into which £0.25 nominal of CULS would be convertible would exceed £0.25;
 - (f) subject to, and as permitted by, paragraph 5.8 below, the Company shall not (except as authorised by section 663 of the Act or, in respect of redeemable shares and shares purchased by it, by sections 684, 691, 692 and 706 of the Act) reduce its share capital or any uncalled or unpaid liability in respect of its share capital or (except as authorised by sections 610, 687 and 733 of the Act) any amount for the time being standing to the credit of any share premium account or capital redemption reserve or purchase any of its own shares unless in any such case such adjustment (if any) is made to the Conversion Price as shall be determined by an Independent Financial Adviser to be appropriate, provided that the Company shall not be restricted by this sub-paragraph 5.2(f) from reducing or cancelling share premium account or share capital where such reduction or cancellation does not involve a payment to shareholders but instead results in the creation of a special reserve in the Company's balance sheet.
- 5.3. If the Company commences liquidation (whether voluntary or compulsory), it shall forthwith give notice in writing (in a form previously approved in writing by the Trustee) to all CULS Holders, and thereupon each CULS Holder shall in respect of the whole or any part (being an integral multiple of £1 nominal) of his CULS be entitled within 4 weeks after the service of such notice to elect by notice in writing to the Company to be treated as if a Conversion Date had occurred on the day immediately preceding the date of such commencement and his Conversion Rights had been exercisable and had been exercised in full with effect on that date on the basis of conversion (including the Conversion Price) then applicable (after making any appropriate adjustment in accordance with paragraph 4.1 above). In that event, subject as hereafter provided in this paragraph 5.3, each CULS Holder making such an election shall, in lieu of the payments which would otherwise be due in respect of his CULS deemed to have been converted as a result of such election, be entitled to participate in the assets available in the liquidation *pari passu* with the Ordinary Shareholders (after giving effect to the rights of any other securities carrying rights to participate in the assets of the Company available on a liquidation) as if he were the holder of the Ordinary Shares (including any fraction of an Ordinary Share) to which he would have become entitled had that CULS in respect of which he shall have made such election been converted as aforesaid by virtue of such exercise at such deemed Conversion Date. Notwithstanding the foregoing, a CULS Holder making such an election shall be entitled to receive and retain any payment in respect of the CULS in relation to which he shall have made such election which shall have become due on or prior to such immediately preceding day as

though he had not made such election. For the purpose of determining the assets in which any CULS Holder making an election as aforesaid shall be entitled to participate, the provisions of paragraph 3.11 above shall be deemed to apply as if such immediately preceding day were the Conversion Date, provided that if such CULS Holder shall receive any payment on the CULS in relation to which he shall have made such election in respect of interest falling due on the CULS on any day after such immediately preceding day up to and including the date of service of the aforesaid notice by the Company, he shall be entitled to retain such payment. If, at any time, the Company posts a notice to its Ordinary Shareholders convening a meeting at which a resolution will be proposed to wind up the Company, it may at the same time give notice in writing to all CULS Holders (in a form previously approved in writing by the Trustee), in which event the period of 4 weeks referred to above shall commence on the date of such notice and a CULS Holder shall, in respect of the whole or any part (being an integral multiple of £1 nominal) of his CULS, be entitled to elect within that period by notice in writing to the Company that, if such resolution is passed, he should be treated as if a Conversion Date had occurred on the day immediately preceding the date on which such resolution is passed and his Conversion Rights had been exercisable and had been exercised in full with effect on that date on the same basis mutatis mutandis as is referred to above (and, for the avoidance of doubt, if the Company shall give notice to CULS Holders as referred to in this sentence, no further notice shall be given to CULS Holders under this paragraph 5.3 on commencement of the liquidation). Subject to this paragraph 5.3, the Conversion Rights shall lapse in the event of the liquidation of the Company.

- 5.4. If the CULS shall become immediately due and repayable in accordance with the provisions of the Trust Deed (for any reason other than the liquidation of the Company), the Company shall forthwith give notice to all CULS Holders (in a form previously approved in writing by the Trustee), and thereupon each CULS Holder shall in respect of the whole or any part (being an integral multiple of £1 nominal) of his CULS be entitled within the period of six weeks after the service of such notice to exercise his Conversion Rights (such exercise to be with effect as on the day immediately preceding the date on which the CULS shall have become so due and repayable, which day shall be deemed to be a Conversion Date) on the basis of conversion (including the Conversion Price) then applicable (after making any appropriate adjustments in accordance with paragraph 4.1 above) by completing and signing the conversion notice(s) on his relevant CULS certificate(s) and depositing the same at the office of the Registrars or lodging an Uncertificated Conversion Notice (as the case may be), in each case before the expiry of such period of 6 weeks.
- 5.5. The Company shall keep available for issue sufficient authorised but unissued Ordinary Share capital to satisfy in full all rights for the time being outstanding of conversion into, subscription for and other acquisition of, Ordinary Shares, including without limitation the rights conferred by the CULS.
- 5.6. The Company shall send to all CULS Holders a copy of every document sent by the Company to Ordinary Shareholders at the time the same is sent to Ordinary Shareholders and in addition the Company shall notify all CULS Holders via a RIS not more than 8 weeks and not less than 4 weeks prior to each Conversion Date (other than the deemed Conversion Dates referred to in paragraphs 3.12, 3.13, 3.14 and 5.3 above or paragraph 6.3 below) with a reminder (in a form previously agreed in writing by the Trustee) of the Conversion Rights then exercisable.
- 5.7. While any Conversion Rights remain capable of exercise by any CULS Holder or the Trustee, save with the sanction of an Extraordinary Resolution or with the approval of the Trustee where, in the Trustee's opinion, it is not materially prejudicial to the interests of the CULS Holders to give such approval, the Company shall procure that no compromise or arrangement (to which Part 26 of the Act applies) affecting the Ordinary Shares shall be proposed unless the CULS Holders shall be parties to the compromise or arrangement and unless the compromise or arrangement shall be subject to approval by the CULS Holders in the manner prescribed by section 899 of the Act, provided that these provisions shall not apply (a) if an offer, proposal, scheme or other arrangement which is, in the opinion of an Independent Financial Adviser, fair and reasonable (having regard to the terms of the Conversion Rights and the periods during which they may be exercised and to the terms of such compromise or arrangement and any other circumstances which may appear to such Independent Financial Adviser to be relevant) has already been, or not later than the date on which the document containing particulars of the compromise or

arrangement shall first be issued to the parties thereto is, made or put to all CULS Holders, (b) if the Trustee shall be of the opinion that implementation of such compromise or arrangement will not be prejudicial to the interests of the CULS Holders or (c) to a scheme of arrangement to which paragraph 3.12 above applies.

- 5.8. Nothing in the Trust Deed shall restrict the Company from making purchases of its Ordinary Shares at a price per Ordinary Share at or below the NAV per Ordinary Share (as determined by the Directors on a date falling not more than 10 days before the date of purchase).

6. Purchase and redemption

- 6.1. The Company or any subsidiary of the Company may at any time purchase CULS on the London Stock Exchange (if the CULS are then admitted to the Official List and to trading on the Main Market) or on any other recognised stock exchange on which the CULS are for the time being listed or quoted or by tender (available to all CULS Holders alike) or by private treaty. If the CULS are admitted to the Official List and to trading on the Main Market, and unless the purchase is by way of tender or partial offer made to all holders of CULS on the same terms, any purchase of CULS by the Company or any subsidiary of the Company shall be at a price (exclusive of all costs of purchase) which shall not exceed the aggregate of (a) 5 per cent. above the average of the middle market quotations for the CULS (as derived from the Stock Exchange Daily Official List) for the 5 consecutive dealing days immediately preceding the date on which the purchase is made and (b) accrued interest (or at such other price as may be permitted by the Listing Rules).
- 6.2. All CULS not previously redeemed, purchased or converted in accordance with any of the foregoing provisions will be redeemed by the Company on 31 July 2019 at its nominal amount, together with interest accrued up to (but excluding) the date of final repayment of the CULS.
- 6.3. If the middle market price of an Ordinary Share (as derived from the Stock Exchange Daily Official List or any other record of daily prices approved in writing by the Trustee) for at least 20 dealing days (on the Main Market) during any period of 30 consecutive dealing days ending on or at any time after 31 July 2017 is at least 20 per cent. or more above the Conversion Price prevailing at the end of such period, the Company may, no later than 30 days after the end of such period, serve notice (in a form previously approved in writing by the Trustee) on the CULS Holders in accordance with this paragraph 6.3 that all CULS not converted in accordance with this paragraph is to be redeemed on the redemption date specified in the notice (which shall be a date falling not less than 7 weeks nor more than 10 weeks following the date of that notice). Each CULS Holder shall be entitled within 6 weeks after the date of such notice to exercise his Conversion Rights in respect of the whole or any part (being an integral multiple of £1 nominal) of his CULS as he may specify (and so that for this purpose such 6 week period shall be deemed to be a Conversion Period, the last day of a Conversion Period shall be deemed to be a Conversion Date and the provisions of paragraph 3.11 above shall apply accordingly) at the Conversion Price applicable on such deemed Conversion Date (after making any appropriate adjustments in accordance with paragraph 4.1 above) by completing and signing the conversion notice(s) on the certificate(s) representing the CULS in respect of which he wishes to exercise his Conversion Rights and delivering such certificate(s) together with a form or forms of nomination (if required) to the Registrars or lodging an Uncertificated Conversion Notice, in each case prior to the expiry of such 6 week period. All, but not part only, of the CULS remaining unconverted after such entitlement has expired shall be redeemed by the Company at its nominal amount, together with interest accrued up to (but excluding) the date of redemption, on the redemption date specified in the notice given by the Company in accordance with this paragraph 6.3. For the purpose of this paragraph 6.3, a certificate signed by two Directors as to the middle market prices of an Ordinary Share (determined as aforesaid) may be relied on by the Trustee as sufficient evidence and, if so relied on, shall (in the absence of manifest error) be binding on all parties.
- 6.4. All CULS redeemed, purchased or converted in accordance with any of the foregoing provisions shall be cancelled and shall not be resold or re-issued.
- 6.5. The Company may exercise its rights and powers of redemption and purchase as regards the CULS and any Further CULS at its sole discretion and without obligation to maintain the ratio between the nominal amounts for the time being outstanding of stock of any series.

7. Events of default

On the occurrence of any of the following events the Trustee may at its discretion and, if requested in writing by CULS Holders holding at least one-quarter in nominal amount of the CULS then outstanding or directed by an Extraordinary Resolution, shall (subject in each case to being indemnified jointly and severally and/or secured and/or pre-funded by CULS Holders to its satisfaction) give written notice to the Company that the CULS are (and it shall thereupon forthwith become) immediately due and repayable at its nominal amount together with accrued interest as provided in the Trust Deed:

- 7.1. if the Company is in default for a period of 30 days or more in the payment on the due date of any interest in respect of the CULS or of any amount due for repayment in accordance with paragraph 3.12(b) or paragraph 3.12(c) above; or
- 7.2. if an order is made or an effective resolution is passed for the winding-up or dissolution of the Company or any subsidiary of the Company (except for the purpose of a reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution); or
- 7.3. if:
 - 7.3.1. the Company or any subsidiary of the Company is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or by reason of actual or anticipated financial difficulties commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness; or
 - 7.3.2. the value of the assets of the Company is less than its liabilities (taking into account contingent and prospective liabilities); or
 - 7.3.3. a moratorium is declared in respect of any indebtedness of the Company or any subsidiary of the Company; or
 - 7.3.4. if the Company or any subsidiary of the Company ceases or threatens to cease to carry on the whole or a substantial part of its business, which shall not include (a) a change in investment objective, policy, performance benchmark or manager, (b) a reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution or (c) the winding-up of any subsidiary in accordance with that subsidiary's articles of association; or
- 7.4. if an encumbrancer takes possession or a receiver or administrator or administrative receiver is appointed of the Company or any subsidiary of the Company or of the whole or a substantial part of the assets or undertaking of the Company or any subsidiary of the Company or a distress or execution is levied or enforced on or sued out against the whole or a substantial part of the assets or property of the Company or any subsidiary of the Company and, in each case, is not discharged within 30 days of being levied, enforced or sued out; or
- 7.5. if the Company breaches any of the provisions binding on it under or in accordance with the Trust Deed (other than any covenant for the payment of principal and interest in respect of the CULS) or if any event occurs or any action is taken or fails to be taken which is (or but for the provisions of any applicable law would be) a breach of any of the covenants contained in the Trust Deed and (except where in the opinion of the Trustee the same is not capable of remedy, when no such continuation or notice as is herein provided will be required) the same continues for more than 14 days after receipt by the Company of written notice from the Trustee requiring the same to be remedied; or
- 7.6. if the Company, without the prior written consent of the Trustee or by an Extraordinary Resolution, alters the rights attached to all or any of its Ordinary Shares in issue from time to time or attaches any special rights, privileges or restrictions thereto, or creates or issues any new class of equity share capital other than the Ordinary Shares ranking *pari passu* in all respects (or in all respects except as regards any restriction on their rights to receive dividends or other distributions or on their rights on a return of capital or on their rights to participate in any issue by way of capitalisation of profits or reserves or on their voting rights, which in all such cases make such rights less favourable than those attached to the Ordinary Shares) with the Ordinary Shares, and

in each case (except where, in the opinion of the Trustee, such alteration, attachment, creation or issue is not capable of cancellation when no such continuation or notice as is herein provided shall be required) such alteration, attachment, creation or issue shall continue for more than 14 days after written notice requiring such alteration, attachment, creation or issue to be cancelled shall have been given to the Company by the Trustee, provided that nothing in this paragraph 7.6 shall restrict the right of the Company to consolidate or subdivide Ordinary Shares or convert Ordinary Shares into stock or vice versa and no such consolidation, subdivision or conversion shall give rise to any rights under this paragraph 7.

Provided that no such event set out in paragraph 7.2 (in relation to any subsidiary of the Company only) or any of paragraphs 7.3 to 7.6 above (both inclusive) shall constitute an event on the occurrence of which the CULS may become immediately due and repayable unless the Trustee shall have certified in writing that, in its opinion, such event is materially prejudicial to the interests of the CULS Holders.

8. Subordination

The rights and claims of the CULS Holders will, in the event of the winding-up or dissolution of the Company, be subordinated to the claims of all unsubordinated creditors in respect of the Company's secured and unsecured borrowings but not further or otherwise such that, on such winding-up or dissolution, no payments (whether of principal or outstanding or accrued interest) will be made to the CULS Holders until payment in full has been made to all such creditors.

9. Denomination and transfer

The CULS will be denominated, and will be registered and transferable without payment of any fee (excepting all transfer taxes), in integral multiples of £1 nominal. The Trust Deed will contain provisions enabling the CULS to be held and transferred in uncertificated form. The Trustee may, without any sanction of CULS Holders, concur with the Company in making modifications to the provisions of the Trust Deed in order to reflect changes in the CREST Regulations or in the applicable law and practice relating to the holding or transfer of CULS in uncertificated form and the issue of Ordinary Shares in uncertificated form on conversion of CULS.

10. Issues of further unsecured loan stock

Subject to the terms hereof, provision will be made in the Trust Deed to enable further unsecured loan stock of the Company to be issued either so as to be identical in all respects with and to form a single series with the CULS or on such terms, including rights as to interest, ranking (but not ranking ahead of the CULS), conversion, premium, repayment and otherwise as the Directors may determine. Such further unsecured loan stock shall, if identical and forming a single series with the CULS, and may in any other case with the consent of the Trustee, be constituted by a trust deed supplemental to the Trust Deed and shall accordingly, if so constituted, be Further CULS. No additional loan capital of the Company or any subsidiary of the Company shall be paid up in whole or in part by way of capitalisation of profits or reserves or be issued by way of collateral security.

11. Modification of rights etc.

- 11.1. CULS Holders will have power by Extraordinary Resolution, *inter alia*, to sanction any modification, abrogation or compromise of or arrangement in respect of their rights against the Company and to assent to any modification of the provisions of the Trust Deed. In addition, the Trustee may from time to time without the consent or sanction of the CULS Holders (but only if and insofar as in the opinion of the Trustee the interests of the CULS Holders will not be materially prejudiced thereby), on such terms and subject to such conditions as it shall deem expedient, waive or authorise any breach or proposed breach by the Company of any of the covenants or provisions of the Trust Deed, determine that any act or omission which would or could constitute an event of default under the Trust Deed shall not do so, or agree to any modification of the provisions of the Trust Deed. The Trustee may also agree, without such consent or sanction as aforesaid, to any modification of the Trust Deed which is of a formal, technical or minor nature or to correct a manifest error or an error which is in the opinion of the

Trustee proven. Provision will be made for convening separate meetings of the holders of the CULS and each series of any Further CULS when the Trustee considers this appropriate.

- 11.2. In connection with the exercise by it of any of its trusts, powers, authorities and discretions under the Trust Deed (including without limitation any modification, waiver, authorisation or determination as aforesaid), the Trustee shall have regard to the general interests of the CULS Holders as a class but shall not have regard to any interests arising from circumstances particular to individual CULS Holders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual CULS Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision and the Trustee shall not be entitled to require, nor shall any CULS Holder be entitled to claim, from the Company, the Trustee or any other person, any indemnification or payment in respect of any tax consequences of any such exercise on individual CULS Holders.

12. Meetings of CULS Holders

The Company and the Trustee may and the Trustee must, at the request in writing of registered holders of not less than one-tenth in nominal amount of the CULS, but subject to being indemnified and/or secured and/or prefunded to its satisfaction, convene a meeting of the CULS Holders. At least 14 days' written notice or, when the meeting is being convened for the purpose of passing an Extraordinary Resolution, at least 21 days' written notice (exclusive in each case of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the CULS Holders. The notice shall specify the place, day and hour of the meeting and the general nature of the business to be transacted at the meeting. A copy of such notice shall be sent by post to the Trustee, unless the meeting shall be convened by the Trustee, and to the Company, unless the meeting shall be convened by the Company. At any meeting one or more persons being CULS Holders present in person or by proxy or (in the case of a CULS Holder which is a corporation) by its duly authorised representative and holding or representing in aggregate one-twentieth in nominal amount of the CULS for the time being outstanding shall form a quorum for the transaction of business except for the purpose of passing an Extraordinary Resolution. The quorum for passing an Extraordinary Resolution shall be one or more persons being CULS Holders present in person or by proxy or (in the case of a CULS Holder which is a corporation) by its duly authorised representative and holding or representing in aggregate a clear majority in nominal amount of the CULS for the time being outstanding. No business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum is present at the commencement of business.

If within 15 minutes (or such longer period not exceeding 30 minutes as the chairman may decide) from the time appointed for holding the meeting a quorum is not present the meeting, if convened upon the requisition of CULS Holders, shall be dissolved. In any other case, it shall stand adjourned to such day and time being not more than 42 days thereafter and to such place as may be appointed by the chairman and at such adjourned meeting one or more persons being CULS Holders present in person or by proxy or (in the case of a CULS Holder which is a corporation) by its duly authorised representative whatever the nominal amount of the CULS for the time being outstanding held or represented by them shall form a quorum for the transaction of business, including the passing of Extraordinary Resolutions. At least seven days' notice (exclusive as aforesaid) of any adjourned meeting of CULS Holders at which an Extraordinary Resolution is to be proposed shall be given in the same manner as for an original meeting and such notice shall state that one or more persons being CULS Holders present in person or by proxy or (in the case of a CULS Holder which is a corporation) by its duly authorised representative at the adjourned meeting whatever the nominal amount of the CULS for the time being outstanding held or represented by them will form a quorum.

13. Trustee's Indemnification and consents

The Trust Deed will contain provisions for the indemnification and/or pre-funding of and/or provision of security to the Trustee and for its relief from responsibility in certain events. The Trust Deed will provide that when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it

by the CULS Holders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security. Any consent given by the Trustee may be given on such terms and subject to such conditions (if any) as the Trustee may in its absolute discretion think fit and, notwithstanding anything to the contrary in this Part 3, may be given retrospectively.

14. Removal, retirement and replacement of Trustee

The Trust Deed will contain provisions for the removal of the Trustee by an Extraordinary Resolution and will permit the Trustee to retire at any time without assigning any reason.

The Company will have the power to appoint a new Trustee but such new Trustee shall be subject to the approval of an Extraordinary Resolution.

15. Auditors

The Trust Deed will provide that the Trustee may rely on certificates or reports provided by the Auditors or other experts in accordance with the provisions of the Trust Deed whether or not any such certificate or report shall be addressed to the Trustee and whether or not any such certificate or report or any engagement letter or other document entered into by the Trustee and/or the Auditors or such other experts in connection with the Trust Deed contains any limit (whether monetary or otherwise) on the liability of the Auditors or such other expert.

16. Governing law

The Trust Deed, and any non-contractual obligations arising out of or in connection with it, will be governed by, and construed in accordance with, English law.

The Trust Deed will not contain any restriction on borrowings (including borrowings ranking ahead of the CULS), the disposal of assets or the creation of charges by, or changes in the nature of the business of, the Company or any subsidiary of the Company.

PART 4

THE ISSUE AND TERMS OF THE OPEN OFFER

1. Open Offer, Placing and Offer for Subscription

The Company is proposing to issue up to £40 million in nominal amount to raise up to £40 million through the Issue. The Issue Price of the CULS under the Issue is 100p per £1 nominal unit of CULS. There are no direct costs charged to the investor. The net proceeds of the Issue will be used by the Company in accordance with the Company's investment policy.

The Issue, which is not underwritten, is conditional upon:

- (a) the passing of the Resolution at the General Meeting convened for 12.30 p.m. on 24 July 2014;
- (b) the Placing Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms;
- (c) the Listing Condition being satisfied; and
- (d) the Minimum Issue Proceeds being equal to or exceeding £25 million or such lower amount as the Company, the Manager and Oriel may agree in writing.

If these conditions are not satisfied, the Issue will not proceed and any applications made by Qualifying Shareholders under the Open Offer, any commitments received under the Placing and any applications made under the Offer for Subscription will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter. The Issue is not being underwritten.

Applications under the Issue must be for CULS with a minimum nominal value of £1,000.

The Directors believe that the profile of a typical investor in the Company is a professionally advised private investor, an institutional investor or individuals who are prepared to tolerate a degree of risk or potential for loss, investing in smaller companies worldwide.

The Open Offer

The Open Offer provides Qualifying Shareholders with the opportunity to participate in the Issue by taking up their Open Offer Entitlement on a pre-emptive basis. Furthermore, Qualifying Shareholders who take up their Open Offer Entitlements in full will be able to make excess applications under the Excess Application Facility, if they wish to do so, up to a maximum amount equal to 125 per cent. of their Open Offer Entitlement, subject to CULS being available once all of the applications for pro-rata entitlements under the Open Offer have been taken into account. Qualifying Shareholders should note that, as a result of the cost of registering and administering the holdings of CULS, a minimum of £1,000 in nominal amount of CULS must be applied for under the Open Offer.

Only Qualifying Shareholders (being, for the avoidance of doubt, Shareholders, other than Overseas Shareholders who have their name entered on the register of members of the Company on the Record Date and whose Open Offer Entitlement will entitle them to a minimum of £1,000 of CULS in nominal value) will be able to apply for CULS under the Open Offer. Accordingly Shareholders with small holdings in the Company will not be Qualifying Shareholders and will not receive an Open Offer Entitlement under the Open Offer. Furthermore, due to unavoidable administrative reasons investors holding Shares in the Company through the F&C Savings and Pension Plans will not be Qualifying Shareholders and they will not receive an Open Offer Entitlement under the Open Offer. If such small Shareholders or investors in the F&C Savings and Pensions Plans wish to participate in the Issue they may apply through the Offer for Subscription. Applications under the Offer for Subscription must be for CULS with a nominal value of at least £1,000.

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying non-CREST Shareholders is 6 p.m. on 17 June 2014. Where relevant, Qualifying non-CREST shareholders will receive a copy of the Open Offer Application Form being posted on or around the date of this document. The latest time and date for receipt of completed Open Offer Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is expected to be 11 a.m. on 22 July 2014 with Admission and commencement of dealings in CULS expected to take place at 8.00 a.m. on 30 July 2014.

This Prospectus and, for Qualifying non-CREST Shareholders, the Open Offer Application Form contain the formal terms and conditions of the Open Offer. Qualifying Shareholders' attention is drawn to paragraph 4 of this Part 4 which gives details of the procedure for application and payment for the CULS and for any Excess CULS applied for under the Excess Application Facility. The attention of Overseas Shareholders is drawn to paragraph 6 of this Part 4.

Any Qualifying Shareholder who has sold or transferred all or part of his/her/its registered holding(s) of Ordinary Shares prior to 8.00 a.m. on 26 June 2014 is advised to consult his or her or its stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for CULS under the Open Offer may be a benefit which may be claimed from him/her/it by the purchasers under the rules of the London Stock Exchange.

The Placing

The Company has entered into the Placing Agreement under which Oriel has agreed to use reasonable endeavours to procure commitments for investment in the CULS. Such Placees are to comprise institutional and other investors (including certain Shareholders).

Any such commitments under the Placing will be subject to scaling back where there is excess demand and to the extent Qualifying Shareholders take up their rights under the Open Offer. Accordingly, Placees who apply for CULS under the Placing may, in certain circumstances, not be allotted the number of CULS for which they have applied. The terms and conditions of the Placing are set out at the end of this document.

The obligations of Oriel under the Placing Agreement are conditional, *inter alia*, on the passing of the Resolution at the General Meeting. Oriel is not making the Open Offer nor the Offer for Subscription.

The terms and conditions relating to the Placing are set out in pages 108 to 112 of this Prospectus. A summary of the principal terms of the Placing Agreement is contained in paragraph 6.3 of Part 6 of this Prospectus.

The Offer for Subscription

Investors including Shareholders in the Company and investors holding Shares in the Company through the F&C Savings and Pension Plans (save for certain overseas investors) may apply for CULS through the Offer for Subscription.

The aggregate subscription price is payable in full on application. Applications under the Offer for Subscription must specify a fixed sum in pounds sterling, being the aggregate subscription price for the CULS for which they wish to apply at the Issue Price. Individual applications must be for CULS with a minimum aggregate value at the Issue Price of £1,000 and applications in excess of that amount should be made in multiples of £100.

The CULS under the Offer for Subscription will be a qualifying investment for the purpose of a NISA, provided they are acquired by a NISA plan manager under the Offer for Subscription.

Applications made under the Offer for Subscription may be subject to scaling back where there is excess demand and to the extent Qualifying Shareholders take up their rights under the Open Offer. Accordingly applicants for CULS may, in certain circumstances, not be allotted the number of CULS for which they have applied.

The procedure for, and the terms and conditions of, application under the Offer for Subscription are set out in pages 113 to 118 of this Prospectus and an application form for use under the Offer for Subscription is attached (the "Subscription Form"). These terms and conditions should be read carefully before an application is made. Investors should consult their respective stockbrokers, bank managers, solicitors, accountants or other independent financial advisers if they are in any doubt.

Completed Subscription Forms must be posted to Computershare, Corporate Actions 3, Bristol BS99 6AR or delivered by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received by 11 a.m. on 23 July 2014.

The results of the Issue

The results of the Issue (and any scaling back) will be announced immediately prior to Admission through a RIS. The balance of subscription monies in the event of scaling back (or unsuccessful applications) will be posted to applicants by cheque, without interest, at the applicant's own risk.

2. Further terms of the Open Offer, Placing and Offer for Subscription

No temporary documents of title will be issued in respect of CULS held in uncertificated form. Definitive certificates in respect of CULS taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their CULS in certificated form during the week commencing 4 August 2014. In respect of those Qualifying Shareholders who have validly elected to hold their CULS in uncertificated form, the CULS are expected to be credited to their stock accounts maintained in CREST on 30 July 2014.

All monies received by the Receiving Agent in respect of CULS prior to Admission will be held by the Receiving Agent in a non-interest bearing account.

If for any reason it becomes necessary to adjust the expected timetable, as set out on page 20 of in this document, the Company will make an appropriate announcement to a RIS giving details of the revised dates.

Fractions

Fractions of CULS will not be issued. To the extent that (other than on a scaling back) the fixed sum specified in relation to any applications for CULS exceeds the aggregate value, at the Issue Price, of the CULS with such application, the balance of such sum (which will never exceed the Issue Price per £1 nominal value of CULS) will be retained for the benefit of the Company.

Listing and dealing

It is expected that the CULS will be admitted to the Official List and to trading on the Main Market on 30 July 2014. No dealings will commence before this date.

CULS issued under the Issue will be issued in registered form and may be held either in certificated form or settled through CREST. It is expected that definitive certificates in respect of the CULS will, where requested or required by law, be despatched during the week commencing 4 August 2014. Temporary documents of title will not be issued. Pending despatch of such certificates, transfers will be certified against the Company's register of members. The Issue cannot be revoked after dealings have commenced on 30 July 2014. The ISIN number for the CULS is GB00BNH7RK38, the ISIN number for the Open Offer Entitlement is GB00BNHKWJ64 and the ISIN number for the Excess CREST Open Offer Entitlement is GB00BNHKWK79.

Issue Costs

The costs and expenses of the Issue include the fees and commissions to Oriel, the fees payable to professional advisers and other related expenses.

The net proceeds of the Issue are therefore expected to be £39,189,024 (on the assumption that the Issue is fully subscribed) and they will be applied by the Company in accordance with its investment policy.

NISAs

The New ISA (“NISA”) regime is expected to start on 1 July 2014 which will, amongst other things, remove the concept of stocks and shares and cash components of an ISA. For the 2014/15 tax year NISAs will have an overall subscription limit of £15,000 (from 1 July 2014), all of which can be invested in stocks and shares, of which the CULS will qualify.

Any person wishing to apply for CULS under the Offer for Subscription through a NISA should contact their ISA plan manager as soon as possible.

The CULS will qualify for the purposes of a NISA, provided that they are acquired by a NISA manager in the market. CULS subscribed for directly under the Issue will not qualify for a NISA. Direct transfers to a NISA will render such CULS ineligible for ISAs.

Overseas investors

The CULS have not been, nor will be, registered under the US Securities Act or under the securities legislation of any state or other political subdivision of the United States and the relevant clearances have not been and will not be, obtained from the securities commission of any province or territory of Canada, Australia or Japan and they may not, subject to certain exceptions, be offered or sold directly or indirectly in, into or within the United States, Canada, Australia, Japan, New Zealand and the Republic of South Africa or to, or for the account or benefit of, a US Person (as defined in the US Securities Act) or any national, citizen or resident of the United States, Canada, Australia, Japan, New Zealand and the Republic of South Africa. This document does not constitute an offer to sell or issue, or the solicitation of an offer to purchase or subscribe for, CULS in any jurisdiction in which such offer or solicitation is unlawful.

The making of the Offer for Subscription to overseas investors may be affected by the laws or regulatory requirements of relevant jurisdictions. Overseas investors who wish to subscribe for CULS under the Offer for subscription are referred to paragraphs 22 and 23 of the terms and conditions of application under the Offer for Subscription set out at the end of this document. Potential investors who are in any doubt as to their position in this respect are strongly recommended to consult their own professional advisers as soon as possible.

Money laundering

In accordance with anti-money laundering laws and regulations with which the Company must comply in the UK, the Company and its agents, the Administrator, the Investment Manager and Oriel may require evidence in connection with any application for CULS, including further identification of the applicant(s) before any CULS are issued.

The Company and its agents, the Administrator, the Investment Manager and Oriel reserve the right to request such information as is necessary to verify the identity of the prospective Shareholder and (if any) the underlying prospective beneficial owner of the CULS. In the event of delay or failure by the prospective Shareholder to produce any information required for verification purposes, the Directors, in consultation with Oriel, and the Investment Manager, may refuse to accept a subscription for CULS.

3. Terms of the Open Offer

The Open Offer gives Qualifying Shareholders the opportunity to apply for in aggregate:

£40 million nominal of CULS at the Issue Price of 100p per £1 nominal,

pro rata as nearly as practicable to their current holdings of Ordinary Shares and in accordance with the terms of the Open Offer set out below.

Subject to the terms and conditions set out below (and where relevant, in the Open Offer Application Form), Qualifying Shareholders are being given the opportunity to apply for such

amount of CULS at the Issue Price (payable in full on application and free of all expenses) up to a maximum of their *pro rata* entitlement. This shall be calculated on the basis of:

0.7765 nominal of CULS for each Ordinary Share

in each case registered in the name of each Qualifying Shareholder at the close of business on the Record Date and so in proportion for any other number of Ordinary Shares then registered. Fractional entitlements will be disregarded for the purposes of calculating Qualifying Shareholders' Open Offer Entitlement and any Open Offer Entitlement will be rounded down to the nearest whole number of CULS as appropriate.

Applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Open Offer Entitlement. Qualifying Shareholders are also being given the opportunity, provided they take up their Open Offer Entitlement in full, to apply for Excess CULS through the Excess Application Facility. To the extent that other Qualifying Shareholders do not take up their Open Offer Entitlements in full or Shareholders do not qualify as Qualifying Shareholders as defined, the Excess Application Facility will apply.

The Open Offer Entitlement of 0.7765 CULS for each Ordinary Share held are rounded to 4 significant figures for ease of presentation in this document but shall, when determining actual entitlements, be calculated to 8 significant figures, being 0.77653163.

If applications under the Excess Application Facility are received for more than the total number of CULS available under the Open Offer following take up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess CULS applied for by Qualifying Shareholders under the Excess Application Facility. For the avoidance of doubt, the maximum amount in nominal value of CULS, available under the Open Offer, including under the Excess Application Facility is £40 million.

Please refer to paragraphs 4.1.4 and 4.2.10 of this Part 4 for further details of the Excess Application Facility.

The attention of Overseas Shareholders or any person (including, without limitation, a custodian, nominee or trustee) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the UK is drawn to paragraph 6 of this Part 4. Subject to the provisions of paragraph 6, Qualifying Shareholders with a registered address in the United States or any other of the Excluded Jurisdictions will not be sent an Open Offer Application Form.

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

The Open Offer Application Form shows the number of Ordinary Shares registered in Qualifying non-CREST Shareholders' names on the Record Date (in Box 1) and the maximum number of CULS, for which they are entitled to apply under their Open Offer Entitlement (in Box 2).

Qualifying CREST Shareholders will have Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraph 4.2 of this Part 4 and also to the CREST Manual for further information on the relevant CREST procedures.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying non-CREST Shareholders should also note that the Application Form is not a negotiable document and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim raised by Euroclear's Claims Processing Unit. Any Open Offer Entitlements which are not applied for in respect of the Open Offer will be issued to Placees subject to the terms and conditions of the Placing Agreement and/or applicants under the Offer for Subscription subject to its terms and conditions to which the Offer for Subscription (in Part 1 of this Prospectus) and the Placing (see Part 1 of this Prospectus) are subject with the proceeds retained for the benefit of the Company.

Any CULS which are not taken up under the Open Offer will be allotted under the Excess Application Facility, the Placing or the Offer for Subscription.

The Ordinary Shares are already admitted to CREST and application will be made for admission of the CULS to CREST. Accordingly, all securities of the Company, when issued and fully paid, may be held and transferred by means of CREST. The Open Offer Entitlements and Excess CREST Open Offer Entitlements are expected to be admitted to CREST with effect from 30 June 2014.

The CULS will be issued credited as fully paid and will rank ahead of the Ordinary Shares on a winding-up of the Company at the date of issue.

4. Procedure for application and payment

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether, at the relevant time, they have an Application Form in respect of their entitlement under the Open Offer, including the Excess Application Facility, or they have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to their CREST stock account in respect of such entitlement.

Qualifying Shareholders who take up their Open Offer Entitlement and who hold their Ordinary Shares in certificated form will be allotted CULS in certificated form. Qualifying Shareholders who take up their Open Offer Entitlement and who hold part of their Ordinary Shares in uncertificated form will be allotted CULS in uncertificated form to the extent that their entitlement to CULS arises as a result of holding Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 4.2.6 of this Part 4.

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

4.1. *If Qualifying Shareholders have an Open Offer Application Form in respect of their entitlement under the Open Offer*

4.1.1. *General*

Subject as provided in paragraph 6 of this Part 4 in relation to Overseas Shareholders, Qualifying non-CREST Shareholders will receive an Open Offer Application Form. The Open Offer Application Form shows the number of Ordinary Shares registered in their name on the Record Date in Box 1. It also shows the maximum number of CULS (set out in Box 2) for which they are entitled to apply under the Open Offer. Box 3 shows how much they would need to pay if they wish to take up their Open Offer Entitlement in full. Qualifying non-CREST Shareholders may apply for less than their maximum entitlement should they wish to do so, subject to the application being for a minimum of £1,000 nominal value of CULS. Qualifying non-CREST Shareholders may also hold such an Open Offer Application Form by virtue of a bona fide market claim.

Under the Excess Application Facility, provided they have agreed to take up their Open Offer Entitlement in full, Qualifying non-CREST Shareholders may apply for more than the amount of their Open Offer Entitlement should they wish to do so. Please refer to paragraph 4.1.4 of this Part 4 for further details of the Excess Application Facility.

The instructions and other terms set out in the Open Offer Application Form form part of the terms of the Open Offer to Qualifying non-CREST Shareholders.

4.1.2. *Market claims*

Applications to acquire CULS may only be made on the Open Offer Application Form and may only be made by the Qualifying non-CREST Shareholder named in it or by a person entitled by virtue of a bona fide market claim in relation to a purchase of Ordinary Shares through the market prior to the date upon which the Ordinary Shares were marked "ex" the entitlement to participate in the Open Offer. Open Offer Application Forms may not be assigned, transferred or split, except to satisfy bona fide market claims up to 3 p.m. on 18 July 2014. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Ordinary Shares prior to the date upon which the Ordinary Shares were marked "ex" the entitlement to participate in the Open Offer, should consult his broker or other professional advisers as soon as possible, as the invitation to acquire CULS under the Open Offer may be a benefit which may be claimed by the transferee. Qualifying non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on page 4 of the Open Offer Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Open Offer Application Form should not, however be forwarded to or transmitted in or into the United States or any of the Excluded Jurisdictions. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Open Offer Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 4.2 below.

4.1.3. *Application procedures for Qualifying non-CREST Shareholders*

Qualifying non-CREST Shareholders wishing to apply to acquire all or any of the CULS (whether in respect of all or part of their Open Offer Entitlement or in addition to their Open Offer Entitlement under the Excess Application Facility) should complete the Application Form in accordance with the instructions printed on it.

Completed Open Offer Application Forms should be returned by post to Computershare Corporate Actions 3, Bristol BS99 6AR or by hand only to Computershare Investor Services PLC, The Pavillions, Bridgewater Road, Bristol BS13 8AE (who will be acting as receiving agent in relation to the Open Offer) so as to be received by Computershare by no later than 11 a.m. on 22 July 2014, after which time the Open Offer Application Forms will not be valid. Within the United Kingdom, Qualifying non-CREST Shareholders can use the pre-paid envelope accompanying the Open Offer Application Form. If Open Offer Application Forms are posted by first-class post in the UK or using the reply-paid envelope included with the Open Offer Application Form, at least four business days should be allowed for delivery. Open Offer Application Forms delivered by hand will not be checked upon delivery and no receipt will be provided. Qualifying non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt will not be acknowledged.

Cheques should be drawn on a personal account in respect of which the Qualifying non-CREST Shareholder has sole or joint title to the funds and should be made payable to "CIS PLC re: FCGSC Open Offer" and crossed "A/C Payee Only". Payments must be made in sterling and the account name on the cheque must be the same as that shown on the Open Offer Application Form. If this is not practicable and a Qualifying non-CREST Shareholder wishes to pay by building society cheque or banker's draft, they must:

- (a) write the name, address and date of birth of the person named on the Open Offer Application Form (or one of such persons) on the back of the building society cheque or banker's draft; and
- (b) ask the building society or bank (as the case may be) to endorse the name and account number of the person whose building society or bank account is being debited on the cheque or banker's draft.

Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying non-CREST Shareholder has title to the underlying funds) may not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Cheques and banker's draft will be presented for payment on receipt and it is a term of the Open Offer that cheques and banker's drafts will be honoured on first presentation. The Company may elect to treat as valid or invalid any applications made by Qualifying non-CREST Shareholders in respect of which cheques or banker's drafts are not so honoured. If cheques or banker's drafts are presented for payment before all of the conditions of the Issue are fulfilled, the application monies will be kept in a separate non-interest bearing bank account. If the Issue does not become unconditional no CULS will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Issue.

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

- (a) the Open Offer Application Form together with cheques or other remittances for the full amount payable are received through the post after 11.00 a.m. on 22 July 2014 but not later than 11:00 a.m. on the next following business day (the cover bearing a legible postmark not later than 5:00 p.m. on the business day prior to 22 July 2014); or
- (b) the required remittance is received prior to 11.00 a.m. on 22 July 2014 from an authorised person (as defined in FSMA) specifying the number of CULS concerned and undertaking to lodge the relevant Open Offer Application Form as soon as practicable and in any event within two business days following 22 July 2014.

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

4.1.4. *The Excess Application Facility*

Provided Qualifying Non-CREST Shareholders choose to take up their Open Offer Entitlement in full, the Excess Application Facility enables Qualifying non-CREST Shareholders to apply for Excess CULS up to a maximum amount equal to 125 per cent. of their Open Offer Entitlement. For the avoidance of doubt, the maximum amount in nominal value of CULS available under the Open Offer (including the Excess Application Facility) is £40 million.

To the extent that other Qualifying Shareholders do not take up their Open Offer Entitlements in full the Excess Application Facility will apply. The total number of CULS available under the Open Offer will not be increased in response to any excess applications under the Excess Application Facility. If applications under the Excess Application Facility are received for more than the total number of CULS available following take up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess CULS applied for by Qualifying Shareholders under the Excess Application Facility.

Qualifying non-CREST Shareholders who wish to apply for CULS in excess of their Open Offer Entitlement must complete the Open Offer Application Form in accordance with the instructions set out on the Application Form.

Should the Open Offer become unconditional and applications for CULS exceed 40 million units of CULS, resulting in a scale back of applications under the Open Offer, each Qualifying non-CREST Shareholder who has made a valid application for Excess CULS under the Excess Application Facility, and from whom payment in full for Excess CULS has

been received, will receive a pounds sterling amount equal to the number of CULS applied and paid for, but not allocated to, the relevant Qualifying non-CREST Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk, save that any sums of less than £5 will be retained for the benefit of the Company.

4.1.5. *Incorrect sums*

If an Open Offer Application Form encloses a payment for an incorrect sum, the Company through its Receiving Agent reserves the right:

- (i) to reject the application in full and return the cheque or banker's draft or refund the payment to the Qualifying non-CREST Shareholder in question; or
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of CULS as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the Qualifying non-CREST Shareholder in question, save that any sums of less than £5 will be retained for the benefit of the Company; or
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all of the CULS referred to in the Open Offer Application Form, refunding any unutilised sums to the Qualifying non-CREST Shareholder in question, save that any sums of less than £5 will be retained for the benefit of the Company.

4.1.6. *Effect of application*

By completing and delivering an Open Offer Application Form the applicant:

- (i) represents and warrants to the Company and Oriel that he has the right, power and authority and has taken all action necessary to make the application under the Open Offer and to execute, deliver and exercise his rights and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for such CULS as he is or is otherwise treated as applying for or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company and Oriel that all applications under the Open Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by, and construed in accordance with, the laws of England and Wales;
- (iii) confirms to the Company and Oriel that in making the application he is not relying on any information or representation relating to the Company other than that contained in (or incorporated by reference in) this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part of this document, or involved in the preparation of this document, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information in relation to the Company contained in this document (including information incorporated by reference);
- (iv) confirms to the Company and Oriel that no person has been authorised to give any information or to make any representation concerning the Company or the CULS (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or Oriel;
- (v) represents and warrants to the Company and Oriel that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he received such Open Offer Entitlements by virtue of a bona fide market claim;
- (vi) represents and warrants to the Company and Oriel that if he has received some or all of his Open Offer Entitlements from a person other than the Company he is

entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a bona fide market claim;

- (vii) requests that the CULS to which he will become entitled be issued to him on the terms set out in this document and the Open Offer Application Form, subject to the Articles and the Trust Deed;
- (viii) represents and warrants to the Company and Oriel that he is not, nor is he applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws of any jurisdiction in which the application for CULS is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the CULS which are the subject of his application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any jurisdiction in which the application for CULS is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for CULS under the Open Offer;
- (ix) represents and warrants to the Company and Oriel that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986; and
- (x) confirms that in making the application, he is not relying and has not relied on Oriel or any person affiliated with Oriel in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

All enquiries in connection with the procedure for application and completion of the Open Offer Application Form should be addressed to Computershare Investor Services PLC on telephone number 0870 889 4088, or if calling from overseas +44 870 889 4088. Calls to 0870 889 4088 are charged at 10 pence per minute from a BT landline, other telephone provider costs may vary. Please note the Receiving Agent cannot provide financial advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements or apply for Excess CULS under the Excess Application Facility.

Qualifying Shareholders who do not want to apply for the CULS under the Open Offer should take no action and should not complete or return the Application Form.

4.2. *If Qualifying CREST Shareholders have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to their stock account in CREST in respect of their entitlement under the Open Offer*

4.2.1. *General*

Subject as provided in paragraph 6 of this Part 4 in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive credits to his stock account in CREST of his Open Offer Entitlements equal to the maximum number of CULS for which he is entitled to apply under the Open Offer and also an Excess CREST Open Offer Entitlement equal to the maximum number of Excess CULS for which he is entitled to apply. Please refer to paragraph 4.2.10 of this Part 4 for further details of the Excess Application Facility.

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

If for any reason the Open Offer Entitlements and/or Excess CREST Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by 6 p.m. on 30 June 2014, or such later time and/or date as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements and Excess CREST Open Offer Entitlements which should have been credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applied to Qualifying non-CREST Shareholders with Open Offer Application Forms.

Qualifying CREST Shareholders who wish to apply to acquire some or all of their entitlements to CULS and their Excess CREST Open Offer Entitlements should refer to the CREST Manual for further information on the CREST procedures referred to below. If advice is required with regard to these procedures, please contact the Receiving Agent, Computershare Investor Services PLC, on telephone number 0870 889 4088, or if calling from overseas +44 870 889 4088. Calls to 0870 889 4088 are charged at 10 pence per minute from a BT landline, other telephone provider costs may vary. Please note the Receiving Agent cannot provide financial advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements and Excess CREST Open Offer Entitlements. CREST sponsored members should consult their CREST sponsor if they wish to apply for CULS as only CREST sponsors will be able to take the necessary action to make this application in CREST.

4.2.2. *Market claims*

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

4.2.3. *Unmatched Stock Event ("USE") instructions*

Qualifying CREST Shareholders who want to apply for CULS in respect of all or some of their Open Offer Entitlements and their Excess CREST Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE instruction to Computershare which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the Participant ID and Member Account ID specified below, with a number of Open Offer Entitlements or Excess CREST Open Offer Entitlements corresponding to the number of CULS applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of CULS referred to in (a) above.

4.2.4. *Content of USE instruction in respect of Open Offer Entitlements*

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

- (i) the number of CULS for which application is being made (and hence the number of the Open Offer Entitlements) being delivered to the Receiving Agent;

- (ii) the relevant ISIN of the Open Offer Entitlements. This is GB00BNHKWJ64 for Open Offer Entitlements in respect of CULS;
- (iii) the Participant ID of the accepting Qualifying CREST Shareholder;
- (iv) the Member Account ID of the accepting Qualifying CREST Shareholder from which the Open Offer Entitlements are to be debited;
- (v) the Participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 3RA4Ø;
- (vi) the Member Account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is FCGSC;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of CULS referred to in (a) above;
- (viii) the intended settlement date. This must be on or before 11 a.m. on 22 July 2014; and
- (ix) the corporate action number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11 a.m. on 22 July 2014.

4.2.5. *Contents of USE Instruction in respect of Excess CREST Open Offer Entitlements*

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

- (i) the number of CULS for which application is being made (and hence the number of the Excess CREST Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement. This is GB00BNHKWK79 for Excess CREST Open Offer Entitlements;
- (iii) the Participant ID of the accepting Qualifying CREST member;
- (iv) the Member Account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
- (v) the Participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 3RA4Ø;
- (vi) the Member Account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is FCGSC;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of CULS referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11 a.m. on 22 July 2014; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application in respect of an Excess CREST Open Offer Entitlement under the Open Offer to be valid, the USE Instruction must comply with the requirements as to

authentication and contents set out above and must settle on or before 11 a.m. on 22 July 2014.

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

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

Qualifying CREST Shareholders and, in the case of CREST sponsored members, their CREST sponsors; should note that the last time at which a USE Instruction may settle on 22 July 2014 in order to be valid is 11 a.m. on that day.

In the event that the Issue does not become unconditional by 8.00 a.m. on 30 July 2014 or such later time and date as the Company and Oriel determine (being no later than 8.00 a.m. on 29 August 2014), the Issue will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

4.2.6. *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Open Offer Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a bona fide market claim). Similarly, Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer and entitlement to apply under the Excess Application Facility is reflected in an Open Offer Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Open Offer Application Form.

A holder of an Open Offer Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11 a.m. on 22 July 2014. After depositing their Open Offer Entitlement into their CREST account, CREST holders will shortly thereafter receive a credit for their Excess CREST Open Offer Entitlement, which will be managed by the Registrar. In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Open Offer Application Form as an Open Offer Entitlement and an Excess CREST Open Offer Entitlement in CREST, is 3 p.m. on 17 July 2014 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of an Open Offer Entitlement or an Excess CREST Open Offer Entitlement from CREST is 4.30 p.m. on 16 July 2014 in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlement and entitlement to apply under the Excess Application Facility following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlement and entitlement to apply under the Excess Application Facility and an Excess CREST Open Offer Entitlement prior to 11 a.m. on 22 July 2014. CREST holders inputting the withdrawal of their Open Offer Entitlement from their CREST account must ensure that they withdraw both their Open Offer Entitlement and their Excess CREST Open Offer Entitlement.

Delivery of an Open Offer Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Open Offer Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Receiving Agent by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes on page 3 of the Open Offer Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that it/they is/are not citizen(s) or residents of any jurisdiction in which the application for CULS is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a bona fide market claim.

4.2.7. *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11 a.m. on 22 July 2014 will constitute a valid application under the Open Offer.

4.2.8. *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11 a.m. on 22 July 2014. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

4.2.9. *Incorrect or incomplete applications*

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

- (i) to reject the application in full and refund the payment to the CREST member in question without any interest (with interest, if any, retained for the benefit of the Company);
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of CULS as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question, save that sums of less than £5 will be retained for the benefit of the Company; and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the CULS referred to in the USE instruction, refunding any unutilised sum to the CREST member in question without any interest, save that sums of less than £5 will be retained for the benefit of the Company.

4.2.10. *The Excess Application Facility*

Provided Qualifying CREST Shareholders choose to take up their Open Offer Entitlement in full, the Excess Application Facility enables Qualifying CREST Shareholders to apply for Excess CULS up to a maximum amount equal to 125 per cent. of their Open Offer Entitlement. For the avoidance of doubt, the maximum amount in nominal value of CULS available under the Open Offer (including the Excess Application Facility) is £40 million.

To the extent that other Qualifying Shareholders do not take up their Open Offer Entitlements in full the Excess Application Facility will apply. The total number of CULS available under the Open Offer will not be increased in response to any excess

applications under the Excess Application Facility. If applications under the Excess Application Facility are received for more than the total number of CULS available following take up of Open Offer Entitlements such applications will be scaled back *pro rata* to the number of Excess CULS applied for by Qualifying Shareholders under the Excess Application Facility.

An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred. Subject as provided in paragraph 6 of this Part 4 in relation to certain Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess CREST Open Offer Entitlement in order for any applications for Excess CULS to be settled through CREST. The credit of such Excess CREST Open Offer Entitlement does not in any way give Qualifying CREST Shareholders a right to the CULS attributable to the Excess CREST Open Offer Entitlement as an Excess CREST Open Offer Entitlement is subject to scaling back in accordance with the terms of this document.

To apply for Excess CULS under the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the relevant Open Offer Entitlement(s) be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Open Offer Entitlement(s) claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his or her Shares as a result of one or more bona fide market claims, the Excess CREST Open Offer Entitlement credited to CREST, and allocated to the relevant Qualifying Shareholder, will be transferred to the purchaser. Please note that an additional USE Instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

Should the Open Offer become unconditional and applications for CULS by Qualifying Shareholders under the Open Offer exceed £40 million CULS, in nominal value, resulting in a scale back of applications under the Excess Application Facility, each Qualifying CREST Shareholder who has made a valid application for Excess CULS under the Excess Application Facility, and from whom payment in full for the Excess CULS has been received, will receive a pounds sterling amount equal to the number of CULS validly applied and paid for but which are not allocated to the relevant Qualifying CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest, and at the applicant’s sole risk, save that any sums of less than £5 will be retained for the benefit of the Company.

Fractions of CULS will not be issued under the Excess Application Facility and fractions of CULS will be rounded down to the nearest whole number.

4.2.11. *Effect of valid application*

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

- (i) represents and warrants to the Company and Oriel that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for such CULS as he is or is otherwise treated as applying for or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);

- (iii) agrees with the Company and Oriel that all applications under the Open Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by, and construed in accordance with, the laws of England and Wales;
- (iv) confirms to the Company and Oriel that in making the application he is not relying on any information or representation in relation to the Company other than that contained in (or incorporated by reference in) this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part of this document, or involved in the preparation of this document, shall have any liability for any such information or representation not so contained and further have had notice of all the information in relation to the Company contained in this document (including information incorporated by reference);
- (v) confirms to the Company and Oriel that no person has been authorised to give any information or to make any representation concerning the Company or the CULS (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or Oriel;
- (vi) represents and warrants to the Company and Oriel that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements and Excess CREST Open Offer Entitlements or that he has received such Open Offer Entitlements by virtue of a bona fide market claim;
- (vii) represents and warrants to the Company and Oriel that if he has received some or all of his Open Offer Entitlements and Excess CREST Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlement by virtue of a bona fide market claim;
- (viii) requests that the CULS to which he will become entitled be issued to him on the terms set out in this document, subject to the Articles and the Trust Deed ;
- (ix) represents and warrants to the Company and Oriel that he is not, nor is he applying on behalf of a person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws of any jurisdiction in which the application for CULS is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the CULS which are the subject of his application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws, of any jurisdiction in which the application for CULS is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for CULS under the Open Offer;
- (x) represents and warrants to the Company and Oriel that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986; and
- (xi) confirms to Oriel that in making the application he is not relying and has not relied on Oriel or any person affiliated with Oriel in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

4.2.12. *Company's discretion as to the rejection and validity of applications*

Each of the Company and Oriel may in its sole discretion:

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

4.2.13. Lapse of the Open Offer

In the event that the Issue does not become unconditional by 8.00 a.m. on 30 July 2014 or such later time and date as the Company and Oriel may agree (not being later than 8.00 a.m. on 29 August 2014), the Issue will lapse, the Open Offer Entitlements and Excess CREST

Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

5. Money laundering regulations

5.1. Holders of Open Offer Application Forms

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Open Offer Application Form is lodged with payment (which requirements are referred to below as the "verification of identity requirements"). If the Open Offer Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent's stamp should be inserted on the Open Offer Application Form.

The person lodging the Open Offer Application Form with payment and in accordance with the other terms as described above (the "acceptor"), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of CULS referred to therein (for the purposes of this paragraph 5.1 the "relevant CULS") and shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements.

If the Receiving Agent determines that the verification of identity requirements apply to any acceptor or application, the relevant CULS (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Receiving Agent nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of certificates in respect of CULS taken up or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

Submission of an Open Offer Application Form with the appropriate remittance will constitute a warranty to each of the Company and Oriel from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

- 5.1.1. if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or
- 5.1.2. if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- 5.1.3. if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- 5.1.4. if the aggregate subscription price for the CULS is less than £13,000 (approximately equivalent to €15,000).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (i) if payment is made by cheque or banker's draft in sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques, should be made payable to "CIS PLC re: FCGSC Open Offer" in respect of an application by a Qualifying Shareholder, and crossed "A/C Payee Only". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft to such effect. The account name should be the same as that shown on the Application Form; or
- (ii) if the Open Offer Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form written

confirmation that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent. If the agent is not such an organisation, it should contact the Receiving Agent at the address set out on page 28 of this document.

To confirm the acceptability of any written assurance referred to in (ii) above, or in any other case, the acceptor should contact the Receiving Agent. The telephone number of the Receiving Agent is 0870 889 4088 from within the UK or +44 870 889 4022 if calling from outside the UK between 9 a.m. and 5 p.m. (London time) Monday to Friday (except UK public holidays). Calls to 0870 889 4088 cost 10 pence per minute from a BT landline, other telephone provider costs may vary. The helpline cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

If the Open Offer Application Form has in respect of CULS an aggregate subscription price of £13,000 (approximately equivalent to €15,000) or more and is lodged by hand by the acceptor in person, or if the Open Offer Application Form is lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and separate evidence of his address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11 a.m. on 22 July 2014, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

5.2. *Open Offer Entitlements in CREST*

If Qualifying Shareholders hold their Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST and apply for CULS in respect of all or some of their Open Offer Entitlements and Excess CREST Open Offer Entitlements as agent for one or more persons and are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf the application is made. The Receiving Agent should be contacted before any USE instruction or other instruction is sent so that appropriate measures may be taken.

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

6. *Overseas Shareholders*

This document has been approved by the FCA, being the competent authority in the United Kingdom.

The making of the Open Offer to persons who are resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodian trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom may be restricted by the laws or regulatory requirements of the relevant jurisdictions. Such Overseas

Shareholders should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement to enable them to take up the CULS under the Open Offer.

Receipt of this document and/or the Open Offer Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST will not constitute an invitation to subscribe for CULS in those jurisdictions in which it would be illegal to make such an invitation or any related offer and/or acceptance and, in those circumstances, this document and/or the Open Offer Application Form should not be copied or redistributed. No person receiving a copy of this document and/or the Open Offer Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, or use the Open Offer Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him and such Open Offer Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements.

Accordingly, persons receiving a copy of this document and/or the Open Offer Application Form or a credit of Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or the Open Offer Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by their agent or nominee in any such territory, that person must not seek to apply for CULS. Any person who does forward this document and/or the Application Form and/or transfers Open Offer Entitlements or Excess CREST Open Offer Entitlements into any such territories (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph.

Any person (including, without limitation, custodians, nominees and trustees) outside the United Kingdom wishing to apply for CULS must satisfy himself/herself as to full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The comments set out in this paragraph are intended as a general guide only and any Shareholder who is in any doubt as to his position should consult his appropriately authorised professional adviser without delay.

The Company reserves the right to treat as invalid any application or purported application for CULS which appears to the Company or its agents to have been executed, effected or dispatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if the Company believes or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of certificates for CULS, or in the case of a credit of an Open Offer Entitlement or an Excess CREST Open Offer Entitlement to a stock account in CREST, to a CREST member whose registered address would be, in any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such certificates or CULS.

Shareholders in jurisdictions outside the United Kingdom may, subject to the laws of their relevant jurisdiction, take up CULS in accordance with the instructions set out in this document and the Open Offer Application Form. Such Qualifying Shareholders who have registered addresses in, or who are resident in, or who are citizens of, countries other than the United Kingdom should, however, consult their appropriate professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their CULS.

Notwithstanding any other provision of this document or the Application Form, the Company reserves the right to permit any Shareholder to apply for CULS if the Company, in its sole and

absolute discretion, is satisfied at any time prior to 11.00 a.m. on 22 July 2014 that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

If Qualifying Shareholders are in any doubt as to their eligibility to take up CULS, they should contact an appropriate professional adviser immediately.

6.1. **United States**

The Open Offer Entitlements, the CULS, the Open Offer Application Form and the CULS have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States except in reliance on an exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Open Offer into the United States unless an exemption from the registration requirements of the Securities Act is available and, subject to certain exceptions, none of this document, the Open Offer Application Form nor the crediting of Open Offer Entitlements nor Excess CREST Open Offer Entitlements to a stock account in CREST will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any CULS in the United States. Subject to certain exceptions, neither this document nor the Application Form will be sent to, and no Open Offer Entitlements nor Excess CREST Open Offer Entitlements will be credited to, a stock account in CREST with a bank or financial institution of any person with a registered address in the United States. Subject to certain exceptions, an Open Offer Application Form sent from, or post-marked in, the United States will be deemed to be invalid and all persons acquiring CULS and wishing to hold such CULS in registered form must provide an address for registration of the CULS issued outside the United States.

Subject to certain exceptions, any person who acquires CULS will be deemed to have declared, warranted and agreed, by accepting delivery of this document or the Open Offer Application Form or by applying for CULS in respect of Open Offer Entitlements or Excess CREST Open Offer Entitlements credited to a stock account in CREST or of Euroclear, or by accepting delivery of the CULS, that they are not, and that at the time of acquiring the CULS, they will not be, in the United States or applying for CULS on behalf of, or for the account or benefit of, persons in the United States on a non-discretionary basis.

The Company reserves the right to treat as invalid any Open Offer Application Form that appears to the Company or its agents to have been executed in or despatched from the United States, or that provides an address in the United States for the registration of the CULS, or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements. The Company will not be bound to issue any CULS to any person or to any person who is acting on behalf of, or for the account or benefit of, any person on a non-discretionary basis with an address in, or who is otherwise located in, the United States. In addition, the Company reserves the right to reject any USE instruction sent by or on behalf of any CREST member that does not make the above warranty or is applying for the CULS on behalf of, or for the account or benefit of, a person in the United States.

Notwithstanding the foregoing, CULS may be made available under the Issue to Qualifying Shareholders that are, or who are acting on behalf of, or for the account or benefit of, qualified institutional buyers in reliance on an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Such Shareholders will be required to execute an investor representation letter confirming, among other things, their status as a "qualified institutional buyer" (as such term is defined under Rule 144A under the Securities Act), and their ability to rely on an exemption from the registration requirements of the Securities Act in connection with their participation in the Issue. CULS may also be made available, in the sole discretion of the Company, to other Qualifying Shareholders who may be offered the CULS under an available exemption from the registration requirements of the Securities Act.

6.2. ***Other Excluded Jurisdictions***

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

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

No offer of CULS is being made by virtue of this document or the Open Offer Application Forms into any of the Excluded Jurisdictions.

6.3. ***Other overseas territories***

Open Offer Application Forms will be sent to Qualifying non-CREST Shareholders and Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the United States or the other Excluded Jurisdictions may, subject to the laws of their relevant jurisdiction, take up CULS under the Open Offer in accordance with the instructions set out in this document and the Open Offer Application Form. Such Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the UK should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any CULS.

6.4. ***Representations and warranties relating to Overseas Shareholders***

6.4.1. *Qualifying non-CREST Shareholders*

Any person completing and returning an Open Offer Application Form requesting registration of the CULS comprised therein represents and warrants to the Company, Oriel and/or the Receiving Agent that, except where proof has been provided to the Company's satisfaction that such person's use of the Open Offer Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction:

- (i) such person is not requesting registration of the CULS from within the United States;
- (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire CULS in respect of the Open Offer or to use the Open Offer Application Form in any manner in which such person has used or will use it;
- (iii) such person is not acting on a non-discretionary basis for a person located within any Excluded Jurisdiction or any territory referred to in 6.4.1(ii) above at the time the instruction to accept was given; and
- (iv) such person is not acquiring CULS with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such CULS into any of the above territories. The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of CULS comprised in an Open Offer Application Form if it:
 - (a) appears to the Company or its agents to have been executed, effected or dispatched in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or

- (b) provides an address for delivery of the certificates for CULS (or in any jurisdiction outside the United Kingdom in which it would be unlawful to deliver such certificates); or
- (c) purports to exclude the representation and warranty required by this subparagraph 6.4.1.

6.4.2. *Qualifying CREST Shareholders*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part 4 represents and warrants to the Company that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction (i) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to acquire CULS; (ii) it is not accepting on a non-discretionary basis for a person located within any territory referred to in (ii) above at the time the instruction to accept was given; and (iii) neither it nor its client is acquiring any CULS with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such CULS into any of the above territories.

6.5. **Waiver**

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company, in its absolute discretion. Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer inconsistent with this paragraph 6. References in this paragraph 6 to Shareholders shall include references to the person or persons executing an Open Offer Application Form and, in the event of more than one person executing an Open Offer Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

7. **Withdrawal rights**

Qualifying Shareholders wishing to exercise or direct the exercise of statutory withdrawal rights in accordance with section 87Q(4) of FSMA after the issue by the Company of a prospectus supplementing this document must do so by lodging a written notice of withdrawal (which shall include a notice sent by any form of electronic communication) with the Receiving Agent, by post to Computershare, Corporate Actions 3, Bristol BS99 6AR so as to be sent, not later than two business days after the date on which the supplementary prospectus is published. The withdrawal notice must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the Participant ID and the Member Account ID of such CREST member. Notice of withdrawal which is deposited with the Receiving Agent after expiry of such period will not constitute a valid withdrawal.

Following the valid exercise of statutory withdrawal rights, application monies will be returned by post to relevant Qualifying non-CREST Shareholders at their own risk and without interest and/or Computershare will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as applicable within 14 days of such exercise of statutory withdrawal rights. Interest earned on such monies will be retained for the benefit of the Company. The provisions of this paragraph 7 of this Part 4 are without prejudice to the statutory rights of Qualifying Shareholders. In such event Qualifying Shareholders are advised to seek independent legal advice.

8. **Admission, settlement and dealings**

The result of the Open Offer is expected to be announced on 25 July 2014. Application has been made to the UKLA for all of the CULS to be issued in connection with the Issue to be listed on the Official List with a Standard Listing and to the London Stock Exchange for such CULS to be admitted to trading on the Main Market. It is expected that Admission will become effective and that dealings in the CULS, fully paid, will commence at 8.00 a.m. on 30 July 2014.

The Ordinary Shares are already admitted to CREST and application will be made for admission to CREST of the CULS. All such securities, when issued and fully paid, may be held and transferred by means of CREST.

Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11 a.m. on 22 July 2014 (the latest date for applications under the Open Offer). If the condition(s) to the Issue described above are satisfied, CULS will be issued in uncertificated form to those persons who submitted a valid application for CULS by utilising the CREST application procedures and whose applications have been accepted by the Company. On 30 July 2014 (or as soon as practicable thereafter), the Computershare Investor Services PLC will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to CULS with effect from Admission (expected to be 30 July 2014). The stock accounts to be credited will be accounts under the same Participant IDs and member account IDs in respect of which the USE Instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess CREST Open Offer Entitlements, and to allot and/or issue any CULS in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

For Qualifying non-CREST Shareholders who have applied by using an Open Offer Application Form, certificates in respect of the CULS validly and successfully applied for under the Excess Application Facility, are expected to be dispatched by post during the week commencing 4 August 2014.

No temporary documents of title will be issued and, pending the issue of definitive certificates which is expected to take place the week commencing 4 August 2014, transfers will be certified against the UK share register of the Company. CULS initially issued in certificate form may subsequently be deposited into CREST in accordance with normal CREST procedures. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. There will be no dealings prior to Admission and post Admission dealings in CULS in advance of the crediting of the relevant CREST accounts or the issue of certificates will be at the risk of the persons concerned. A copy of this document, which comprises a prospectus relating to the Company prepared in accordance with the Listing Rules and the Prospectus Rules, has been filed with the FCA in accordance with Rule 3.2 of the Prospectus Rules.

For more information as to the procedure for application, Qualifying non-CREST Shareholders are referred to paragraph 4.1 above, and their Application Form.

9. Times and dates

The Company shall, in its discretion and after consultation with its financial and legal advisers and with the prior written consent of Oriel, be entitled to amend the dates that Application Forms are dispatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall notify the UKLA, and make an announcement on a RIS approved by the UKLA and, if appropriate, by Shareholders but Qualifying Shareholders may not receive any further written communication.

If a supplementary prospectus is issued by the Company two or fewer business days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this document, the latest date for acceptance under the Open Offer shall be extended to the date that is three business days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

10. Taxation

Certain statements regarding United Kingdom taxation in respect of the CULS and the Open Offer are set out in paragraph 9 of Part 6 of this document. Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the United Kingdom, should immediately consult a suitable professional adviser.

11. Further information

Qualifying Shareholders' attention is drawn to the further information set out in this document and also, in the case of Qualifying non-CREST Shareholders, to the terms, conditions and other information printed on the accompanying Application Form.

12. Governing law and jurisdiction

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, the laws of England and Wales. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Application Form including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this document or the Application Form. By taking up CULS whether by way of their Open Offer Entitlement or through the Excess Application Facility (as applicable) in accordance with the instructions set out in this document and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART 5

FINANCIAL INFORMATION ON THE COMPANY (INCLUDING INFORMATION ON THE COMPANY'S PORTFOLIO)

1. Introduction

Statutory consolidated accounts of the Company (prepared in accordance with United Kingdom law and those International Financial Reporting Standards adopted by the European Union) for the three financial years ended 30 April 2012, 30 April 2013 and 30 April 2014, in respect of which the Company's auditors, PriceWaterhouseCoopers LLP, Chartered Accountants, of 7 More London Riverside, London SE1 2RT, who are members of the Institute of Chartered Accountants in England and Wales, made an unqualified report under section 495 or section 497 of the Act, did not contain any statement under section 498(2) or (3) of the Act. Copies of the statutory accounts of the Company for the three financial years ended 30 April 2012, 30 April 2013 and 30 April 2014, are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of the Manager, Exchange House, Primrose Street, London EC2A 2NY.

2. Historical financial information

Historical financial information relating to the Company on the matters referred to below is included in the published annual report and audited accounts of the Company for the three financial years ended 30 April 2012, 30 April 2013 and 30 April 2014 as set out in the table below and is expressly incorporated by reference into this document. The documents incorporated by reference can be obtained from the Company's website, www.fandcglobalsmallers.com. The non-incorporated parts of these annual reports and accounts and half yearly report and accounts of the Company are either not relevant to investors or covered elsewhere in the Prospectus.

<i>Nature of information</i>	<i>Statutory Accounts for year ended</i>		
	<i>30 April 2012 Page No.</i>	<i>30 April 2013 Page No.</i>	<i>30 April 2014 Page No.</i>
Financial Highlights	1	1	1
Income Statement	41	41	49
Reconciliation of Movements in Shareholders' funds	42	42	50
Balance sheet	43	43	51
Cash flow statement	44	44	52
Notes on the Accounts	45-61	45-61	53-69
Independent Auditors' report	40	40	45-48

3. Selected financial information

The information in this paragraph 3 is information regarding the Company which has been prepared by the Company and has been extracted directly from the historical financial information referred to in paragraph 2 of this Part 5. Selected historical financial information relating to the Company which summarises the financial condition of the Company for the three years ended 30 April 2012, 30 April 2013 and 30 April 2014 is set out in the following table:

	<i>Year ended</i> 30 April 2012	<i>Year ended</i> 30 April 2013	<i>Year ended</i> 30 April 2014
Net asset value			
Net assets (£'000)	246,776	340,090	431,086
Net asset value per Share (p)	596.35	756.21	841.78
Share price (p)	588.00	764.50	840.00
Income			
Revenue return after expenses and taxation (£'000)	2,799	3,044	4,461
Revenue return per Share (p)	6.87	7.10	9.31
Dividend per Share (p)	5.63	6.50	8.00
Ongoing Charges			
As a percentage of average Shareholders' funds (%)	1.08	0.85	0.76
Portfolio summary			
Shareholders' funds (£'000)	246,776	340,090	431,086
NAV/share price returns			
Net asset value total return	(0.1)%	28.1%	12.3%
Share price total return	1.7%	31.3%	10.8%

4. Operating and financial review

A description of changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments is set out in the sections headed "Chairman's Statement", "Manager's Review" and "List of Investments" in the published statutory accounts of the Company as follows:

	<i>Statutory Accounts for year ended</i>		
	<i>30 April</i> 2012	<i>30 April</i> 2013	<i>30 April</i> 2014
<i>Nature of information</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Chairman's Statement	2-5	2-5	2-5
Manager's Review	6-15	6-15	10-19
List of Investments	18-20	18-20	22-24

5. Significant change

Since 30 April 2014 (being the end of the last financial period of the Company for which financial information has been published), there has been no significant change in the financial or trading position of the Company.

6. Gross change

The Issue will represent a gross change for the Company. If the Issue had taken place on 30 April 2014 (the last date in respect of which financial information on the Company has been published) and that Issue had been fully subscribed, approximately £40 million would have been raised by way of this single Issue. The gross assets of the Company would therefore have been increased by approximately £39.2 million. On this basis, the total costs and expenses of and incidental to the Issue payable by the Company would be approximately £0.8 million, being 2 per cent. of the total proceeds of the Issue. The net proceeds available for investment by the Company would therefore be approximately £39.2 million and these net proceeds would be invested in accordance with the Company's investment policy described in Part I of this document. If such Issue had been made on 30 April 2014 the Company would

have derived enhanced earnings from the investment of the net proceeds of such Issue in the same manner as earnings are derived from the Company's current assets that are invested in accordance with the Company's investment policy.

7. Capitalisation and Indebtedness

The following table sets out the capitalisation and indebtedness of the Company (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 30 April 2014 (the last date in respect of which annual financial information on the Company has been published) and as at 23 June 2014:

	<i>30 April 2014 £'000</i>	<i>23 June 2014 £'000</i>
Total current debt		
– Guaranteed	—	—
– Secured	£(10,000)	£(10,000)
– Unguaranteed/unsecured	£(4,537)	£(994)
Total Non-current debt		
– Guaranteed	—	—
– Secured	—	—
– Unguaranteed/unsecured	—	—
Shareholders' equity		
– Share capital	£12,803	£12,884
– Legal reserves (excl. revenue reserves)	£118,618	£121,315
– Other reserves (excl. revenue reserves)	<u>£289,568</u>	<u>£297,874</u>
Total equity	<u>£406,452</u>	<u>£421,079</u>

The information in the table above is audited financial information on the Company as at 30 April 2014 and the information as at 23 June 2014 is unaudited financial information.

The following table shows the Company's net indebtedness at 23 June 2014:

	<i>£'000</i>
A. Cash	19,241
B. Cash equivalent	—
C. Trading securities	804

8. Working Capital

The Company is of the opinion that the working capital available to the Company is sufficient for the Company's present requirements (that is for at least the next twelve months from the date of this document).

9. Net asset value

The unaudited Net Asset Value per Share as at 23 June 2014 was 860.15p.

10. Analysis of investment portfolio

As at close of business on 23 June 2014 (the latest practicable date prior to the publication of this document), the Company's portfolio comprised investments with an aggregate unaudited value, calculated in accordance with the Company's accounting policies, of £433.2 million. The following tables show the distribution of the portfolio by asset class, sector and geographical weighting as at close of business on 23 June 2014.

<i>By asset class</i>	<i>% of Total Assets</i>
Listed equities	95.0
Unquoted investments	0.6
Net current assets (excluding debenture)	4.4
	<u>100</u>

<i>By sector</i>	<i>Valuation (£'000s)</i>	<i>% of Portfolio</i>
Industrials	99,300	22.9
Collective investments	86,273	19.9
Financials	75,633	17.5
Consumer services	46,958	10.8
Technology	32,938	7.6
Healthcare	29,299	6.9
Consumer goods	23,412	5.4
Oil & gas	17,818	4.1
Basic materials	9,036	2.1
Telecommunication	8,040	1.9
Utilities	4,014	0.9
Total	<u>432,721</u>	<u>100</u>

<i>By geographical weighting</i>	<i>Valuation (£'000s)</i>	<i>% of Portfolio</i>
UK	119,139	27.5
North America	174,070	40.2
Europe	53,739	12.4
Japan	41,168	9.5
Rest of world	45,105	10.4
Total	<u>433,221</u>	<u>100</u>

The Company's 44 largest holdings, as at close of business of 23 June 2014 (the latest practicable date prior to the publication of this document), were as follows:

<i>By sector</i>	<i>Valuation (£'000s)</i>	<i>% of Portfolio</i>
1. Aberdeen Global-Japanese Smaller Companies Fund	20,732	4.79%
2. M&G Japan Smaller Companies Fund	20,436	4.72%
3. The Scottish Oriental Smaller Companies Trust	10,922	2.52%
4. Aberdeen Global-Asian Smaller Companies Fund	9,070	2.09%
5. Manulife Global Fund – Asian Smaller Cap Equity Fund	8,937	2.06%
6. Utilico Emerging Markets	7,729	1.78%
7. Premiere Global Services	4,500	1.04%
8. Alere	4,354	1.01%
9. Hub Group “A”	4,223	0.97%
10. Genesee & Wyoming “A”	4,164	0.96%
11. Granite Construction	4,039	0.93%
12. Covanta Holding	4,014	0.93%
13. Conn’s	4,006	0.92%
14. Rex Energy	3,980	0.92%
15. MSC Industrial Direct “A”	3,969	0.92%
16. Vail Resorts	3,863	0.89%
17. Microsemi	3,855	0.89%
18. Airgas	3,855	0.89%
19. Cinemark Holdings	3,838	0.89%
20. INTL FCStone	3,770	0.87%
21. CLS Holdings	3,767	0.87%
22. Wex	3,767	0.87%
23. FTI Consulting	3,740	0.86%
24. Allscripts Healthcare Solutions	3,716	0.86%
25. Alleghany	3,693	0.85%
26. Bottomline Technologies	3,693	0.85%
27. Astec Industries	3,667	0.85%
28. The Chefs’ Warehouse	3,640	0.84%
29. Resolute Energy	3,610	0.83%
30. Roper Industries	3,599	0.83%
31. Atlantic Tele-Network	3,542	0.82%
32. Universal Truckload Services	3,473	0.80%
33. Cardinal Financial	3,456	0.80%
34. LKQ	3,448	0.80%
35. Willbros Group	3,432	0.79%
36. Proassurance	3,424	0.79%
37. DENTSPLY International	3,407	0.79%
38. HCC Insurance	3,395	0.78%
39. ACI Worldwide	3,381	0.78%
40. Mercury Systems	3,330	0.77%
41. Safeguard Scientifics	3,321	0.77%
42. Pernix Therapeutics Holdings	3,276	0.76%
43. Monro Muffler Brake	3,254	0.75%
44. W. R. Berkley	3,044	0.70%
Total	<u>218,331</u>	<u>50.40%</u>

The information in this paragraph 10 is unaudited information on the Company, which has been extracted from internal management accounting records held by the Company and has not been reported on by an accountant.

PART 6

GENERAL INFORMATION

1. Incorporation and general

- 1.1. The Company was incorporated and registered in England and Wales on 15 February 1889 as a limited company under the Companies Acts 1862 to 1886 with the registered number 00028264. The Company operates under the Act and regulations made under the Act. Its registered office is Exchange House, Primrose Street, London EC2A 2NY (telephone number: 020 7628 8000). Save for its compliance with the Act, the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules and the UK Corporate Governance Code, the Company is not a regulated entity.
- 1.2. The objects of the Company are unrestricted.
- 1.3. The Investment Manager is a private limited company and was incorporated in England and Wales under the 1948 Act with the registered number 00517895 on 27 March 1953. The Investment Manager operates under the Act. Its registered office and its principal place of business is Exchange House, Primrose Street, London EC2A 2NY (telephone number: 020 7628 8000). The Investment Manager is authorised and regulated by the FCA.

2. Share capital

- 2.1. The issued share capital of the Company (all of which issued shares will be fully paid-up) as at the date of this document will be as follows:

	<i>No. of Ordinary Shares</i>	<i>Nominal</i>
Ordinary Shares	51,511,102	£0.25

As at the date of this document, no Shares are held by the Company in treasury. The Company has no authorised share capital.

- 2.2. The following changes have occurred in the share capital of the Company between 1 May 2009 and 30 April 2014:
 - (i) On 8 June 2009, the Company repurchased 25,000 Ordinary Shares.
 - (ii) On 11 June 2009, the Company repurchased 25,000 Ordinary Shares.
 - (iii) On 1 July 2009, the Company repurchased 25,000 Ordinary Shares.
 - (iv) On 3 July 2009, the Company repurchased 25,000 Ordinary Shares.
 - (v) On 31 July 2009, the Company repurchased 25,000 Ordinary Shares.
 - (vi) On 3 September 2009, the Company repurchased 25,000 Ordinary Shares.
 - (vii) On 28 September 2009, the Company repurchased 25,000 Ordinary Shares.
 - (viii) On 6 October 2009, the Company repurchased 50,000 Ordinary Shares.
 - (ix) On 15 October 2009, the Company repurchased 25,000 Ordinary Shares.
 - (x) On 5 November 2009, the Company repurchased 25,000 Ordinary Shares.
 - (xi) On 10 November 2009, the Company repurchased 25,000 Ordinary Shares.
 - (xii) On 23 November 2009, the Company repurchased 25,000 Ordinary Shares.
 - (xiii) On 30 November 2009, the Company repurchased 46,000 Ordinary Shares.

- (xiv) On 15 December 2009, the Company repurchased 773,928 Ordinary Shares.
- (xv) On 16 December, the Company repurchased 25,000 Ordinary Shares.
- (xvi) On 24 December 2009, the Company repurchased 25,000 Ordinary Shares.
- (xvii) On 31 December 2009, the Company repurchased 25,000 Ordinary Shares.
- (xviii) On 25 January 2010, the Company repurchased 25,000 Ordinary Shares.
- (xix) On 29 January 2010, the Company repurchased 25,000 Ordinary Shares.
- (xx) On 9 February 2010, the Company repurchased 25,000 Ordinary Shares.
- (xxi) On 11 February 2010, the Company repurchased 25,000 Ordinary Shares.
- (xxii) On 22 March 2010, the Company repurchased 25,000 Ordinary Shares.
- (xxiii) On 23 March 2010, the Company repurchased 25,000 Ordinary Shares.
- (xxiv) On 24 March 2010, the Company repurchased 25,000 Ordinary Shares.
- (xxv) On 25 March 2010, the Company repurchased 25,000 Ordinary Shares.
- (xxvi) On 26 March 2010, the Company repurchased 25,000 Ordinary Shares.
- (xxvii) On 30 March 2010, the Company repurchased 25,000 Ordinary Shares.
- (xxviii) On 31 March 2010, the Company repurchased 25,000 Ordinary Shares.
- (xxix) On 7 April 2010, the Company repurchased 25,000 Ordinary Shares.
- (xxx) On 8 April 2010, the Company repurchased 25,000 Ordinary Shares.
- (xxxi) On 9 April 2010, the Company repurchased 25,000 Ordinary Shares.
- (xxxii) On 20 April 2010, the Company repurchased 25,000 Ordinary Shares.
- (xxxiii) On 21 April 2010, the Company repurchased 25,000 Ordinary Shares.
- (xxxiv) On 26 April 2010, the Company repurchased 15,000 Ordinary Shares.
- (xxxv) On 27 April 2010, the Company repurchased 15,000 Ordinary Shares.
- (xxxvi) On 28 April 2010, the Company repurchased 15,000 Ordinary Shares.
- (xxxvii) On 29 April 2010, the Company repurchased 15,000 Ordinary Shares.
- (xxxviii) On 30 April 2010, the Company repurchased 15,000 Ordinary Shares.
- (xxxix) On 12 May 2010, the Company repurchased 15,000 Ordinary Shares.
- (xl) On 17 May 2010, the Company repurchased 15,000 Ordinary Shares.
- (xli) On 26 May 2010, the Company repurchased 15,000 Ordinary Shares.
- (xlii) On 28 May 2010, the Company repurchased 15,000 Ordinary Shares.
- (xliii) On 3 June 2010, the Company repurchased 15,000 Ordinary Shares.
- (xliv) On 10 June 2010, the Company repurchased 15,000 Ordinary Shares.
- (xlv) On 11 June 2010, the Company repurchased 15,000 Ordinary Shares.
- (xlvi) On 17 June 2010, the Company repurchased 15,000 Ordinary Shares.
- (xlvii) On 11 May 2011, the Company issued 70,000 new Ordinary Shares.
- (xlviii) On 19 July 2011, the Company issued 25,000 new Ordinary Shares.

- (xlix) On 4 August 2011, the Company issued 130,000 new Ordinary Shares.
- (l) On 9 August 2011, the Company issued 100,000 new Ordinary Shares.
- (li) On 16 August 2011, the Company issued 50,000 new Ordinary Shares.
- (lii) On 22 August 2011, the Company issued 50,000 new Ordinary Shares.
- (liii) On 2 September 2011, the Company issued 25,000 new Ordinary Shares.
- (liv) On 12 September 2011, the Company issued 125,000 new Ordinary Shares.
- (lv) On 23 September 2011, the Company issued 75,000 new Ordinary Shares.
- (lvi) On 13 October 2011, the Company issued 90,000 new Ordinary Shares.
- (lvii) On 28 October 2011, the Company issued 35,000 new Ordinary Shares.
- (lviii) On 14 November 2011, the Company issued 75,000 new Ordinary Shares.
- (lix) On 25 November 2011, the Company issued 100,000 new Ordinary Shares.
- (lx) On 8 February 2012, the Company issued 25,000 new Ordinary Shares.
- (lxi) On 12 March 2012, the Company issued 25,000 new Ordinary Shares.
- (lxii) On 28 March 2012, the Company issued 25,000 new Ordinary Shares.
- (lxiii) On 3 April 2012, the Company issued 30,000 new Ordinary Shares.
- (lxiv) On 4 April 2012, the Company issued 25,000 new Ordinary Shares.
- (lxv) On 10 April 2012, the Company issued 25,000 new Ordinary Shares.
- (lxvi) On 11 April 2012, the Company issued 100,000 new Ordinary Shares.
- (lxvii) On 17 April 2012, the Company issued 25,000 new Ordinary Shares.
- (lxviii) On 24 April 2012, the Company issued 50,000 new Ordinary Shares.
- (lxix) On 9 May 2012, the Company issued 390,000 new Ordinary Shares.
- (lxx) On 16 May 2012, the Company issued 75,000 new Ordinary Shares.
- (lxxi) On 8 June 2012, the Company issued 25,000 new Ordinary Shares.
- (lxxii) On 12 June 2012, the Company issued 96,345 new Ordinary Shares.
- (lxxiii) On 10 July 2012, the Company issued 80,000 new Ordinary Shares.
- (lxxiv) On 31 July 2012, the Company issued 55,000 new Ordinary Shares.
- (lxxv) On 1 August 2012, the Company issued 65,000 new Ordinary Shares.
- (lxxvi) On 20 August 2012, the Company issued 133,000 new Ordinary Shares.
- (lxxvii) On 28 August 2012, the Company issued 94,638 new Ordinary Shares.
- (lxxviii) On 10 September 2012, the Company issued 91,343 new Ordinary Shares.
- (lxxix) On 9 November 2012, the Company issued 130,000 new Ordinary Shares.
- (lxxx) On 11 December 2012, the Company issued 93,094 new Ordinary Shares.
- (lxxxi) On 17 December 2012, the Company issued 50,000 new Ordinary Shares.
- (lxxxii) On 20 December 2012, the Company issued 75,000 new Ordinary Shares.
- (lxxxiii) On 28 December 2012, the Company issued 25,000 new Ordinary Shares.

- (lxxxiv) On 2 January 2013, the Company issued 25,000 new Ordinary Shares.
- (lxxxv) On 3 January 2013, the Company issued 50,000 new Ordinary Shares.
- (lxxxvi) On 7 January 2013, the Company issued 250,000 new Ordinary Shares.
- (lxxxvii) On 8 January 2013, the Company issued 30,000 new Ordinary Shares.
- (lxxxviii) On 9 January 2013, the Company issued 66,000 new Ordinary Shares.
- (lxxxix) On 11 January 2013, the Company issued 50,000 new Ordinary Shares.
- (xc) On 15 January 2013, the Company issued 25,000 new Ordinary Shares.
- (xci) On 18 January 2013, the Company issued 25,000 new Ordinary Shares.
- (xcii) On 22 January 2013, the Company issued 35,000 new Ordinary Shares.
- (xciii) On 23 January 2013, the Company issued 25,000 new Ordinary Shares.
- (xciv) On 28 January 2013, the Company issued 60,000 new Ordinary Shares.
- (xcv) On 29 January 2013, the Company issued 25,000 new Ordinary Shares.
- (xcvi) On 30 January 2013, the Company issued 80,000 new Ordinary Shares.
- (xcvii) On 1 February 2013, the Company issued 55,692 new Ordinary Shares.
- (xcviii) On 6 February 2013, the Company issued 25,000 new Ordinary Shares.
- (xcix) On 7 February 2013, the Company issued 25,000 new Ordinary Shares.
- (c) On 8 February 2013, the Company issued 95,000 new Ordinary Shares.
- (ci) On 11 February 2013, the Company issued 25,000 new Ordinary Shares.
- (cii) On 26 February 2013, the Company issued 50,000 new Ordinary Shares.
- (ciii) On 27 February 2013, the Company issued 60,000 new Ordinary Shares.
- (civ) On 1 March 2013, the Company issued 25,000 new Ordinary Shares.
- (cv) On 4 March 2013, the Company issued 50,000 new Ordinary Shares.
- (cvi) On 8 March 2013, the Company issued 145,000 new Ordinary Shares.
- (cvii) On 19 March 2013, the Company issued 25,000 new Ordinary Shares.
- (cviii) On 25 March 2013, the Company issued 40,000 new Ordinary Shares.
- (cix) On 27 March 2013, the Company issued 25,000 new Ordinary Shares.
- (cx) On 2 April 2013, the Company issued 80,000 new Ordinary Shares.
- (cxi) On 3 April 2013, the Company issued 50,000 new Ordinary Shares.
- (cxii) On 5 April 2013, the Company issued 55,000 new Ordinary Shares.
- (cxiii) On 8 April 2013, the Company issued 50,000 new Ordinary Shares.
- (cxiv) On 9 April 2013, the Company issued 77,000 new Ordinary Shares.
- (cxv) On 10 April 2013, the Company issued 25,000 new Ordinary Shares.
- (cxvi) On 11 April 2013, the Company issued 35,000 new Ordinary Shares.
- (cxvii) On 12 April 2013, the Company issued 90,000 new Ordinary Shares.
- (cxviii) On 16 April 2013, the Company issued 50,000 new Ordinary Shares.

- (cxix) On 18 April 2013, the Company issued 25,000 new Ordinary Shares.
- (cxx) On 23 April 2013, the Company issued 25,000 new Ordinary Shares.
- (cxxi) On 24 April 2013, the Company issued 35,000 new Ordinary Shares.
- (cxxii) On 25 April 2013, the Company issued 25,000 new Ordinary Shares.
- (cxxiii) On 30 April 2013, the Company issued 50,000 new Ordinary Shares.
- (cxxiv) On 1 May 2013, the Company issued 75,000 new Ordinary Shares.
- (cxxv) On 2 May 2013, the Company issued 35,000 new Ordinary Shares.
- (cxxvi) On 9 May 2013, the Company issued 125,000 new Ordinary Shares.
- (cxxvii) On 16 May 2013, the Company issued 30,000 new Ordinary Shares.
- (cxxviii) On 23 May 2013, the Company issued 50,000 new Ordinary Shares.
- (cxxix) On 3 June 2013, the Company issued 65,000 new Ordinary Shares.
- (cxxx) On 7 June 2013, the Company issued 100,000 new Ordinary Shares.
- (cxxx1) On 10 June 2013, the Company issued 100,000 new Ordinary Shares.
- (cxxx2) On 13 June 2013, the Company issued 50,000 new Ordinary Shares.
- (cxxx3) On 18 June 2013, the Company issued 25,000 new Ordinary Shares.
- (cxxx4) On 19 June 2013, the Company issued 25,000 new Ordinary Shares.
- (cxxx5) On 24 June 2013, the Company issued 25,000 new Ordinary Shares.
- (cxxx6) On 25 June 2013, the Company issued 55,000 new Ordinary Shares.
- (cxxx7) On 27 June 2013, the Company issued 50,000 new Ordinary Shares.
- (cxxx8) On 28 June 2013, the Company issued 50,000 new Ordinary Shares.
- (cxxx9) On 3 July 2013, the Company issued 50,000 new Ordinary Shares.
- (cxl) On 4 July 2013, the Company issued 25,000 new Ordinary Shares.
- (cxli) On 8 July 2013, the Company issued 130,000 new Ordinary Shares.
- (cxlii) On 9 July 2013, the Company issued 25,000 new Ordinary Shares.
- (cxliii) On 11 July 2013, the Company issued 25,000 new Ordinary Shares.
- (cxliv) On 12 July 2013, the Company issued 50,000 new Ordinary Shares.
- (cxlv) On 18 July 2013, the Company issued 80,000 new Ordinary Shares.
- (cxlvi) On 26 July 2013, the Company issued 25,000 new Ordinary Shares.
- (cxlvii) On 5 August 2013, the Company issued 110,000 new Ordinary Shares.
- (cxlviii) On 8 August 2013, the Company issued 110,000 new Ordinary Shares.
- (cxlix) On 13 August 2013, the Company issued 25,000 new Ordinary Shares.
- (cl) On 14 August 2013, the Company issued 75,000 new Ordinary Shares.
- (cli) On 16 August 2013, the Company issued 50,000 new Ordinary Shares.
- (clii) On 19 August 2013, the Company issued 160,000 new Ordinary Shares.
- (cliii) On 20 August 2013, the Company issued 50,000 new Ordinary Shares.

- (cliv) On 22 August 2013, the Company issued 25,000 new Ordinary Shares.
- (clv) On 27 August 2013, the Company issued 50,000 new Ordinary Shares.
- (clvi) On 3 September 2013, the Company issued 65,000 new Ordinary Shares.
- (clvii) On 9 September 2013, the Company issued 115,000 new Ordinary Shares.
- (clviii) On 10 September 2013, the Company issued 40,000 new Ordinary Shares.
- (clix) On 12 September 2013, the Company issued 25,000 new Ordinary Shares.
- (clx) On 16 September 2013, the Company issued 75,000 new Ordinary Shares.
- (clxi) On 19 September 2013, the Company issued 75,000 new Ordinary Shares.
- (clxii) On 20 September 2013, the Company issued 25,000 new Ordinary Shares.
- (clxiii) On 24 September 2013, the Company issued 25,000 new Ordinary Shares.
- (clxiv) On 26 September 2013, the Company issued 25,000 new Ordinary Shares.
- (clxv) On 8 October 2013, the Company issued 75,000 new Ordinary Shares.
- (clxvi) On 11 October 2013, the Company issued 25,000 new Ordinary Shares.
- (clxvii) On 22 October 2013, the Company issued 110,000 new Ordinary Shares.
- (clxviii) On 24 October 2013, the Company issued 120,000 new Ordinary Shares.
- (clxix) On 30 October 2013, the Company issued 25,000 new Ordinary Shares.
- (clxx) On 1 November 2013, the Company issued 50,000 new Ordinary Shares.
- (clxxi) On 5 November 2013, the Company issued 25,000 new Ordinary Shares.
- (clxxii) On 6 November 2013, the Company issued 40,000 new Ordinary Shares.
- (clxxiii) On 8 November 2013, the Company issued 153,000 new Ordinary Shares.
- (clxxiv) On 11 November 2013, the Company issued 25,000 new Ordinary Shares.
- (clxxv) On 14 November 2013, the Company issued 25,000 new Ordinary Shares.
- (clxxvi) On 15 November 2013, the Company issued 30,000 new Ordinary Shares.
- (clxxvii) On 21 November 2013, the Company issued 30,000 new Ordinary Shares.
- (clxxviii) On 25 November 2013, the Company issued 25,000 new Ordinary Shares.
- (clxxix) On 29 November 2013, the Company issued 25,000 new Ordinary Shares.
- (clxxx) On 2 December 2013, the Company issued 55,000 new Ordinary Shares.
- (clxxxi) On 4 December 2013, the Company issued 25,000 new Ordinary Shares.
- (clxxxii) On 6 December 2013, the Company issued 25,000 new Ordinary Shares.
- (clxxxiii) On 9 December 2013, the Company issued 105,000 new Ordinary Shares.
- (clxxxiv) On 11 December 2013, the Company issued 25,000 new Ordinary Shares.
- (clxxxv) On 12 December 2013, the Company issued 30,000 new Ordinary Shares.
- (clxxxvi) On 17 December 2013, the Company issued 25,000 new Ordinary Shares.
- (clxxxvii) On 19 December 2013, the Company issued 30,000 new Ordinary Shares.
- (clxxxviii) On 20 December 2013, the Company issued 65,000 new Ordinary Shares.

- (clxxxix) On 31 December 2013, the Company issued 25,000 new Ordinary Shares.
- (cxc) On 3 January 2014, the Company issued 75,000 new Ordinary Shares.
- (cxci) On 7 January 2014, the Company issued 105,000 new Ordinary Shares.
- (cxcii) On 8 January 2014, the Company issued 25,000 new Ordinary Shares.
- (cxciii) On 9 January 2014, the Company issued 76,500 new Ordinary Shares.
- (cxciv) On 10 January 2014, the Company issued 25,000 new Ordinary Shares.
- (cxcv) On 13 January 2014, the Company issued 20,000 new Ordinary Shares.
- (cxcvi) On 15 January 2014, the Company issued 95,000 new Ordinary Shares.
- (cxcvii) On 20 January 2014, the Company issued 35,000 new Ordinary Shares.
- (cxcviii) On 21 January 2014, the Company issued 20,000 new Ordinary Shares.
- (cxcix) On 22 January 2014, the Company issued 25,000 new Ordinary Shares.
- (cc) On 27 January 2014, the Company issued 20,000 new Ordinary Shares.
- (cci) On 29 January 2014, the Company issued 168,000 new Ordinary Shares.
- (ccii) On 30 January 2014, the Company issued 200,000 new Ordinary Shares.
- (cciii) On 31 January 2014, the Company issued 105,000 new Ordinary Shares.
- (cciv) On 3 February 2014, the Company issued 71,000 new Ordinary Shares.
- (ccv) On 4 February 2014, the Company issued 114,000 new Ordinary Shares.
- (ccvi) On 5 February 2014, the Company issued 58,000 new Ordinary Shares.
- (ccvii) On 6 February 2014, the Company issued 100,000 new Ordinary Shares.
- (ccviii) On 7 February 2014, the Company issued 37,000 new Ordinary Shares.
- (ccix) On 10 February 2014, the Company issued 133,500 new Ordinary Shares.
- (ccx) On 11 February 2014, the Company issued 30,000 new Ordinary Shares.
- (ccxi) On 12 February 2014, the Company issued 25,000 new Ordinary Shares.
- (ccxii) On 13 February 2014, the Company issued 60,000 new Ordinary Shares.
- (ccxiii) On 17 February 2014, the Company issued 25,000 new Ordinary Shares.
- (ccxiv) On 18 February 2014, the Company issued 22,000 new Ordinary Shares.
- (ccxv) On 19 February 2014, the Company issued 35,000 new Ordinary Shares.
- (ccxvi) On 20 February 2014, the Company issued 25,000 new Ordinary Shares.
- (ccxvii) On 21 February 2014, the Company issued 20,000 new Ordinary Shares.
- (ccxviii) On 25 February 2014, the Company issued 30,000 new Ordinary Shares.
- (ccxix) On 26 February 2014, the Company issued 50,371,102 new Ordinary Shares.
- (ccxx) On 27 February 2014, the Company issued 50,406,102 new Ordinary Shares.
- (ccxxi) On 28 February 2014, the Company issued 50,426,102 new Ordinary Shares.
- (ccxxii) On 10 March 2014, the Company issued 50,531,102 new Ordinary Shares.
- (ccxxiii) On 12 March 2014, the Company issued 151,788,306 new Ordinary Shares.

- (ccxxiv) On 18 March 2014, the Company issued 50,661,102 new Ordinary Shares.
- (ccxxv) On 20 March 2014, the Company issued 101,362,204 new Ordinary Shares.
- (ccxxvi) On 25 March 2014, the Company issued 101,502,204 new Ordinary Shares.
- (ccxxvii) On 27 March 2014, the Company issued 101,552,204 new Ordinary Shares.
- (ccxxviii) On 31 March 2014, the Company issued 50,811,102 new Ordinary Shares.
- (ccxxix) On 4 April 2014, the Company issued 50,831,102 new Ordinary Shares.
- (ccxxx) On 7 April 2014, the Company issued 101,742,204 new Ordinary Shares.
- (ccxxxi) On 8 April 2014, the Company issued 50,986,102 new Ordinary Shares.
- (ccxxxii) On 10 April 2014, the Company issued 51,006,102 new Ordinary Shares.
- (ccxxxiii) On 14 April 2014, the Company issued 51,046,102 new Ordinary Shares.
- (ccxxxiv) On 22 April 2014, the Company issued 51,066,102 new Ordinary Shares.
- (ccxxxv) On 24 April 2014, the Company issued 51,086,102 new Ordinary Shares.
- (ccxxxvi) On 25 April 2014, the Company issued 51,111,102 new Ordinary Shares.
- (ccxxxvii) On 28 April 2014, the Company issued 51,141,102 new Ordinary Shares.
- (ccxxxviii) On 29 April 2014, the Company issued 51,161,102 new Ordinary Shares.
- (ccxxxix) On 30 April 2014, the Company issued 51,211,102 new Ordinary Shares.

As at 1 May 2009, the Company had in issue 41,915,918 Ordinary Shares and, as at 30 April 2014, the Company had in issue 51,211,102 Ordinary Shares.

- 2.3. No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 2.4. At the General Meeting of the Company to be held on 24 July 2014, the Directors are seeking the following authorisations:
 - (i) generally and unconditionally under section 551 of the Act, to allot equity securities and grant rights to subscribe for or convert any security in shares in the Company up to an aggregate nominal amount of £40 million of CULS for the purposes of the Issue (such authority to expire at the conclusion of the Company's next annual general meeting or on the expiry of 12 months from the passing of the Resolution, whichever is the earlier); and
 - (ii) in accordance with sections 570 and 573 of the Act, to allot equity securities (as defined in section 560 of the Act) wholly for cash under the authority noted in paragraph 2.4 (i) above as if sub-section 561(1) of the Act did not apply to any such allotment or sale, provided that this authority is to expire on 25 June 2015 (but so that the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired) and is limited to the grant or allotment of equity securities for cash up to an aggregate nominal amount of £40 million of CULS for the purposes of the Issue.
- 2.5. The disapplication of statutory pre-emption rights in the terms provided under the special resolution noted at paragraph 2.4 (ii) above gives the Company the flexibility to re-sell Shares which it holds in treasury for cash without first being required to offer such Shares to Shareholders in proportion to their existing holdings.
- 2.6. The Company has authority to buy back up to 6,835,000 Shares. The Company has not purchased any Shares under this authority.

- 2.7. The provisions of section 561 of the Act, which confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities which are to be paid up in cash, apply to the unissued capital of the Company except as referred to in paragraph 2.4 above.
- 2.8. Issue will be made only in the circumstances described in Part 4 of this document. Where Issue are made, it is expected that the CULS will be issued by resolutions of the Board conditional upon admission of those CULS to the Official List and to trading on the Main Market.

3. Articles of Association

The Ordinary Shares (which at the date of this document are the only class of share in issue in the Company) have attached thereto the respective rights and privileges and are subject to the respective limitations and restrictions set out in this paragraph 3. The Articles contain provisions, *inter alia*, to the following effect:

3.1. Dividends

Subject to the provisions of the Act, the Company may by ordinary resolution from time to time declare dividends in accordance with the respective rights of the members, but only on the recommendation of the Board and no dividend shall exceed the amount recommended by the Board. The Board may also pay such interim dividends as appear to them to be justified by the financial position of the Company and may also pay any dividend payable at a fixed rate at intervals settled by the Board whenever the financial position of the Company justifies its payment.

Any dividend unclaimed for a period of 12 years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.

Surpluses arising from the realisation of investments cannot be distributed as dividends.

In the event that a restriction notice (as detailed in paragraph 3.2.2 below) has been served, and the person holding the restricted Shares holds at least 0.25 per cent. in number or nominal value of the Shares in the Company, the Board may withhold the payment of all or part of any dividend (including shares issued in lieu of dividends) due on those restricted Shares.

3.2. Voting

3.2.1. General voting rights

The holder of an Ordinary Share shall be entitled to receive notice of and to attend, speak and vote at all general meetings of the Company in person (or, if a corporation, by a duly authorised representative) or by proxy. At any general meeting, on a show of hands every Shareholder who is present and entitled to vote shall have one vote and upon a poll every such holder of shares present in person, by corporate representative or by proxy shall have one vote in respect of each share held by him and every corporate representative present in person may exercise all the powers on behalf of the company which authorised him to act as its representative and shall have one vote for every share in respect of which he is appointed the corporate representative. However, no member shall be entitled to exercise a vote at any general meeting (or class meeting): (i) in relation to an Ordinary Share if any call or other sum immediately payable by him in respect of that Ordinary Share remains unpaid; or (ii) in relation to any Shares if a member has been served with a statutory notice by the Directors in the manner described in paragraph 3.2.2 below and has failed to supply to the Company the information required thereby within 14 days.

3.2.2. Restrictions on voting

If a holder of Shares or any person appearing to be interested in those Shares is served with a statutory notice by the Company under section 793 of the Act (which notice demands the disclosure of certain information regarding the relevant receiver's interest in the Shares) but defaults in supplying to the Company the information thereby required within 14 days of the service of such notice then the Directors may serve on the holder of those Shares a further notice (a "restriction notice") the effect of which is, *inter alia*, to

prevent the holder from voting at any general meeting or class meeting of the Company in respect of those Shares.

3.3. **Redeemable Shares**

The Company may (subject to company law and any rights conferred on the holders of any other Shares) issue Shares which are to be redeemed, or are liable to be redeemed, at the option of the Company or the holder of the Share and the Board is authorised to determine the terms, conditions and manner of redemption of any such Shares.

3.4. **Transfer of Shares**

The Articles provide that Shares may be transferred on the following basis:

- (i) any member may transfer all or any of his uncertificated Shares by means of a relevant system in such manner provided for, and subject as provided in the Uncertificated Securities Regulations 2001 and the rules of any relevant system, and accordingly no provision of the Articles shall apply in respect of an uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the Share to be transferred; and
- (ii) any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee, and the transferor shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the register of members of the Company in respect of it.

However, the Board may, in its absolute discretion and without giving any reason for so doing, decline to register any transfer of any Share which is not fully paid provided that where such Share is admitted to the Official List such discretion may not be exercised in such a way as to prevent dealings in Shares of that class from taking place on an open and proper basis.

The Board may also decline to register a transfer of an uncertificated Share in the circumstances set out in the Uncertificated Securities Regulations 2001, and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

In relation to certificated Shares, the Board may also decline to register any transfer unless:

- (i) the instrument of transfer is left at the registered office of the Company or such other place as the Board may from time to time determine accompanied (save in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued) by the certificate for the Share to which it relates and such other evidence as the Board may reasonably require to show the right of the person executing the instrument of transfer to make the transfer;
- (ii) (if stamp duty is generally chargeable on transfers of certificated Shares) the instrument of transfer is duly stamped or adjudged or certified as not chargeable to stamp duty;
- (iii) the instrument of transfer is in respect of only one class of Share; and
- (iv) in the case of a transfer to joint holders, the number of joint holders to whom the Share is to be transferred does not exceed four.

The Directors may in addition decline, subject to the Uncertificated Securities Regulations 2001, to register the transfer of a Share subject to a restriction notice (as detailed in paragraph 3.2.2 above) where the person holding the restricted Shares holds at least 0.25 per cent in number or nominal value of the Shares in the Company. This restriction cannot be applied where the transfer is by an "arms' length sale".

3.5. **Variations of rights**

All or any of the rights for the time being attached to any class of Shares in issue may from time to time (whether or not the Company is being wound up) be varied either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class (excluding any Shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of those Shares. All the provisions of the Articles as to general meetings of the Company (described at paragraph 3.11 below) shall, *mutatis mutandis*, apply to any such separate general meeting, but so that the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued Shares of the class (excluding any Shares of that class held as treasury shares), (but so that at any adjourned meeting one holder present in person or by proxy (whatever the number of Shares held by him) shall be a quorum), that every holder of Shares of the class present in person or by proxy (excluding any Shares of that class held as treasury shares) shall be entitled on a poll to one vote for every Share of the class held by him (subject to any rights or restrictions attached to any class of Shares) and that any holder of Shares of the class present in person or by proxy may demand a poll. The foregoing provisions shall apply to the variation of the special rights attached to some only of the Shares of any class as if each group of Shares of the class differently treated formed a separate class and their special rights were to be varied.

3.6. **Untraced Shareholders**

Subject to various notice requirements, the Company may sell on the London Stock Exchange at the best price reasonably obtainable any certificated Share (including further Shares issued in respect of that Share) provided that for a period of 12 years at least three dividends on those Shares have become payable and no such dividend has been claimed by presentation at a bank of the relevant cheque or warrant or been satisfied by the transfer of funds to a bank account designated by the holder of (or person entitled to) the Shares or otherwise been transferred through CREST (or another relevant service), and so far as the Directors are aware the Company has not received any communication during the relevant period from the holder of, or person entitled to, those Shares.

3.7. **Capital reserve**

The Board shall establish a reserve to be called the “capital reserve” and shall either carry to the credit of such reserve from time to time all capital profits or appreciations arising on the sale, transposition, payment off of or revaluation of any investment or other capital asset of the Company in excess of the book value or apply the same in providing for depreciation or contingencies. For the avoidance of doubt, accrued but unpaid interest or any sum received in respect of accrued but unpaid interest shall not be treated as capital profits or appreciations arising on the sale, transposition, payment off of or revaluation of any investment or other capital asset. Any losses realised on the sale, transposition, payment off of or revaluation of any investment or other capital asset and any other expenses, loss or liability (or provision therefor) considered by the Board to be of a capital nature shall be carried to the debit of the capital reserve except in so far as the Board may in its discretion decide to make good the same out of other funds of the Company. Any increase or diminution in the amount of any index-linked stock or other index-linked obligation of the Company shall be carried to the debit or credit of the capital reserve, except in so far as the Board may in its discretion decide to make good the same out of or credit the same to other funds or reserves of the Company.

Subject to the Act and without prejudice to the foregoing generality, the Board may determine whether any amount received by the Company is to be dealt with as income or capital or partly one and partly the other. The Board may determine whether any cost, liability or expense (including, without limitation, any costs incurred or sums expended in connection with the management of the assets of the Company or finance costs (including, without limitation, any interest payable by the Company in respect of any borrowings of the Company)) is to be treated as a cost, liability or expense chargeable to capital or to revenues or partly one and partly the other, having regard, *inter alia*, to the investment objectives of the Company, and to the extent the Board determines that any such cost, liability or expense should reasonably and fairly be apportioned to capital the Board may debit or charge the same to the capital reserve.

Any surplus over the book value derived from the sale or realisation of any capital asset and any other sums representing capital profits within the meaning of section 832 of the Act or any other accretions to capital assets, including in particular any sums resulting from the writing up of the book values of any capital assets and any surpluses arising from the realisation of investments, shall not be transferred to the revenue account or be regarded or treated as profits of the Company available for dividend or any other distribution within the meaning ascribed thereto by section 829 of the Act (otherwise than by way of the redemption or purchase of any of the Shares in accordance with Chapter 3 or 4 of Part 18 of the Act).

3.8. ***Winding up***

On a winding up, the surplus assets remaining after payment of all creditors, including payment of bank borrowings, shall be divided *pari passu* among members in proportion to the number of shares held by each member at the commencement of the winding up, subject to the rights of any shares which may be issued with special rights or privileges.

3.9. ***Borrowing powers***

The Board may, subject to the restrictions set out below, exercise all of the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital, or any part of its undertaking, property, assets and uncalled capital, and to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (as regards subsidiaries so far as by such exercise they can secure) that the aggregate amount for the time being remaining undischarged of all moneys borrowed by the Company and/or any of the subsidiary companies (exclusive of intra group borrowings) shall not, except with the sanction of the Company in general meeting, exceed at the time of borrowing an amount equal to the aggregate of the nominal amount of the share capital of the Company for the time being issued and paid up and the total of the amounts for the time being standing to the credit of the capital and revenue reserves (including share premium account and profit and loss accounts but excluding amounts set aside for future taxation and after deducting any balances standing to the debit of the profit and loss accounts and deducting a sum equal to one half of any reserves representing the appreciation in value of unrealised investments of the Company or any of its subsidiaries over book values of such investments) of the Company and its subsidiary companies, all as shown in the latest published consolidated balance sheet of the Company and its subsidiaries but adjusted in respect of any variation in the paid up capital and share premium account of the Company since the date of that balance sheet.

3.10. ***Directors***

3.10.1. *Number of Directors*

The minimum number of Directors is three and the maximum number of Directors is twelve.

3.10.2. *Appointment and removal of Directors*

The Company may by ordinary resolution appoint any person who is willing to act to be a Director (either as an addition to the Board or to fill a vacancy). The Board may also appoint any person to the Board (either as an addition or to fill a vacancy) for the period from the date of appointment until the next general meeting.

Each Director shall retire from office at the third annual general meeting after the annual general meeting at which he was last elected.

The Company may remove a Director at any time by special resolution.

The office of Director shall also be vacated if:

- (i) he resigns his office by notice in writing; or

- (ii) by notice in writing he offers to resign and the Board resolves to accept such offer; or
- (iii) by notice in writing his resignation is requested by all of the other Directors and all of the other Directors are not less than three in number; or
- (iv) he is or has been suffering from mental ill health or becomes a patient for any purpose of any statute relating to mental health and the Board resolves that his office is vacated; or
- (v) he is absent without the permission of the Board from meetings of the Board (whether or not an alternate director appointed by him attends) for six consecutive months and the Board resolves that his office is vacated; or
- (vi) he becomes bankrupt or compounds with his creditors generally; or
- (vii) he is prohibited by law from being a Director; or
- (viii) he ceases to be a Director by virtue of company law or is removed from office under the Articles.

3.10.3. *Directors' fees, expenses and remuneration*

The fees paid to Directors for their services as Directors shall not exceed £200,000 in aggregate or such higher amount as the Company may by ordinary resolution determine. A Director may also be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board (or any committee of the Board) and any other meeting that he is entitled to attend and all other costs and expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties. A Director who is appointed to any executive office or who performs services which, in the opinion of the Board, go beyond the ordinary duties of a Director may be paid such extra remuneration as the Board (or any committee of the Board) may think fit.

3.10.4. *Directors' interests*

No Director or proposed or intending director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any contract in which any Director is in any way interested be liable to be avoided, nor shall any Director who is so interested be liable to account to the Company or the members for any remuneration, profit or other benefit realised by the contract by reason of the Director holding that office or of the fiduciary relationship thereby established.

A Director may hold any other office or place of profit with the Company (except that of auditor) for such period (subject to company law) and upon such terms as the Board may decide, and may be paid such extra remuneration for so doing as the Board or any committee authorised by the Board may decide.

A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested or as regards which it has any power of appointment, and shall not be liable to account to the Company or the members for any remuneration, profit or other benefit received by him as a Director or officer of or from his interest in the other company.

A Director may act by himself or his firm in a professional capacity (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

A Director shall not vote on or be counted in the quorum in relation to any resolution of the Board concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested.

A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board in respect of any actual or proposed transaction or arrangement with the Company in which he has an interest which (taken together with any interest of any person connected with him) is to his knowledge an interest of which he is aware, or ought reasonably to be aware, does conflict, or can reasonably be regarded as likely to give rise to a conflict, with the interests of the Company and, if he shall do so, his vote shall not be counted (subject to certain exceptions provided under the Articles).

A Director who is in any way, whether directly or indirectly, interested in an actual or proposed transaction or arrangement with the Company shall declare the nature and extent of his interest at the meeting of the Board at which the question of entering into the contract is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested.

In respect of any situation in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company, the Board may authorise the matter, on such terms as they may determine, provided that:

- (i) the Director has declared the full nature and extent of the situation to the Board; and
- (ii) it is proposed (either by the Director in question or another) that the Board authorise the matter and upon the resolution to do so the requirement for the quorum is met without counting the Director in question and the resolution was agreed to without such Director voting or would have been agreed to if that conflicted Director's vote had not been counted.

Any authorisation given by the Board under the Articles may provide that, where the interested director obtains (other than through his position as a director of the Company) information that is confidential to a third party, he will not be obliged to disclose it to the Company or use it in relation to the Company's affairs in circumstances where to do so would amount to breach of confidence.

Subject to company law and the Listing Rules, the Company may by ordinary resolution suspend or relax the above provisions on directors' conflicts to any extent or ratify any contract not properly authorised by reason of a contravention of the Articles.

3.10.5. Voting and quorum

Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.

The quorum at Board meetings shall be two Directors (unless fixed at another number by the Board).

3.11. General meetings

Annual general meetings shall be convened by not less than 21 clear days' notice in writing. Subject to the Act, all other general meetings shall be called by not less than 14 clear days' notice in writing. The notice shall specify the place, day and time of the meeting, the general nature of the business to be transacted, the address of the website where information relating to the meeting is available, the record date, any procedures as to attendance and voting and an explanation of the right to ask questions and the right to requisition resolutions in accordance with the Act. Notice of every general meeting shall be given to all members other than any who, under the provisions of the Articles or the terms of issue of the Shares they hold, are not entitled to receive such notices from the Company, and also to the Auditors.

Subject to the Act, and notwithstanding that a meeting of the Company is convened by shorter notice than that specified above, it shall be deemed to have been properly convened if it is so agreed:

- (i) in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

The Directors may, from time to time, make such arrangements for the purpose of controlling the level of attendance at any such place as they shall, in their absolute discretion, consider appropriate, and may from time to time vary any such arrangements or make any new arrangements in place of them, provided that the entitlement of a member to attend a meeting or adjourned meeting shall be satisfied by his being given the entitlement to attend at such place as may be specified by the Directors for the purpose.

The Board may direct that persons wishing to attend any general meeting should submit to such searches or other security arrangements or restrictions as the Board shall consider appropriate in the circumstances and shall be entitled in its absolute discretion to refuse entry to, or to eject from, such general meeting any person who fails to submit to such searches or otherwise to comply with such security arrangements or restrictions.

4. Directors' and other interests

- 4.1. The aggregate of the remuneration paid and benefits in kind granted to the Directors by the Company for the financial period which ended on 30 April 2014 was £154,650 (being £36,500 to Anthony Townsend (the Chairman), £23,000 to Andrew Adcock, £26,000 to Les Cullen (the Chairman of the audit committee), £23,000 to Dr Franz Leibenfrost, £23,000 to Jane Tozer and £23,000 to Mark White. It is estimated that the aggregate remuneration to be paid and benefits in kind granted to the Directors by the Company for the current financial period ending 30 April 2015 will not exceed £144,500 in fees. The total remuneration and benefits in kind granted to the Directors will not be varied as a consequence of the Issue. None of the Directors are eligible for pension, retirement or similar benefits and no amounts have been set aside by the Company or its subsidiary to provide pension, retirement or similar benefits.
- 4.2. Any new Directors appointed during the year must stand for re-appointment at the first annual general meeting following their appointment. Each of the Directors (other than Dr Franz Leibenfrost, from the annual general meeting of the Company to be held on 24 July 2014, Anthony Townsend and Jane Tozer) retire periodically at every third annual general meeting after the annual general meeting at which he/she was last elected. Anthony Townsend and Jane Tozer will submit themselves for re-election at each annual general meeting subsequent to this year's annual general meeting as they have served over nine years. The Company has the right to terminate the appointment of each Director without compensation if the relevant Director is required to vacate office in accordance with the Articles and, subject thereto, there are no contractual provisions regarding any compensation which would be payable upon early termination by the Company. The fees which are payable in respect of the financial year ending 30 April 2015 are £38,000 to Anthony Townsend, the Chairman, £28,000 to Les Cullen, the Chairman of the audit committee and £24,000 to each of Andrew Adcock, Jane Tozer and Mark White. Dr Franz Leibenfrost will receive £6,000. The fees are reviewed annually and may be increased in line with usual market rates. Dr Franz Leibenfrost will be retiring immediately following the annual general meeting to be held on 24 July 2014. Save as set out in this paragraph 4.2, there are no existing or proposed service contracts or letters of engagement between any of the Directors and the Company.
- 4.3. The Company has entered into a deed poll with the Directors which gives each Director the benefit of an indemnity, out of the assets and profits of the Company, to the extent permitted by law and subject to certain limitations against liabilities incurred by each of them in the execution of their duties and exercise of the powers as Directors of the Company.
- 4.4. No Director has or has had any direct or indirect interest in any transaction which is or was unusual in its nature or conditions or which is or was significant to the business of the Company and which has been effected by the Company since its date of incorporation.

- 4.5. No loan or guarantee has been granted or provided by the Company for the benefit of any Director.
- 4.6. The Directors do not have any options over Shares. As at the date of this document, the interests of the Directors in the issued share capital of the Company were as follows:

<i>Director</i>	<i>No. of Shares</i>	<i>Percentage of issued share capital</i>
Anthony Townsend	18,000	0.03
Andrew Adcock	5,000	0.01
Les Cullen	6,000	0.01
Dr Franz Leibenfrost	14,000	0.02
Jane Tozer	3,722	0.01
Mark White	10,000	0.01

- 4.7. As at close of business on 23 June 2014 (being the latest practicable date prior to publication of this Prospectus), the Company was not aware of any interests in three per cent. or more of the issued share capital of the Company.

The Directors are not aware of any person or persons who, following the Issue, will or could, directly or indirectly, jointly or severally, exercise control over the Company. There are no different voting rights for any Shareholder.

- 4.8. Details of those companies (other than the Company, its subsidiary and subsidiaries of the companies disclosed below) and partnerships of which the Directors have been a member of the administrative, management or supervisory body or a partner at any time since 23 June 2009 are as follows:

(i) Anthony Townsend	<i>Current directorships</i>	<i>Previous directorships</i>
	Hansa Capital Limited Cranleigh School British & American Investment Trust PLC Cranleigh Enterprises Limited Miton Worldwide Growth Investment Trust PLC Finsbury Growth & Income Trust PLC Baronsmead VCT 3 PLC	Worldwide Healthcare Trust
(ii) Andrew Adcock	<i>Current directorships</i>	<i>Previous directorships</i>
	Majedie Investments PLC Courtauld Institute of Art Foxtons Group PLC JP Morgan European Growth and Income Trust plc Kleinword Benson Bank Ltd Samuel Courtauld Trust	Brompton Asset Management Limited
(iii) Les Cullen	<i>Current directorships</i>	<i>Previous directorships</i>
	Interserve PLC	Avis Europe PLC Sustrans Limited DTZ Holdings PLC BT Pension Scheme Trustees Limited

	<i>Current directorships</i>	<i>Previous directorships</i>
(iv) Dr Franz Leibenfrost	Eisenwerk Salzau Werfen Stiftung Mayr Meinhof	BPB PLC Oxford University Business School Solvay Osterreich
	<i>Current directorships</i>	<i>Previous directorships</i>
(v) Jane Tozer	Citizens Advice Service in Three Rivers The Worshipful Company of Information Technologists Charity JP Morgan Income & Growth Investment Trust PLC Asthma UK Statpro Group PLC Advisory Board of Warwick Business School	Elexon Limited John Lewis Partnership PLC
	<i>Current directorships</i>	<i>Previous directorships</i>
(vi) Mark White	LGT Capital Partners (UK) Limited 26/28 Callow Street Management Limited Castle Alternative Investment AG Chelsea Old Church PCC Impax Asset Management Group PLC City Piazza Management Company Limited EB Asia Absolute Return Fund Limited Standard Life Equity Income Trust PLC Dawes Hill 2012 Associates LLC	KGR Capital LLP

4.9. As at the date of this document none of the Directors:

- (a) has any convictions in relation to fraudulent offences for at least the previous five years;
- (b) has been the subject of any bankruptcies, receiverships or liquidations when acting in the capacity of a member of the administrative, management or supervisory body or a partner of the companies and/or partnerships referred to in paragraph 4.8 above;
- (c) has any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

4.10. There are no potential conflicts of interest between any duties of the Directors to the Company and their private interests and/or other duties. All of the Directors are independent of the Investment Manager and any other company in the same group of companies as the Investment Manager.

5. Related party transactions

5.1. Save as described below, the Company was not a party to, nor had any interest in, any related party transaction (as defined in the standards adopted according to the Regulation (EC) No

1606/2002) at any time during the three financial periods ended 30 April 2012, 30 April 2013 and 30 April 2014 in respect of which the Company has published statutory accounts, or during the period from 1 May 2014 to the date of this document:

- 5.1.1. the Investment Management Agreement (described in paragraph 6.1 of this Part 6); and
- 5.1.2. the deed entered into by the Company and the Directors (described in paragraph 4.3 of this Part 6).

6. Material contracts

The following are all of the material contracts, other than contracts entered into in the ordinary course of business, that has been entered into by the Company within the two years preceding the date of publication of this document and any other contract, not being a contract entered into in the ordinary course of business, that has been entered into by the Company which contains any provisions under which the Company has any obligation or entitlement which is material to the Company as at the date of this document:

- 6.1. The Investment Management Agreement under which the Investment Manager has agreed, subject to the overall policy and supervision of the Directors, the matters reserved to the Directors and such directions as the Directors may give from time to time, manage the investments and other assets of the Company and to provide secretarial and administrative services to the Company. The Company pays the Manager a management fee and a performance fee in respect of these services. The management fee is an amount equal to 0.4 per cent. per annum, payable monthly in arrears, of the net assets of the Company that are managed by the Investment Manager (the Debenture Stock is valued at market value). Investments made by the Company in third party collective investment schemes are subject to a management fee, payable monthly in arrears, of 0.25 per cent. per annum of the month end market value of such investments.

The Manager is also entitled to a performance fee, payable annually, equal to 10 per cent. of the value of any outperformance in the year by the Company's net assets (debt is valued at market value and adjustments are made for share buybacks and dividends) compared to the Benchmark Index. The total amount of fees (including both the management fee and the performance fee) that may be payable by the Company to the Manager in any financial year is capped at 1 per cent. of the average month-end net assets of the Company calculated over that financial year. Any performance above this cap or below the level of the Benchmark Index is carried forward to the following financial year for inclusion in the calculation of performance in that year.

The Company has agreed to indemnify the Investment Manager against all costs, claims and demands arising directly out of the proper performance of its duties except where such liabilities result from the breach of duties or obligations, wilful default, fraud or negligence of the Investment Manager. Such indemnity is in a form which is usual for an agreement of this kind.

The Investment Management Agreement can be terminated by either party on six months' written notice. The Investment Management Agreement may be terminated immediately if the Investment Manager is in material breach of the agreement, guilty of negligence, wilful default or fraud or is the subject of insolvency proceedings.

- 6.2. The Company has in place a custody agreement with the Custodian (the "Custody Agreement") under which the Company appoints the Custodian to act as its custodian in relation to the cash and securities of the Company and to provide, *inter alia*, the following services: holding cash and securities and arranging settlement of transactions in relation to those assets; collecting and processing income from the assets; and providing statements of account and other services typical of services provided by a custodian to an investment company. The Custodian is permitted to act through and hold securities with sub-custodians chosen by it (using reasonable care). Under the Custody Agreement, the Company agrees to indemnify the Custodian, and any sub-custodian, nominees, directors, officers, agents and employees, in respect of all liabilities, losses, claims, costs, damages, penalties, fines, obligations or expenses of any kind imposed on or incurred by or asserted against the indemnified persons or any of them arising as a result of any action or omission taken in accordance with the instructions given by any person authorised by the Company to give such instructions, except where they arise out of the negligence, fraud or

wilful default of the indemnified persons. The Custodian is required to use all reasonable care in performing its obligations and is to carry out its duties with the skill and care appropriate to a professional custodian, but it is only to be liable to the extent that it or any employee, agent or nominee has been negligent, fraudulent or in wilful default in the performance of their duties and it is to have no liability for indirect, incidental, consequential or special damages. The Custodian is also liable for direct losses incurred by the Company that result from the failure of a sub-custodian to act with reasonable care in accordance with the standards prevailing in the relevant market, the fraud or wilful default of the sub-custodian in the provision of the custodial services by it and from the insolvency of any sub-custodian affiliated with the Custodian.

- 6.3. A placing agreement dated on or around the date of this document between the Company, the Manager and Oriel whereby Oriel conditionally agrees to use its reasonable endeavours to procure Placees in the Placing for CULS. In consideration for its services Oriel will be paid a commission of an amount equal to 1 per cent. of the gross proceeds of the Issue.

The Placing Agreement is conditional on, inter alia, Admission. The Placing Agreement contains certain warranties and indemnities given by the Company and the Investment Manager in favour of Oriel. The Placing Agreement may be terminated in certain circumstances prior to Admission including *force majeure*.

7. Investment restrictions

- 7.1. In accordance with the requirements of the UK Listing Authority, the Company:

- (i) will not invest more than ten per cent. in aggregate of the value of the total assets of the Company in other investment companies or investment trusts which are listed in the Official List (except to the extent that those investment companies or investment trusts have published investment policies to invest no more than 15 per cent. of their gross assets in other investment companies or investment trusts which are listed on the Official List);
- (ii) will not conduct any trading activity which is significant in the context of the Company as a whole;
- (iii) will, at all times, invest and manage its assets:
 - (a) in a way which is consistent with its object of spreading investment risk; and
 - (b) in accordance with its published investment policy.

- 7.2. As an investment trust, the Company aims to comply with section 1158 of the Tax Act, which imposes on the Company an obligation to spread investment risk.

- 7.3. In accordance with the requirements of the UK Listing Authority, the Company will not make any material change to its published investment policy without the approval of its Shareholders by ordinary resolution. Such an alteration would be announced by the Company through a Regulatory Information Service.

- 7.4. In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company by an announcement issued through a Regulatory Information Service approved by the UK Listing Authority.

8. General

- 8.1. There are no governmental, legal or arbitration proceedings (including, in so far as the Company is aware, any governmental, legal or arbitration proceedings which are pending or threatened) which may have, or have had in the previous twelve months, a significant effect on the Company or the Company's financial position or profitability.
- 8.2. The Company has been approved by HMRC as an investment trust under Chapter 4 of Part 24 of the Tax Act (and its predecessor legislation) in respect of all accounting periods up to and including the accounting period ended on 30 April 2014.

- 8.3. The Company does not have any employees nor does it own any premises.
- 8.4. The Company does not have any parent undertakings, subsidiaries or associated companies.
- 8.5. Oriel acts as market maker in respect of the CULS.
- 8.6. As at 23 June 2014 (being the latest practicable date prior to the date of this document), there have been no public takeover bids by third parties in respect of the Company's share capital since incorporation.

9. Taxation

The information below, which relates only to UK taxation, is applicable to the Company and (except where indicated) to persons who are resident in the UK and who hold shares as an investment. It is based on existing law and practice and is subject to any subsequent changes thereto. If any shareholder or prospective investor is in any doubt about his/her tax position, or if he or she may be subject to tax in a jurisdiction other than the UK, such person should consult his or her professional adviser.

9.1. The Company

The Directors intend to continue to conduct the affairs of the Company so as to satisfy the conditions for approval as an investment trust under Chapter 4 of Part 24 of CTA 2010. One of the requirements for approval as an investment trust is that the Company is not a close company. The Directors consider that the Company will not be a close company immediately following the completion of the Issue. In respect of each accounting period for which the Company maintains its status as an investment trust, the Company will be exempt from UK taxation on its capital gains. The Company will, however, be liable to UK corporation tax on its income in the normal way.

9.2. CULS

9.2.1. Taxation of interest

Under current tax legislation, while CULS are admitted to trading on the Main Market, payments of interest on CULS will be made by the Company without deduction at source of UK income tax. For individual CULS Holders, the amount of interest paid on CULS will form part of the recipient's income for the purposes of UK income tax. The provisions of the accrued income scheme may apply to individuals transferring CULS and to individuals to whom CULS are transferred. The charge to tax on income that may arise to the transferor, and the relief which may be allowed to the transferee, will be in respect of an amount representing interest on the CULS which has accrued since the preceding interest date. These amounts will be taken into account in calculating any chargeable gain or allowable loss arising on a disposal of the CULS.

Individual CULS Holders who are resident in the UK will be subject to UK income tax on the interest at the rate of 20 per cent. for basic rate taxpayers, 40 per cent. for higher rate taxpayers and 45 per cent. for additional rate taxpayers.

The UK tax treatment of a CULS Holder who is within the charge to UK corporation tax will depend on, amongst other things, the accounting treatment of CULS in the CULS Holder's hands, including whether or not the CULS are regarded as containing an "embedded derivative" as an accounting matter. CULS Holders within the charge to UK corporation tax should therefore consult their own accounting and tax advisers concerning the tax liabilities that may arise as a result of holding CULS, or as a result of the disposal or conversion of CULS.

9.2.2. Disposal and conversion of CULS

The UK tax treatment of a CULS Holder within the charge to UK corporation tax on a disposal or conversion of CULS will depend on, among other things, the accounting treatment of the CULS in the individual entity accounts for the CULS Holder. In general, corporate CULS Holders within the charge to UK corporation tax will be subject to tax in

any accounting period on all profits in relation to the CULS that are treated as arising in that accounting period. If, in accordance with applicable accounting practice, a CULS Holder treats its rights and liabilities under the CULS as divided between rights or liabilities under a loan (the "host contract") and rights under an embedded derivative (the "embedded derivative"), profits or losses in relation to the host contract (as computed for accounting purposes) will be subject to tax, or relieved, as income, whereas profits or losses in relation to the embedded derivative will be subject to tax, or relieved, under the principles governing UK corporation tax on chargeable gains.

UK resident individuals who convert their CULS into Ordinary Shares should not be deemed to have made a disposal of their CULS for the purposes of UK capital gains tax. Instead they will be treated as having acquired their Ordinary Shares at the same time and for the same base cost as their CULS. Such individuals may be subject to UK capital gains tax on a disposal of their CULS in the normal way.

9.2.3. Disposal of Ordinary Shares

Individuals resident in the UK will be subject to UK capital gains tax in the normal way on a disposal of the Ordinary Shares they receive as a result of converting their CULS.

Shareholders within the charge to UK corporation tax will be subject to corporation tax on chargeable gains in the normal way on a disposal of the Ordinary Shares they receive as a result of converting their CULS.

9.2.4 Stamp Duty and Stamp Duty Reserve Tax

The issue of CULS should not be subject to stamp duty or stamp duty reserve tax ("SDRT").

Transfers in writing of CULS on sale will be liable to stamp duty at a rate of 0.5 per cent. of the consideration provided in exchange therefor, rounded up to the nearest £5. No stamp duty will be chargeable to the extent the consideration provided, when aggregated with any consideration payable for any larger transaction or series of transactions of which the transfer forms part of, is less than or equal to £1,000.

Agreements to transfer the CULS will be liable to SDRT at a rate of 0.5 per cent. of the consideration provided in exchange therefore, rounded to the nearest penny. Such SDRT will be cancelled by payment of stamp duty on a written transfer executed in pursuance of the agreement, providing the transfer is duly stamped within six years of the date of the agreement (or the date on which the agreement becomes unconditional, if later).

9.2.5. Provision of Information

CULS Holders who are individuals should note that HMRC has the power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the UK who either pays interest to, or receives interest for, the benefit of an individual. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the CULS Holders are resident for tax purposes.

9.3. Dividends

No tax will be withheld by the Company when it pays a dividend. However, individual shareholders resident in the UK (for tax purposes) will be entitled to a tax credit in respect of dividends paid by the Company at the rate of one-ninth of the cash dividend or 10 per cent. of the aggregate of the cash dividend and the associated tax credit ("gross dividend"). Such shareholders will be liable to UK income tax (if at all) on the gross dividend at, in the case of higher rate taxpayers, the dividend upper rate (32.5 per cent. in 2014-2015) or in the case of additional rate taxpayers, the dividend additional rate (37.5 per cent. in 2014-15). The tax credit will be offset against their total UK income tax liability. Taxpayers who, after taking into account dividend income, are liable to UK income tax at the basic rate will have no further liability to income tax. Individuals who are higher rate taxpayers will have to pay an additional 22.5 per cent.

of the gross dividend and individuals who are additional rate taxpayers will have to pay an additional 27.5 per cent. of the gross dividend.

Shareholders will not be able to reclaim tax credits in respect of dividends.

A company resident in the UK for tax purposes will not generally be liable to UK corporation tax on any dividend received from the Company. Dividends received by UK corporate shareholders are subject to UK corporation tax unless they fall within certain exempt classes. Provided the dividends do not derive from transactions where the purpose, or one of the main purposes, was to achieve a reduction in UK tax, dividends received by UK corporate shareholders should be exempt from UK corporation tax. Shareholders within the charge to UK corporation tax are advised to consult their own professional advisers in relation to the implications of the relevant legislation.

9.4. ***NISAs and SIPPs***

The NISA regime is expected to start on 1 July 2014 which will, amongst other things, remove the concept of stocks and shares and cash components of an ISA. For the 2014/15 tax year NISAs will have an overall subscription limit of £15,000 (from 1 July 2014), all of which can be invested in stocks and shares.

CULS acquired through the Offer for Subscription (and CULS acquired in the market) can be included in a NISA. Investments held in a NISA will be free of UK tax on both capital gains and income. The opportunity to invest in a NISA is restricted to certain UK resident individuals aged 18 or over. Individuals wishing to invest through a NISA should consult their professional advisers regarding their eligibility. In addition, CULS will constitute permitted investments for SIPPs.

The information contained in this document relating to taxation matters is a summary of the UK taxation matters which the Directors consider should be brought to the attention of shareholders and prospective investors and is based on the law and practice currently in force and is subject to changes therein.

Shareholders who are subject to tax in a jurisdiction other than the UK or who are in any doubt as to the potential tax consequences of the Issue are strongly recommended to consult their own professional advisers before making any investment.

Shareholders and prospective investors should consult their professional advisers on the potential tax consequences of converting, acquiring, holding and disposing of securities in the Company.

10. **Mandatory bids, squeeze-out and sell-out rules**

10.1. ***Mandatory bids***

As a company incorporated in England and Wales with shares admitted to trading on the London Stock Exchange, the Company is subject to the provisions of the City Code. Under Rule 9 of the City Code, any person or group of persons acting in concert with each other which, taken together with shares already held by that person or group of persons, acquires 30 per cent. or more of the voting rights of a public company which is subject to the City Code or holds not less than 30 per cent. but not more than 50 per cent. of the voting rights exercisable at a general meeting and acquires additional shares which increase the percentage of their voting rights, would normally be required to make a general offer in cash at the highest price paid within the preceding 12 months for all the remaining equity share capital of the Company.

Under Rule 37 of the City Code, when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9. A shareholder who is neither a director nor acting in concert with a director will not normally incur an obligation to make an offer under Rule 9. However, under note 2 to Rule 37, where a shareholder has acquired shares at a time when it had reason to believe that a purchase by the company of its own voting shares may take place, an obligation to make a mandatory bid under

Rule 9 may arise in certain circumstances. The buying back by the Company of Ordinary Shares could, therefore, have implications for Shareholders with significant shareholdings.

10.2. **Squeeze-out and sell-out rules**

Other than as provided by the Act, there are no rules or provisions relating to squeeze-out and sell-out rules in relation to the Ordinary Shares.

11. **Disclosure requirements and notification of interest in shares**

11.1. Under Chapter 5 of the Disclosure and Transparency Rules, subject to certain limited exceptions, a person must notify the Company (and, at the same time, the FCA) of the percentage of voting rights he holds (within two trading days) if he acquires or disposes of shares in the Company to which voting rights are attached and if, as a result of the acquisition or disposal, the percentage of voting rights which he holds as a shareholder (or, in certain cases, which he holds indirectly) or through his direct or indirect holdings of certain types of financial instruments (or a combination of such holdings):

11.1.1. reaches, exceeds or falls below three per cent. of each one per cent. threshold thereafter; or

11.1.2. reaches, exceeds or falls below an applicable threshold in paragraph 11.1.1 of this Part 6 as a result of events changing the breakdown of voting rights and on the basis of the total voting rights notified to the market by the Company.

11.2. The FCA may take enforcement action against a person holding voting rights who has not complied with Chapter 5 of the Disclosure and Transparency Rules.

11.3. A notification must be made using the prescribed form TR1 available from the FCA's website at <http://fca.gov.uk>. Under the Disclosure and Transparency Rules, the Company must announce the notification to the public as soon as possible and in any event by not later than the end of the trading day following receipt of a notification in relation to voting rights.

12. **Restrictions on transfer**

12.1. **General**

The distribution of this document and offer of Ordinary Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions, including those in paragraph 6 of Part 4. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdiction.

12.2. **European Economic Area**

12.2.1. In relation to each of the EEA States (other than the UK) which has implemented the Prospective Directive (each, a "relevant member state"), with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the "relevant implementation date") no Ordinary Shares have been offered or will be offered under an offer to the public in that relevant member state, except that with effect from and including the relevant implementation date, offers of Ordinary Shares may be made to the public in that relevant member state at any time:

(i) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(ii) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43 million; and (iii) an annual net turnover of more than €50 million as shown in its annual or consolidated accounts; or

- (iii) in any other circumstances which do not require the publication by the Company of a prospectus under Article 3 of the Prospective Directive,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication of a prospectus under Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a relevant member state.

12.2.2. For the purpose of the expression an “offer of any Ordinary Shares to the public” in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the issue of any Ordinary Shares, so as to enable a potential investor to decide to purchase or subscribe for the Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

13. Documents available for inspection

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at Exchange House, Primrose Street, London EC2A 2NY:

- (i) the Articles;
- (ii) the annual reports and accounts of the Company for the three financial years ended 30 April 2012, 30 April 2013 and 30 April 2014; and
- (iii) this document.

14. Availability of Prospectus

The Prospectus is available for inspection at www.morningstar.co.uk/uk/NSM and copies are available for collection, free of charge, from the registered office of the Company, Exchange House, Primrose Street, London EC2A 2NY.

TERMS AND CONDITIONS OF THE PLACING

1. Introduction

Each Placee which confirms its agreement (whether orally or in writing) to Oriel to subscribe for CULS under the Placing will be bound by these terms and conditions and will be deemed to have accepted them. The Company and Oriel may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as they (in their absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (a "**Placing Letter**").

2. Agreement to Subscribe for CULS

Conditional on: (i) Admission occurring and becoming effective by 8.00 a.m. (London time) no later than 30 July 2014 (or such other time as Oriel may agree with the Company but, in any event, no later than 29 August 2014); (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated in accordance with its terms; and (iii) Oriel confirming to the Placees their allocation of CULS, a Placee agrees to subscribe for those CULS allocated to it by Oriel at the Issue Price in respect of the CULS allocated to the Placee. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

3. Payment for Shares

Each Placee must pay the Issue Price for the CULS issued to the Placee in the manner and by the time directed by Oriel. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for CULS shall be rejected.

4. Representations and Warranties

By agreeing to subscribe for CULS, each Placee which enters into a commitment to subscribe for CULS will (for itself and any person(s) procured by it to subscribe for CULS and any nominee(s) for any such person(s)) be deemed to agree, represent and warrant to each of the Company, the Registrar, and Oriel that:

- 4.1 in agreeing to subscribe for CULS under the Placing, it is relying solely on this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus and not on any other information given, or representation or statement made at any time, by any person concerning the Company or the Placing. It agrees that none of the Company, Oriel or the Registrar, nor any of their respective officers, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- 4.2 the contents of this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus are exclusively the responsibility of the Company and its Directors and apart from the responsibilities and liabilities, if any, which may be imposed on Oriel by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of Oriel nor any person acting on their behalf nor any of their affiliates accept any responsibility whatsoever for, and makes no representation or warranty, express or implied, as to the contents of this Prospectus or any supplementary prospectus published by the Company subsequent to the date of this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, CULS or the Placing and nothing in this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future. Oriel accordingly disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which they might otherwise have in respect of this Prospectus or any supplementary prospectus published by the Company subsequent to the date of this Prospectus or any such statement;

- 4.3 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for CULS under the Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its placing commitment in any territory and that it has not taken any action or omitted to take any action which will result in the Company, Oriel, the Registrar or any of their respective officers, agents, affiliates or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing;
- 4.4 it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of CULS and it is not acting on a non-discretionary basis for any such person;
- 4.5 it agrees that, having had the opportunity to read this Prospectus, it shall be deemed to have had notice of all information and representations contained in this Prospectus, that it is acquiring CULS solely on the basis of this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus and no other information and that in accepting a participation in the Placing it has had access to all information it believes necessary or appropriate in connection with its decision to subscribe for CULS;
- 4.6 it acknowledges that no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by Oriel or the Company;
- 4.7 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- 4.8 it accepts that CULS have not been nor will be registered under the laws of any Excluded Jurisdiction. Accordingly, the CULS may not be offered, sold, issued or delivered, directly or indirectly, within any Excluded Jurisdiction unless an exemption from any registration requirement is available;
- 4.9 if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom CULS may be lawfully offered under that other jurisdiction's laws and regulations;
- 4.10 if it is a resident in the EEA (other than the United Kingdom), it is a "Qualified Investor" within the meaning of the law in the relevant EEA State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive;
- 4.11 if it is outside the United Kingdom, neither this Prospectus nor any other offering, marketing or other material in connection with the Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for CULS under the Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and CULS could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 4.12 it acknowledges that neither Oriel nor any of its affiliates nor any person acting on its or their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing or providing any advice in relation to the Placing and participation in the Placing is on the basis that it is not and will not be a client of Oriel nor any of its affiliates and that neither Oriel or any of its affiliates have any duties or responsibilities to it for providing protection afforded to its clients or for providing advice in relation

to the Placing nor in respect of any representations, warranties, undertaking or indemnities contained in these terms and conditions or in any Placing Letter, where relevant;

- 4.13 it acknowledges the representations, warranties and agreements set out in this Prospectus, including those set out in the section entitled “Representations and warranties relating to Overseas Shareholders” in Part 4 of this Prospectus, and further acknowledges that it is not a US Person, it is not located within the United States, it is subscribing for CULS in an “offshore transaction” as defined in Regulation S and it is not acquiring CULS for the account or benefit of a US Person, and where it is subscribing for CULS for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the CULS for each such account; (ii) to make on each such account’s behalf the representations, warranties and agreements set out in this Prospectus or in any Placing Letter, where relevant; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Company and/or Oriel. It agrees that the provision of this paragraph shall survive any resale of CULS by or on behalf of any such account;
- 4.14 it is acting as principal only in respect of the Placing, or, if it is acting for any other person (i) it is and will remain liable to the Company, and/or Oriel for the performance of all its obligations as a placee in respect of the Placing (regardless of the fact that it is acting for another person), (iii) it is both an “authorised person” for the purposes of FSMA and a “qualified investor” as defined at Article 2.1(e)(i) of Directive 2003/71/EC (known as Prospectus Directive) acting as agent for such person, and (iv) such person is either (1) a FSMA Qualified Investor or (2) its “client” (as defined in section 86(2) of FSMA) that has engaged it to act as his agent on terms which enable it to make decisions concerning the Placing or any other offers of transferable securities on his behalf without reference to him;
- 4.15 it confirms that any of its clients, whether or not identified to Oriel or any of its affiliates or agents, will remain its sole responsibility and will not become clients of Oriel or any of their affiliates or agents for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 4.16 where it or any person acting on its behalf is dealing with Oriel, any money held in an account with Oriel on its behalf and/or any person acting on its behalf will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Oriel to segregate such money as that money will be held by Oriel under a banking relationship and not as trustee;
- 4.17 it has not and will not offer or sell any CULS to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 102B of the FSMA;
- 4.18 it is an “eligible counterparty” within the meaning of Chapter 3 of the FCA’s Conduct of Business Sourcebook and it is subscribing for or purchasing CULS for investment only and not for resale or distribution;
- 4.19 it irrevocably appoints any Director and any director of Oriel to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the CULS for which it has given a commitment under the Placing, in the event of its own failure to do so;
- 4.20 it accepts that if the Placing does not proceed or the conditions to Oriel’s obligations in respect of such Placing under the Placing Agreement are not satisfied, the Placing Agreement is terminated prior to the Admission for any reason whatsoever or CULS are not admitted to trading for any reason whatsoever, then neither Oriel, the Company or any of their respective affiliates, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;

- 4.21 it has not taken any action or omitted to take any action which will or may result in Oriel, the Company or any of their respective directors, officers, agents, affiliates, employees or advisers being in breach of the legal or regulatory requirements of any territory in connection with the Placing or its subscription of CULS under the Placing;
- 4.22 in connection with its participation in the Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and countering terrorist financing and that its placing commitment is only made on the basis that it accepts full responsibility for any requirement to identify and verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- 4.23 due to anti-money laundering and the countering of terrorist financing requirements, Oriel and/or the Company may require proof of identity of the Placee and related parties and verification of the source of the payment before the placing commitment can be processed and that, in the event of delay or failure by the Placee to produce any information required for verification purposes, Oriel and/or the Company may refuse to accept the placing commitment and the subscription moneys relating thereto. It holds harmless and will indemnify Oriel and the Company against any liability, loss or cost ensuing due to the failure to process the placing commitment, if such information as has been required has not been provided by it or has not been provided in a timely fashion;
- 4.24 it and each person or body (including, without limitation, any local authority or the managers of any pension fund) on whose behalf it accepts CULS under the Placing or to whom it allocates such CULS have the capacity and authority to enter into and to perform their obligations as a Placee of the CULS and will honour those obligations;
- 4.25 Oriel and the Company (and any agent on their behalf) are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to them (or any agent acting on their behalf);
- 4.26 the representations, undertakings and warranties contained in this Prospectus or in any Placing Letter, where relevant, are irrevocable. It acknowledges that Oriel and the Company and their respective affiliates will rely upon the truth and accuracy of such representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the CULS are no longer accurate, it shall promptly notify Oriel and the Company;
- 4.27 it confirms that it is not, and at Admission will not be, an affiliate of the Company or a person acting on behalf of such affiliate, and it is not acquiring CULS for the account or benefit of an affiliate of the Company or of a person acting on behalf of such an affiliate;
- 4.28 nothing has been done or will be done by it in relation to the Placing that has resulted or could result in any person being required to publish a prospectus in relation to the Company or to any CULS in accordance with FSMA or the Prospectus Rules or in accordance with any other laws applicable in any part of the EU or the EEA;
- 4.29 it accepts that the allocation of CULS shall be determined by Oriel and the Company in their absolute discretion and that such persons may scale down any placing commitments for this purpose on such basis as they may determine; and
- 4.30 time shall be of the essence as regards its obligations to settle payment for the CULS and to comply with its other obligations under the Placing.

5. Supply and Disclosure of Information

If Oriel, the Registrar or the Company or any of their agents request any information in connection with a Placee's agreement to subscribe for CULS under the Placing or to comply with any relevant legislation, such Placee must promptly disclose it to them.

6. Miscellaneous

- 6.1 The rights and remedies of the Company, Oriel, the Registrar and the Administrator under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 6.2 On the acceptance of their placing commitment, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.
- 6.3 Each Placee agrees to be bound by the Articles and the Trust Deed (as amended from time to time) once the CULS, which the Placee has agreed to subscribe for under the Placing, have been acquired by the Placee. The contract to subscribe for CULS under the Placing and the appointments and authorities mentioned in this Prospectus will be governed by, and construed in accordance with, the laws of England. For the exclusive benefit of the Company, Oriel, the Registrar and the Administrator, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.
- 6.4 In the case of a joint agreement to subscribe for CULS under the Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.
- 6.5 Oriel and the Company expressly reserve the right to modify the Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined.
- 6.6 The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. For further details of the terms of the Placing Agreement please refer to the section entitled "Material Contracts" in Part 6 of this Prospectus.

TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION

Introduction

These Terms and Conditions of Application apply to any application made under the Offer for Subscription. If you apply for CULS in the Offer for Subscription, you will by completion of the Subscription Form be thereby agreeing, warranting, confirming and acknowledging with the Company, the Investment Manager, Oriel and the Receiving Agent (together, the "Company and its agents") as follows.

Offer to acquire CULS

1. Applications must be made on the Subscription Form attached at the end of the Prospectus or otherwise published by the Company. All applications in the Offer for Subscription must be for CULS with a minimum aggregate subscription price of £1,000. If your application is for CULS with an aggregate subscription price of more than £1,000, it must be for a sum which is a multiple of £100. Investors may make more than one application for CULS under the Offer for Subscription.
2. By completing and delivering a Subscription Form, you, as the applicant, or, if you sign the Subscription Form on behalf of another person or a corporation, that person or corporation:
 - 2.1. offer to subscribe for the amount of CULS that you have specified in your Subscription Form (or such lesser amount for which your application is accepted) at the Issue price on the terms, and subject to the conditions, set out in this Prospectus, including these Terms and Conditions of Application, the guidance notes accompanying your Subscription Form, and the the Articles and the Trust Deed, and agree to be bound by and adhere to the Articles and the Trust Deed as if you were directly a party to the same;
 - 2.2. agree that, in consideration of the Company agreeing that it will not, prior to the date of Admission, offer any CULS to any person other than by means of the procedures referred to in this Prospectus, your application may not be revoked until after 30 July 2014 (or such later date as the Company and its agents may agree). You agree that this paragraph constitutes an irrevocable collateral contract between you and the Company and Oriel which will become binding when your Subscription Form is posted or delivered by hand to the Receiving Agent, provided that you shall be entitled to revoke your application in the two working days following any publication by the Company of a supplementary prospectus relating to the Offer in accordance with section 87Q(4) of FSMA;
 - 2.3. undertake to pay (by cheque or banker's draft or such other method of payment as may be agreed with the Company) the Issue Price for the CULS (payable in full on application) in respect of which your application is accepted and warrant that the remittance accompanying your Subscription Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive the CULS applied for or to enjoy or receive any rights or interest in respect of such CULS unless and until you make payment in cleared funds for such CULS and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Company and its agents against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) terminate the agreement to allocate CULS to you, without liability to you, and may allocate them to some other person, in which case you will not be entitled to any refund or payment (other than the refund to you at your risk of any proceeds or remittance which accompanied your Subscription Form and which is received by the Receiving Agent in cleared funds, without interest);
 - 2.4. agree that any CULS to which you may become entitled and moneys returnable may be retained, without interest, by the Receiving Agent;
 - 2.5. agree that any error in connection with your application for CULS, or as a result of termination of any agreement to allocate CULS in accordance with paragraphs 2.3 or 2.7

of these Terms and Conditions of Application may be rectified and, in addition and without prejudice to the foregoing, you hereby irrevocably authorise the Company, or any person appointed by it for this purpose, to execute on your behalf any instrument of transfer which may be necessary to effect any re-allocation or sale of CULS to any other person arising as a result of the foregoing. The power to re-allocate or sell CULS contained in this paragraph, are in addition to any other rights, powers and remedies which would otherwise be available to the Company in the event of a breach by you of these Terms and Conditions of Application;

- 2.6. agree, on the request of the Company or any of its agents, to disclose promptly in writing to any of them such information as the Company or its agents may request in connection with your application and you agree that information relating to applications will be retained by the Receiving Agent in connection with the Offer and may be disclosed as contemplated by the CDD Rules;
 - 2.7. agree that if evidence of identity satisfactory to the Company and its agents is not provided to the Company or its agents within a reasonable time (in the opinion of the Company) following a request therefore, any agreement with you to allocate CULS may be terminated and, in such case, the CULS which would otherwise have been allocated to you may be re-allocated and your application monies will be returned to the bank or other account on which the cheque or other remittance accompanying the application was drawn without interest;
 - 2.8. warrant and confirm that:
 - 2.8.1 you are not a person engaged in money laundering;
 - 2.8.2 none of the monies or assets transferred or to be transferred to (or for the account of) the Company and its agents for the purposes of the subscription are or will be the proceeds of criminal activities; and
 - 2.8.3 you are not a prohibited individual or entity or resident in a prohibited country or territory listed on the United States Department of Treasury's Office of Foreign Assets Control ("OFAC") website and that you are not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programmes;
 - 2.9. undertake to ensure that, in the case of your Subscription Form being signed by someone other than the applicant, the original of the relevant power of attorney or other authority (or a complete copy certified by a solicitor or a bank) is enclosed with your Subscription Form;
 - 2.10. undertake to pay interest at the rate prescribed in paragraph 6 below if the remittance accompanying your Subscription Form is not honoured on first presentation;
 - 2.11. authorise the Receiving Agent on behalf of the Company to send definitive certificates in respect of the number of CULS for which your application is accepted, and/or a crossed cheque for any monies returnable, by post to your address as set out in your Subscription Form; and
 - 2.12. confirm that you have read and complied with paragraphs 22 and 23.
3. Any application may be rejected in whole or in part at the sole discretion of the Company.

Acceptance of your offer

4. You agree that acceptance of your application, if it is validly received (or treated as valid), processed (and not rejected) and provided that it is not rejected subsequently as a result of a failure by you to comply with these Terms and Conditions of Application, shall be constituted at the election of the Company, after consultation with Oriel, either:
 - 4.1. by notifying the London Stock Exchange of the basis of allocation (in which case the acceptance will be on that basis); or

4.2. by notifying acceptance to the Receiving Agent.

5. The Company and its agents reserve the right to treat as valid any application not complying fully with these Terms and Conditions of Application or not in all respects completed or delivered in accordance with the instructions accompanying the Subscription Form. The Company and its agents reserve the right to waive in whole or in part any of the provisions of these Terms and Conditions of Application, either generally or in respect of one or more applications. In particular, but without limitation, the Company may accept an application made otherwise than by completion of a Subscription Form where you have agreed in some other manner satisfactory to the Company and its agents to apply in accordance with these Terms and Conditions of Application
6. The right is reserved to present all cheques for payment on receipt by the Receiving Agent and to retain documents of title and surplus application monies pending clearance of successful applicants' cheques. The Company may require you to pay interest or its other resulting costs (or both) if the cheque accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Company to be the interest on the amount of the cheque from the date on which the basis of allocation under the Offer is publicly announced, until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Company plus two per cent. per annum.

Conditions

7. The contracts created by the acceptance of applications (in whole or in part) under the Offer will be conditional upon the admission of the CULS, issued and to be issued, to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's Main Market for listed securities and such admissions becoming effective by 8.00 a.m. on 30 July 2014 (or such later date, not being later than 29 August 2014, as the Company and the Oriel may agree). The Company expressly reserves the right to determine, at any time prior to Admission, not to proceed with the Offer.
8. You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other rights you may have.

Return of application monies

9. If any application is not accepted, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest in Sterling by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto, save where such amount is less than £5.00. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

Warranties

10. By completing a Subscription Form, you:
 - 10.1. warrant that, if you sign the Subscription Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions of Application and undertake to enclose your power of attorney or other authority or a complete copy duly certified by a solicitor or a bank;
 - 10.2. acknowledge that, if you are not resident in the United Kingdom, no action has been taken to permit a public offer in your jurisdiction and that, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, warrant that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any

action or omitted to take any action which will result in the Company or its agents or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Offer or your application;

- 10.3. confirm that in making an application you are not relying on any information or representations in relation to the Company and the CULS other than that contained in the Prospectus (as may be supplemented by a supplementary prospectus) on the basis of which alone your application is made, and accordingly you agree that no person responsible solely or jointly for the Prospectus or any part of the Prospectus shall have any liability for any such other information or representations;
- 10.4. acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in the Prospectus (as may be supplemented by a supplementary prospectus) and, if given or made, any information or representation must not be relied upon as having been authorised by the Company or any of its agents;
- 10.5. warrant that you are either a company or other body corporate duly incorporated and validly existing with authority to sign the Subscription Form and to apply for CULS or an individual who is not under the age of 18 on the date of your application;
- 10.6. agree that all documents and monies sent by post to you, by or on behalf of the Company or any of its agents will be sent at your risk and, in the case of documents and returned monies to be sent to you, may be sent to you at your address as set out in your Subscription Form;
- 10.7. confirm that you have reviewed the restrictions contained in the section entitled "Overseas investors" in paragraphs 22 and 23 and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions of such section;
- 10.8. warrant that you are not in the United States, or subscribing for the CULS for the account of any person in the United States, and are not a Canadian person, or an individual, corporation or other entity resident in Australia, Japan, New Zealand or Republic of South Africa; and
- 10.9. warrant that the details relating to you as set out in your Subscription Form are correct.

Allocations

11. The basis of allocation will be determined at the sole discretion of the Company. The right is reserved notwithstanding such basis to reject in whole or in part and/or scale down any application.

Miscellaneous

12. To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the CULS and the Offer for Subscription.
13. The rights and remedies of the Company and its agents under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to them, and the exercise or partial exercise of one will not prevent the exercise of others.
14. You agree that Oriel Securities Limited is acting for the Company in connection with the Issue and for no-one else and Oriel Securities Limited will not treat you as its client by virtue of such application being accepted or owe you any duties concerning the price of CULS or concerning the suitability of CULS for you or otherwise in relation to the Issue.
15. You authorise the Receiving Agent or any person authorised by them or the Company, as your agent, to do all things necessary to effect registration of any CULS subscribed for by you in your

name and authorise any representatives of the Receiving Agent to execute and/or complete any document required therefor.

16. You agree that it is a condition of application that any information supplied by an applicant or on his behalf or derived from the processing of the application may be used by the Receiving Agent or the Company and/or disclosed to the Company, its agents or advisers in connection with and for the purposes of the Issue and, for the purposes of the UK Data Protection Act 1998 (or any statutory modification or substitutions), you provide your consent to the use and disclosure of this information.
17. You agree that a failure to receive, process or accept your application for CULS does not give rise to any right of action by any person against the Company, Oriel, the Receiving Agent or any other person. You agree that the non-receipt by any person of the Prospectus or any other related document shall not invalidate the Issue in whole or in part or give rise to any right of action by any person against the Company, Oriel, the Receiving Agent or any other person.
18. You agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription shall be governed by and construed in accordance with English law and that, for the benefit of the Company, Oriel and the Receiving Agent, you submit to the nonexclusive jurisdiction of the English courts and agree that nothing shall limit the right of the Company, Oriel, the Receiving Agent or their agents or advisers to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances and contracts in any other manner permitted by law or in any court of competent jurisdiction.
19. Completed Subscription Forms, together with payment, must be returned so as to be received by post to Computershare, Corporate Actions 3, Bristol BS99 6AR or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE no later than 11 a.m. on 23 July 2014. A Subscription Form which is sent by post or delivered by hand (as described above) will be treated as having been received only when it is received by the Receiving Agent.

Money Laundering

20. You agree that, in order to ensure compliance with the CDD Rules, the Receiving Agent may at its absolute discretion require, and you will provide, evidence which is satisfactory to it to establish your identity or that of any person on whose behalf you are acting and/or your status. Without prejudice to the generality of the foregoing such evidence may be required if you either:
 - 20.1. tender payment by way of banker's draft or cheque or money order drawn on an account in the name of another person or persons (in which case verification of your identity may be required); or
 - 20.2. appear to the Receiving Agent to be acting on behalf of some other person (in which case verification of identify of any persons on whose behalf you appear to be acting may be required).

Failure to provide the necessary evidence of identity (in a manner satisfactory to the Company and its agents, including in respect of the manner of its certification) may result in application(s) being rejected or delays in the authorisation of documents.

21. Without prejudice to the generality of paragraph 20 above, verification of the identity of applicants may be required if the total subscription price of the CULS applied for, whether in one or more applications, exceeds £13,000 (approximately equivalent to €15,000). If in such circumstances, you use a building society cheque, banker's draft or money order, you should ensure that the bank or building society enters the name, address and account number of the person whose account is being debited on the reverse of the cheque, banker's draft or money order and add its stamp. If in such circumstances, you use a cheque drawn by a third party, you may be requested to provide a copy of your passport or driving licence certified by a solicitor or a recent original bank or building society statement or utility bill in your name and showing your current address (which originals will be returned by post at the applicant's risk).

Overseas investors

22. If you receive a copy of this Prospectus or a Subscription Form in any territory other than the United Kingdom you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Subscription Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Subscription Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the United Kingdom and wishing to make an application for CULS under the Offer for Subscription, to satisfy yourself that you have fully observed the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory. The Company reserves the right, in its absolute discretion, to reject any application received from outside the United Kingdom.
23. Without limiting the above, the CULS may not be offered, sold or delivered, directly or indirectly, within Canada, Australia, Japan, New Zealand and the Republic of South Africa or in the United States except in reliance on, or in a transaction not subject to, the registration requirements under the US Securities Act or other relevant legislation. If you subscribe for CULS in the Offer for Subscription you will, unless the Company agrees otherwise in writing, be deemed to represent and warrant to the Company and its agents that you are not in the United States. No application will be accepted if it bears an address in the United States or otherwise where there is cause to believe you are in the United States.

Definitions used in these Terms and Conditions of Application

24. In these Terms and Conditions of Application and the Subscription Form the following terms have the meanings set out below:

“Subscription Form” means the application form for use in connection with the Offer for Subscription attached at the end of this Prospectus or any application form for use in connection with the Offer for Subscription otherwise published by or on behalf of the Company; and

“Prospectus” means the document comprising a prospectus of the Company dated 27 June 2014.

Save where the context requires otherwise, terms used in these Terms and Conditions of Application bear the same meaning as used in this Prospectus.

NOTES ON HOW TO COMPLETE THE SUBSCRIPTION FORM

Applications should be returned so as to be received by 11 a.m. on 23 July 2014. *All Applicants should read notes 1-5. Note 6 should be read by Joint Applicants.*

1. Application

Fill in (in figures) the aggregate subscription price for which your application is made. Your application must be for CULS with a minimum aggregate subscription price of £1,000 or, if for more than £1,000, in multiples of £100.

2. Personal Details

Fill in (in block capitals) the full name, address and daytime telephone number of the applicant. If this application is being made jointly with other persons, please read Note 6 before completing Box 3.

3. Signature

The applicant named in Box 3 must date and sign Box 4.

The Subscription Form may be signed by another person on your behalf if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection. A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated.

4. Cheque/Banker's Draft Details

Attach a cheque or banker's draft for the exact amount shown in Box 2 to your completed Application Form. Your cheque or banker's draft must be made payable to "CIS PLC re: FCGSC OFFER FOR SUBSCRIPTION" and crossed "a/c Payee".

Your payment must relate solely to this application. No receipt will be issued.

Payments must be made by cheque or banker's draft in pounds sterling drawn on a branch in the United Kingdom, the Channel Islands or the Isle of Man of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for members of any of these companies. Such cheques or banker's drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have a sole or joint title to the funds, should be made payable to "CIS PLC re: FCGSC Offer for Subscription". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping endorsing the cheque/bankers' draft to such effect.

The account name should be the same as that shown on the application.

Applications with a value of £13,000 (approximately equivalent to €15,000) or greater, which are to be settled by way of a third party payment, e.g. banker's draft, building society cheque or a cheque drawn by someone other than the applicant, will be subject to the United Kingdom's verification of identity requirements which are contained in the Money Laundering Regulations 2007. In order to ensure compliance with the CDD Rules the Company (or any of its agents) may require at its absolute discretion such evidence in respect of any application which is satisfactory to it to establish your identity or that of any person on whose behalf you are acting and/or your status.

For UK applicants, this may involve verification of names and addresses (only) through a reputable agency. For non-UK applicants, verification of identity may be sought from your bankers or from another reputable institution or professional adviser in the applicant's country of residence.

If satisfactory evidence of identity has not been obtained within a reasonable time, and in any event (unless the Offer for Subscription is extended) by 11 a.m. on 23 July 2014, your application may not be accepted.

Certificates, cheques and other correspondence will be sent to the address in Box 3.

5. Shares in Uncertificated Form (CREST)

If you wish your CULS to be issued in uncertificated form you should complete the Subscription Form as above and must also complete Box 6.

6. Joint Applicants

If you make a joint application, you will not be able to transfer your Ordinary Shares into an ISA. If you are interested in transferring your CULS into an ISA, you should apply in your name only.

If you do wish to apply jointly, you may do so with up to three other persons. Boxes 3 and 4 must be completed by one applicant. All other persons who wish to join in the application must complete and sign Box 7.

Another person may sign on behalf of any joint applicant if that other person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection.

Certificates, cheques and other correspondence will be sent to the address in Box 3.

7. Verification of Identity

Section 8 of the Subscription Form applies if the aggregate value of the CULS which you are applying for, whether in one or more applications, exceeds £13,000 (approximately equivalent to €15,000) or the Company (or any of its agents), at its absolute discretion deems it necessary to apply in order to ensure compliance with the CDD Rules. If section 8 applies to your application, you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) is completed.

7.1 Professional Adviser or Intermediary

You should complete section 8.1 of the Subscription Form if you are a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser acting on behalf of a client.

7.2 Reliable Introducer

If you are not a professional adviser or intermediary and the value of your application(s) exceed(s) £13,000 (approximately equivalent to €15,000) or the Company (or any of its agents) deems it necessary, at its absolute discretion, in order to ensure compliance with the CDD Rules, you will be required to provide the verification of identity documents listed in section 8.3 of the Subscription Form unless you can have the declaration set out in section 8.2 of the Subscription Form given and signed by a firm acceptable to the Receiving Agent and the Company. Section 8.2 of the Subscription Form details those firms acceptable to the Receiving Agent and the Company for signing the declaration. In order to ensure their Subscription Forms are processed timely and efficiently, all applicants who are not professional advisers or intermediaries and to whose applications section 8.2 of the Subscription Form applies are strongly advised to have the declaration set out in section 8.2 of the Subscription Form completed and signed by a suitable firm where possible.

7.3 Applicant Identity Information

Section 8.3 of the Subscription Form need only be completed where the aggregate value of the CULS which you are applying for, whether in one or more applications, exceeds £13,000 (approximately equivalent to €15,000) or the Company (or any of its agents)

deems it necessary, at its absolute discretion, in order to ensure compliance with the CDD Rules and neither sections 8.1 nor 8.2 of the Subscription Form can be completed.

Notwithstanding that the declaration set out in section 8.2 of the Subscription Form has been completed and signed, the Receiving Agent and the Company reserve the right to request of you the identity documents listed in section 8.3 of the Subscription Form and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time, your application might be rejected or revoked.

Where certified copies of documents are requested in section 8.3 of the Subscription Form, such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

Instructions for Delivery of Completed Subscription Forms

Completed Subscription Forms should be returned, by post to Computershare, Corporate Action 3, Bristol BS99 6AR or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE so as to be received by no later than 11 a.m. on 23 July 2014, together in each case with payment in full in respect of the application. If you post your Subscription Form, you are recommended to use first class post and to allow at least two days for delivery. Subscription Forms received after this date may be returned.

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SUBSCRIPTION FORM
F&C GLOBAL SMALLER COMPANIES PLC
 (the “Company”)

Please send the completed form by post to Computershare, Corporate Actions 3, Bristol BS99 6AR or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received by no later than 11.00 a.m. on 23 July 2014.

Important – Before completing this form, you should read the accompanying notes set out pages 119 to 121 of this document. All applicants must complete boxes 1 to 4 and box 8 and enclose payment. Box 6 should only be completed if you wish to hold your CULS in uncertificated form. Box 7 should only be completed by joint applicants. If your application is for more than £13,000 (approximately equivalent to €15,000), section 8.1, 8.2 or 8.3 (as appropriate) must also be completed.

If you have a query concerning completion of this Subscription Form please call Computershare Investor Services PLC on 0870 889 4088 from within the UK or on +44 870 889 4088 if calling from outside the UK. Calls to the 0870 707 4040 number cost 10p per minute plus any other network providers’ costs. Lines are open from 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls to the helpline, which is unable to give any tax, legal or financial advice on the Offer for Subscription, from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.

1. Application

I/We, the person(s) detailed in section(s) 3 and, in the case of joint applicants, 7 below offer to subscribe for the number of fully paid CULS specified in the box below at 100 pence per nominal unit subject to the Terms and Conditions of Application under the Offer for Subscription set out in the Prospectus dated 27 June 2014 and subject to the Memorandum and Articles of Incorporation of the Company.

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Write in figures, the number of CULS that you wish to apply for. The aggregate subscription must not be less than £1,000. Applications in excess of the minimum subscription amount should be in multiples of £100).

2. Amount payable

I/We attach a cheque or banker’s draft for the amount payable of:

£

(The amount in Box 1 multiplied by the Issue Price, being 100p per £1 nominal unit)

3. Personal details (PLEASE USE BLOCK CAPITALS)

Mr, Mrs, Miss or Title	Forenames (in full)
Surname	
Address (in full)	
Postcode	Daytime telephone no.

4. Signature

I/We hereby confirm that I/We have read the Prospectus and make this application on and subject to the Terms and Conditions of Application under the Offer for Subscription set out in pages 113 to 118 of the Prospectus.

Signature	Dated
	2014

5. Form of Payment

Cheque or Banker’s Draft

If you are paying by cheque or banker’s draft, please check the box beside this paragraph 5 and pin your cheque or banker’s draft here. Your cheque or banker’s draft must be for the amount in pounds Sterling equal to the number shown in the box in section 2 above, made payable to “CIS PLC re FCGSC OFFER FOR SUBSCRIPTION” and crossed “A/C Payee”. Your payment must relate solely to this Subscription Form. No receipt will be issued. The right is reserved to reject any Subscription Form in respect of which the applicant’s cheque or banker’s draft has not been cleared on first presentation.

6. CULS in uncertificated form (CREST)

Complete this section only if you require your New Shares to be credited to a CREST account in the same name as the applicant.

CREST Participant ID: (no more than five characters)						CREST Member Account ID: (no more than eight characters)								
CREST Participant's Name														

7. Joint Applicants (PLEASE USE BLOCK CAPITALS)

(Box 7 must only be completed by joint applicants (see note 7). Where the application is being made jointly by more than one person, the proposed first-named holder should complete sections 2 and 3 above, and all other applicants (subject to a maximum of three) must complete and sign this section 7)

Mr, Mrs, Miss or Title	Forenames (in full)	Surname	Address	Signature

8. Verification of Identity

(If the value of the CULS which you are applying for, whether in one or more applications, exceeds £13,000 (approximately equivalent to €15,000) you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) is completed)

8.1 Professional Advisers and Intermediaries (This section 8.1 should be completed if an application for CULS is being made on behalf of a client by a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser).

<i>(Name of professional adviser or intermediary, in full)</i>	
<i>(Address, in full)</i>	
	<i>(Post code)</i>
<i>(Contact name)</i>	<i>(Telephone number)</i>

Declaration by the professional adviser or intermediary

To: F&C Global Smaller Companies PLC, Computershare Investor Services PLC and Oriel Securities Limited

We are a financial adviser authorised under the Financial Services and Markets Act 2000 applying for New Shares on behalf of one or more clients ("**relevant clients**"). As such, we hereby undertake to:

- 8.1.1 complete anti-money laundering verification of all relevant clients and to inform you of any unsatisfactory conclusion in respect of any such client;
- 8.1.2 keep records to verify the name, identity, place of birth, residential address, occupation and signature of each relevant client; and
- 8.1.3 supply copies of any such records to you as you may require.

We are governed in the conduct of our investment business and in respect of conducting anti-money laundering verification by the following regulatory or professional body (and our reference or other official number allocated to us by that body is included in the box below).

<i>(Full name and country of operation of regulatory or professional body)</i>	
	<i>(Reference or other official number)</i>

If you require further information about our procedures or any of our relevant clients, please contact the person named as the contact in the first box in this section 8.1.

(Date)	2014	(Official stamp, if any)
(Signature)		
(Full name)		
(Title/position)		

8.2 Reliable Introducer (If you are not a professional adviser or intermediary to whom section 8.1 applies, completion and signing of declaration in this section 8.2 by a suitable person or institution may avoid presentation being requested of the identity documents detailed in section 8.3 of this form).

The declaration below may only be signed by a person or institution (such as a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the "firm") which is itself subject in its own country to the operation of "know your customer" and anti-money laundering regulations no less stringent than those which prevail in Guernsey. Acceptable countries include Austria, Belgium, Denmark, Finland, France, Germany, Gibraltar, Greece, Jersey, Hong Kong, Iceland, Isle of Man, Italy, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland and the United Kingdom.

Declaration by the firm

To: F&C Global Smaller Companies PLC, Computershare Investor Services PLC and Oriel Securities Limited

With reference to the applicant(s) detailed in section(s) 3 and, in the case of joint applicants, 7 above, all persons signing sections 4 and 7 above and the payor identified in section 5.3 above if not also an applicant holder (collectively the "relevant persons"), we hereby declare that:

- 8.2.1 we operate in one of the above-mentioned countries and our firm is subject to money laundering regulations under the laws of that country which, to the best of our knowledge, are no less stringent than those which prevail in the United Kingdom;
- 8.2.2 we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;
- 8.2.3 each of the relevant persons is known to us in a business capacity and we hold valid identity documentation on each of them and we undertake to immediately provide to you copies of this documentation on demand;
- 8.2.4 we confirm the accuracy of the names and residential/business address(es) of the applicant(s) named in sections 3 and, in the case of joint applicants, 7 above and, if details of a CREST account are included in section 6 above, that the owner of the CREST account is the applicant named in section 3 above;
- 8.2.5 having regard to all local money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the new Shares to which this application relates; and
- 8.2.6 where the payor and applicant(s) are different persons we are satisfied as to the relationship between them and the reason for the payor being different to the applicant(s).

The above information is given in strict confidence for your own use only and without any guarantee, responsibility or liability on the part of the firm or its officials.

(Date)	2014	(Official stamp, if any)
(Signature)		
(Full name)		
(Title/position)		

having authority to bind the firm, the details of which are set out below:

<i>(Name of firm, in full)</i>	
<i>(Address, in full)</i>	
	<i>(Post code)</i>
<i>(Contact name)</i>	<i>(Telephone number)</i>
<i>(Full name of firm's regulatory authority)</i>	
<i>(Website address or telephone number of regulatory authority)</i>	<i>(Firm's registered, licence or other official number)</i>

8.3 Applicant identity information (Only complete this section 8.3 if your application has a value greater than £13,000 (approximately equivalent to €15,000) and neither of sections 8.1 and 8.2 can be completed).

In accordance with internationally recognised standards for the prevention of money laundering, the relevant documents and information listed below must be provided (please note that the Company, Oriel and the Receiving Agent reserve the right to ask for additional documents and information).

	<i>Tick here for documents provided</i>				
	<i>Applicant</i>				<i>Payor</i>
	1	2	3	4	
A. For each applicant who is an individual enclose:					
(i)	a certified clear photocopy of one of the following identification documents which bears both a photograph and the signature of the person: (a) current passport; (b) Government or Armed Forces identity card; or (c) driving licence; and				
(ii)	certified copies of at least two of the following documents which purport to confirm that the address(es) given in section 3 and, in the case of joint applicants, section 7 is the applicant's residential address: (a) a recent gas, electricity, water or telephone (not mobile) bill; (b) a recent bank statement; (c) a council tax bill; or (d) similar bill issued by a recognised authority; and				
(iii)	if none of the above documents show their date and place of birth, enclose a note of such information; and				
(iv)	details of the name and address of their personal bankers from which the Receiving Agent or the Company may request a reference, if necessary.				
B. For each holder being a company (a "holder company") enclose:					
(i)	a certified copy of the certificate of incorporation of the holder company; and				
(ii)	the name and address of the holder company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and				
(iii)	a statement as to the nature of the holder company's business, signed by a director; and				
(iv)	a list of the names and residential addresses of each director of the holder company; and				
(v)	for each director provide documents and information similar to that mentioned in A above; and				
(vi)	a copy of the authorised signatory list for the holder company; and				
(vii)	a list of the names and residential/registered addresses of each ultimate beneficial owner interested in more than 5% of the issued share capital of the holder company and, where a person is named, also enclose the documents and information referred to in C below and, if another company is named (a "beneficiary company"), also complete D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.				
C. For each individual named in B(vii) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(i) to (iv)					
D. For each beneficiary company named in B(vii) as a beneficial owner of a holder company enclose:					
(i)	a certificated copy of the certificate of incorporation of that beneficiary company; and				
(ii)	a statement as to the nature of that beneficiary company's business signed by a director; and				
(iii)	the name and address of the beneficiary company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and				
(iv)	enclose a list of the names and residential/registered address of each beneficial owner owning more than 5% of the issued share capital of that beneficiary company.				
E. If the payor is not an applicant and is not a bank providing its own cheque or banker's payment on the reverse of which is shown details of the account being debited with such payment enclose:					
(i)	if the payor is a person, for that person the documents mentioned in A(i) to (iv); or				
(ii)	if the payor is a company, for that person the documents mentioned in B(i) to (vii); and				
(iii)	an explanation of the relationship between the payor and the applicant(s).				