

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other appropriately qualified independent financial adviser, authorised under the Financial Services and Markets Act 2000. All Shareholders are strongly advised to consult their professional advisers regarding their own tax position.**

**If you have sold or otherwise transferred all of your Shares in Invesco Perpetual UK Smaller Companies Investment Trust plc (the “Company”) you should pass this document (but not any personalised Form of Proxy or Tender Form) as soon as possible to the purchaser or transferee or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee. This document or any of the accompanying documents should not, however, be forwarded or transmitted in or into any of the Restricted Jurisdictions.**

J.P. Morgan Securities plc, which conducts its UK investment banking activities as J.P. Morgan Cazenove (“**J.P. Morgan Cazenove**”), which is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority in the United Kingdom, is acting exclusively for the Company and no-one else in connection with the Tender Offer and the contents of this document and will not be responsible to anyone other than the Company for providing the protections afforded to customers of J.P. Morgan Cazenove or for providing advice in relation to the Tender Offer and the contents of this document or any matter referred to herein. Nothing in this paragraph shall serve to exclude or limit any responsibilities which J.P. Morgan Cazenove may have under FSMA or the regulatory regime established thereunder. The Tender Offer is being made in the United States by J.P. Morgan Securities LLC, acting as nominee for J.P. Morgan Cazenove, and no one else.

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## **Invesco Perpetual UK Smaller Companies Investment Trust plc**

*(Incorporated in England and Wales with registered number 02129187)  
(An investment company within the meaning of section 833 of the Companies Act 2006)*

### **Tender Offer for up to 40 per cent. of the issued share capital of the Company and Notice of General Meeting**

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Notice of a general meeting of the Company to be held at the offices of Invesco Perpetual at 43-45 Portman Square, London W1H 6LY on Thursday 8 June 2017 at 1.00 p.m. (or if later as soon as the annual general meeting convened for 12 noon on the same day has concluded or been adjourned) is set out at the end of this document. Shareholders are requested to return the Form of Proxy accompanying this document for use at the General Meeting. To be valid the Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon to be received by the Company’s registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF as soon as possible but in any event by no later than 1.00 p.m. on 6 June 2017.

Applications by Shareholders to sell Shares under the Tender Offer may only be made on the personalised Tender Form or, in the case of Shares held in uncertificated form (that is, in CREST), by submitting a TTE Instruction. The Tender Offer will only be available to Shareholders whose names appeared on the Register as at the close of business on 28 April 2017 in respect of Shares held by them as at that date.

The Tender Offer is not being made to Restricted Shareholders. In particular, the Tender Offer is not being made, directly or indirectly, in or into or by the use of mails or any means or instrumentality (including, without limitation, facsimile transmission, internet, telex and telephone) of interstate or foreign commerce, or any facility of a national securities exchange, nor is it being made, directly or indirectly, in or into Australia, Canada, Japan or South Africa and the Tender Offer cannot be accepted by any such use, means, instrumentality or facility from within Australia, Canada, Japan or South Africa.

Also enclosed with this document is a Tender Form for use by Shareholders who hold their Shares in certificated form in connection with the Tender Offer. To be effective, Tender Forms must be returned as indicated on the Tender Form so as to be received as soon as possible and, in any event, not later than 1.00 p.m. on 15 June 2017. In the case of Shares held by Shareholders in CREST, applications to tender Shares may be made by submitting a TTE Instruction to Capita Asset Services not later than 1.00 p.m. on 15 June 2017.

**IF YOU DO NOT WISH TO SELL ANY OF YOUR SHARES IN THE TENDER OFFER, DO NOT COMPLETE AND RETURN THE TENDER FORM OR SEND A TTE INSTRUCTION. THE DIRECTORS WILL NOT BE TENDERING ANY OF THEIR SHARES IN THE TENDER OFFER.**

Shareholders who hold their Shares in certificated form should also return their share certificate(s) and/or other document(s) of title in respect of the Shares tendered. Shareholders who hold Shares in uncertificated form (that is, in CREST) should arrange for the Shares tendered to be transferred into escrow as described in Part 3 of this document.

**Your attention is drawn to the section headed “Action to be Taken” on page 4 of this document.**

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## NOTICE FOR US SHAREHOLDERS

The Tender Offer relates to securities in a non-US company which is registered in England and Wales and is subject to the disclosure requirements, rules and practices applicable to companies listed in the United Kingdom, which differ from those of the United States in certain material respects. This document has been prepared in accordance with UK style and practice for the purpose of complying with English law and the rules of the London Stock Exchange, and US Shareholders should read this entire document, including Part 5 (Taxation) of this document. The financial information relating to the Company included in this document has not been prepared in accordance with generally accepted accounting principles in the United States and thus may not be comparable to financial information relating to US companies. The Tender Offer is not subject to the disclosure and other procedural requirements of Regulation 14D under the US Exchange Act. The Tender Offer will be made in the United States in accordance with the requirements of Regulation 14E under the US Exchange Act to the extent applicable. Certain provisions of Regulation 14E under the US Exchange Act are not applicable to the Tender Offer by virtue of Rule 14d-1(d) under the US Exchange Act. US Shareholders should note that the Company is not listed on a US securities exchange, subject to the periodic reporting requirements of the US Exchange Act or required to, and does not, file any reports with the SEC thereunder.

It may be difficult for US Shareholders to enforce certain rights and claims arising in connection with the Tender Offer under US federal securities laws since the Company is located outside the United States and most of its officers and directors may reside outside the United States. It may not be possible to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. It also may not be possible to compel a non-US company or its affiliates to subject themselves to a US court's judgment.

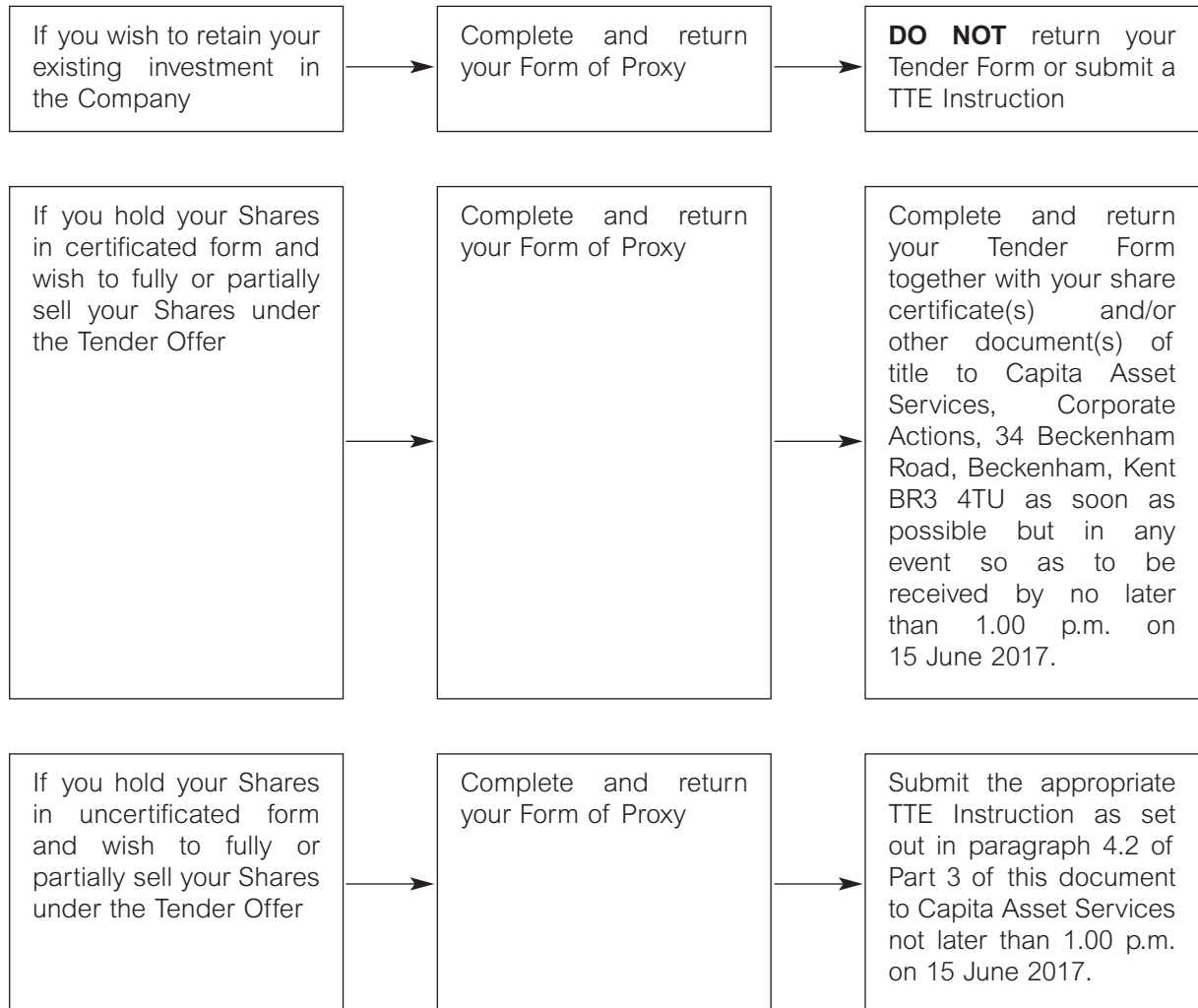
To the extent permitted by applicable law and in accordance with normal UK practice, the Company, J.P. Morgan Cazenove, or any of their affiliates, may make certain purchases of, or arrangements to purchase, Shares outside the United States during the period in which the Tender Offer remains open for acceptance, including sales and purchases of Shares effected by J.P. Morgan Cazenove acting as market maker in the Shares. These purchases, or other arrangements, may occur either in the open market at prevailing prices or in private transactions at negotiated prices. In order to be excepted from the requirements of Rule 14e-5 under the Exchange Act by virtue of Rule 14e-5(b)(12) thereunder, such purchases, or arrangements to purchase, must comply with applicable English law and regulation, including the listing rules of the Financial Conduct Authority, and the relevant provisions of the Exchange Act. Any information about such purchases will be disclosed as required in the UK and the United States and, if required, will be reported via the Regulatory Information Service of the London Stock Exchange and available on the London Stock Exchange website at <http://www.londonstockexchange.com>.

The receipt of cash pursuant to the Tender Offer by a Shareholder who is a US holder (as defined in Part 5 (Taxation)) will be a taxable transaction for US federal income tax purposes. In addition, as described in Section B, paragraph 5 of Part 5 (Taxation) of this document, holders may be subject to US backup withholding and information reporting on payments with respect to the Tender Offer made (or deemed made) within the United States. Part 5 (Taxation) of this document further sets forth certain US federal income tax consequences of the Tender Offer under current US law. However, each Shareholder should consult and seek individual advice from an appropriate professional adviser.

**Neither the SEC nor any US state securities commission has approved or disapproved of this transaction or passed upon the merits of fairness of such transaction or passed upon the adequacy of the information contained in this document. Any representation to the contrary is a criminal offence.**

## ACTION TO BE TAKEN

Only Shareholders whose names appeared on the Register as at close of business on 28 April 2017 are able to participate in the Tender Offer in respect of the Shares held as at that date. The extent to which Shareholders participate in the Tender Offer is a matter for each Shareholder to decide, and will be influenced by their own individual financial and tax circumstances. Shareholders should seek advice from their own independent financial adviser. You should read the whole of this document which contains the terms of the Tender Offer, not just this section, when deciding what action to take.



### **IF YOU DO NOT WISH TO TENDER ANY OF YOUR SHARES DO NOT COMPLETE AND RETURN A TENDER FORM OR SUBMIT A TTE INSTRUCTION.**

If you have any queries relating to your shareholding(s) please call the Shareholder Helpline on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

## EXPECTED TIMETABLE

2017

Record Date for the Tender Offer	close of business on 28 April
Latest time and date for the receipt of Forms of Proxy	1.00 p.m. on 6 June
General Meeting	1.00 p.m. on 8 June (or if later as soon as the annual general meeting convened for 12 noon on the same day has concluded or been adjourned)
Results of General Meeting announced	8 June
Latest time and date for receipt of Tender Forms from Shareholders and submission of TTE Instructions	1.00 p.m. on 15 June
Calculation Date	close of business on 16 June
Results of Tender Offer elections announced	19 June
Establishment of Tender Pool and Continuing Pool	19 June
Realisation of the Tender Pool commences	19 June
Tender Price announced; acquisition of the Exit Shares by J.P. Morgan Cazenove and repurchase of the Exit Shares by the Company; cheques despatched and payments through CREST made in respect of the Exit Shares	as soon as practicable after all of the assets contained in the Tender Pool have been realised

### Notes:

- (1) References to times in this document are to London time.
- (2) Save for the General Meeting, the dates set out in the expected timetable may be adjusted by J.P. Morgan Cazenove, with the consent of the Company, in which event details of the new dates will be notified to Shareholders by an announcement made by the Company through a Regulatory Information Service.

## PART 1

### LETTER FROM THE CHAIRMAN

# Invesco Perpetual UK Smaller Companies Investment Trust plc

*(Incorporated in England and Wales with registered number 02129187)*

*(An investment company within the meaning of section 833 of the Companies Act 2006)*

*Directors:*

Ian Barby (*Chairman*)  
Richard Brooman (*Deputy Chairman and Senior Independent Director*)  
Christopher Fletcher  
Jane Lewis  
Garth Milne

*Registered Office:*

Perpetual Park  
Perpetual Park Drive  
Henley-on-Thames  
Oxfordshire RG9 1HH

17 May 2017

Dear Shareholders

## TENDER OFFER FOR UP TO 40 PER CENT. OF THE SHARES IN ISSUE

### Introduction

In May 2012, the Company announced that it intended to make a number of options available to Shareholders on or around the date of the annual general meeting in 2017, which may include one or more of a continuation of their existing investment in the Company, a rollover into a similar or other investment vehicle and/or the provision of a cash exit at a price close to NAV per Share.

The Board announced on 27 April 2017 that, in the light of the strong performance of the Company and after consultation with major Shareholders, it has resolved to provide Shareholders with the opportunity to retain their investment in the Company together with the alternative of a tender offer for up to 40 per cent. of the Shares in issue for those who wish to realise part or all of their investment in the Company at the Tender Price.

The purpose of this document is to set out the background to and reasons for the proposed Tender Offer and why the Board recommends you vote in favour of the requisite resolution to be proposed at the General Meeting. This document also contains the terms and conditions of the Tender Offer, together with details of how Shareholders can tender Shares for purchase, if they wish to do so.

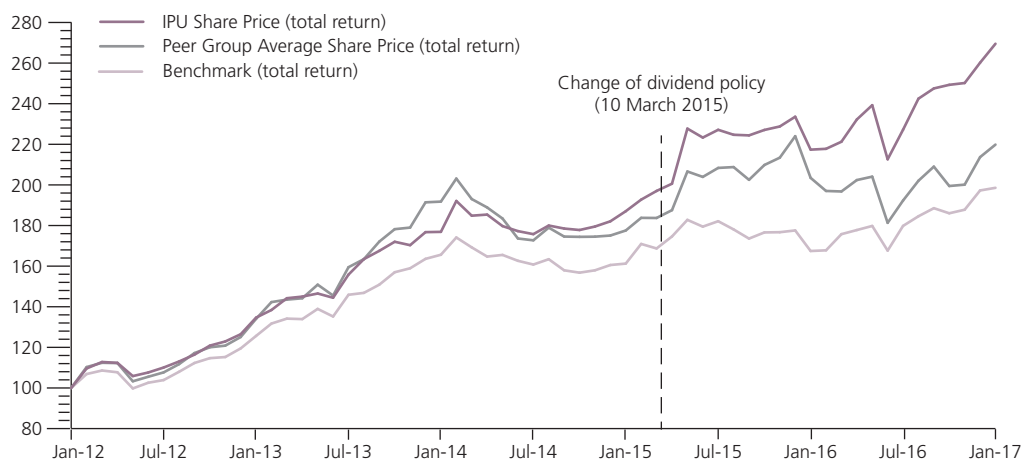
**If you do not wish to sell any of your Shares in the Tender Offer, do not complete and return the Tender Form or send a TTE Instruction. The Directors will not be tendering any of their Shares in the Tender Offer.**

### Investment performance and outlook

The Company has enjoyed strong absolute and relative total returns over the last five financial years, outperforming its benchmark index, the Numis Smaller Companies Index (excluding Investment Companies) with income reinvested, over one, three and five years. NAV total return over the five years to 31 January 2017 was 123.0 per cent. and share price total return was 169.5 per cent. compared with 98.6 per cent. for the benchmark index. The discount to Net Asset Value at which the Shares have traded has also substantially narrowed over the same period which has contributed to the strong share price performance. The Company's positive performance has continued in the current financial year with NAV and share price total returns of 11.9 and 13.4 per cent. respectively for the period from 1 February 2017 to 12 May 2017 against 10.6 per cent. for the benchmark index.

The following graph shows the performance of the Company's share price total return compared to the benchmark index and the Company's close peer group average over the Company's last five financial years.

## Share price – Company versus benchmark index and close peer group average

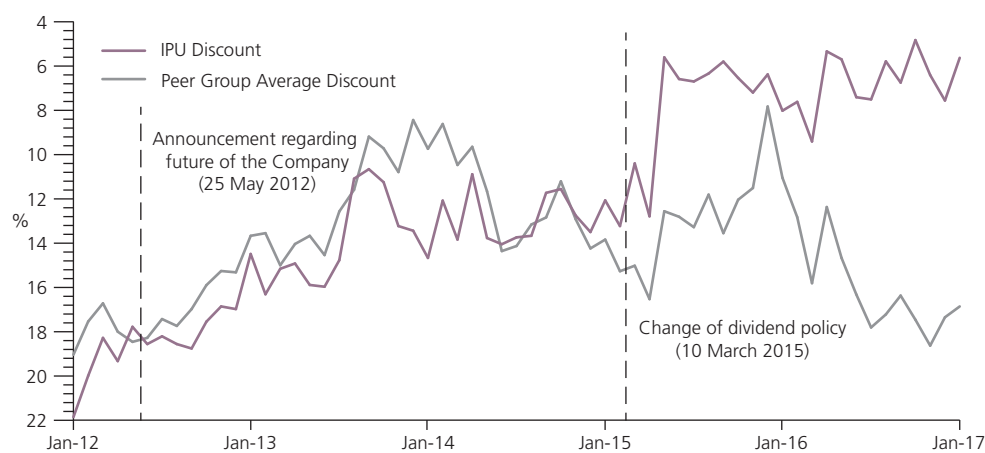


Source: Thomson Reuters Datastream/Invesco Perpetual. For illustrative purposes only. Past performance is not a guide to future performance.

The Board believes that two specific initiatives in particular have helped narrow the discount from persistently above the sector average to now being one of the narrowest discounts within its peer group and which as at 12 May 2017 stood at 4.1 per cent. The first of these initiatives was a commitment by the Board in 2012 to offer Shareholders a number of options on or around the date of the annual general meeting in 2017 as described above. This was followed by a significant increase in the level of dividend to an initial yield target of 4 per cent. per annum (based on the prevailing share price at the time of announcement in March 2015), with any revenue shortfall supplemented from profits retained as capital reserves, and the payment of dividends on a quarterly basis.

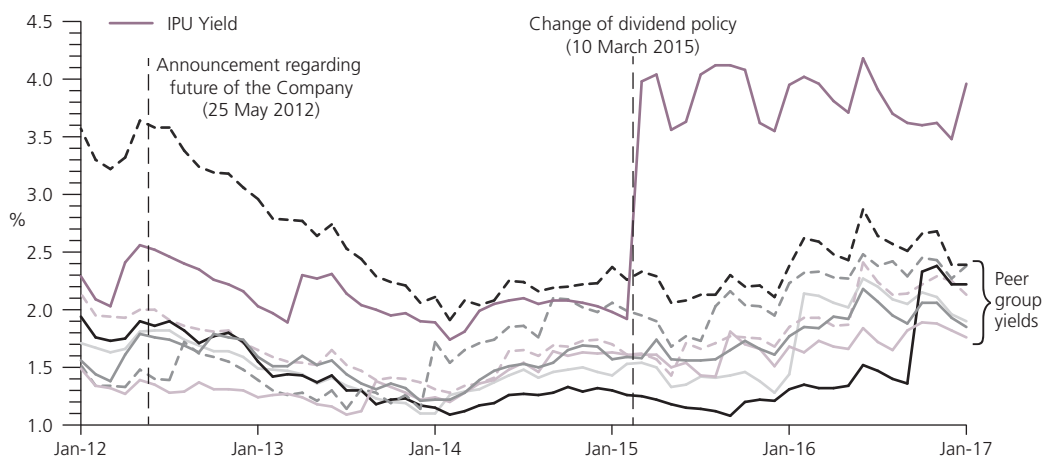
The graphs below show the share price discount to Net Asset Value and the dividend yield of the Company's Shares over the last five financial years compared with the Company's close peer group.

## Discount – Company versus close peer group average



Source: Thomson Reuters Datastream/Invesco Perpetual. For illustrative purposes only. Past performance is not a guide to future performance.

## Yield differentiation – Company versus close peer group yields



Source: Thomson Reuters Datastream/Invesco Perpetual. For illustrative purposes only. Past performance is not a guide to future performance.

Details of the investment outlook for the Company are included in the Chairman's Statement and the Portfolio Manager's Report which are set out in the annual financial report for the year ended 31 January 2017.

### Reasons for the Tender Offer

The Board is mindful of the historical performance of the Company, together with the financial returns provided for Shareholders and the outlook for the Company. As a result, in line with its previous announcements, the Board has resolved to enable Shareholders to retain their investment in the Company whilst offering those Shareholders who wish to realise their investment, either in part or potentially in whole, a chance to do so.

The decision to proceed with the Tender Offer was taken following discussions about the future of the Company held with major Shareholders, the Company's broker and the Manager. The Board believes that many Shareholders will wish to continue with their investment in the Company unchanged, but in order to deliver on its commitment to offer Shareholders options in line with its previous commitment, the Board proposes that:

- For Shareholders wishing to retain their investment in the Company:
  - the Company will continue to be managed by the Manager in the same way that it is now;
  - consistent with the current dividend policy, in the absence of unforeseen circumstances, the Board intends to pay a dividend for the year to 31 January 2018 of 17.1 pence per Share (which equates to a yield of approximately 4 per cent. on the share price as at 31 January 2017)<sup>(1)</sup>;
  - the Board may seek to limit discount volatility through the prudent use of Share buy backs; and
  - a further range of options will be put to Shareholders on or around the time of the 2020 AGM.
- Those Shareholders wishing to realise part or all of their investment in the Company will have a chance to do so through the Tender Offer for up to 40 per cent. of the Shares in issue as at the Record Date at the Tender Price. Shareholders tendering in excess of 40 per cent. of their shareholding may be able to realise those Shares through the Tender Offer to the extent that other Shareholders do not tender any of their Shares or tender less than their Basic Entitlement.

The Board is satisfied that following the Tender Offer the Company will remain an attractive size with sufficient liquidity.

(1) This is a target only and not a profit forecast. There is no guarantee that any dividends will be paid in respect of any financial year or period.



J.P. Morgan Cazenove, as the Company's corporate broker, will endeavour to match those Shareholders wishing to realise part or all of their investment in the Company ahead of the Tender Offer in the secondary market with other investors seeking an increased investment in the Company. Further information on the proposed Tender Offer is set out below.

### **Dividends**

The Company's dividend policy is to distribute all available revenue earned by the portfolio in the form of dividends to Shareholders. In addition, the Board has approved the use of the Company's capital reserves to enhance dividend payments. For the year ended 31 January 2017, three interim dividends of 3.45 pence per Share each have been paid and the Board is proposing a final dividend of 6.75 pence per Share, making a total dividend for the year of 17.1 pence per Share, an increase of 19.6 per cent. on the previous year's total dividend. In the absence of unforeseen circumstances, the Board intends to pay a dividend for the year to 31 January 2018 of 17.1 pence per Share (which equates to a yield of approximately 4 per cent. on the share price as at 31 January 2017)<sup>(2)</sup>. The Directors have no intention to declare any further dividends until the acquisition of the Exit Shares pursuant to the Tender Offer has been completed.

### **Share buy backs**

The Board intends to renew its authority to buy back up to 14.99 per cent. of the Shares currently in issue at the upcoming annual general meeting and on an annual basis as appropriate. The Board may, subject to normal market conditions, seek to limit the discount to Net Asset Value at which the Shares trade through the prudent use of this authority to repurchase Shares in the market. Any buy back of Shares will be at the absolute discretion of the Board. It should be noted that this is a mechanism primarily to limit discount volatility and there is no guarantee that such limitation will be achieved or that any Shares will be bought back.

### **Tender Offer**

The Tender Offer enables those Shareholders (other than Restricted Shareholders and certain Overseas Shareholders) who wish to sell some or all of their Shares to elect to do so, subject to the overall limits of the Tender Offer. For the purposes of calculating the Tender Price, all of the Company's assets and liabilities will, following valuation on the Calculation Date and following deduction of the fixed costs of the Tender Offer which are estimated at £0.6 million (including VAT) and borne by Shareholders as a whole, be allocated *pro rata* between the Continuing Pool and the Tender Pool as at the Calculation Date.

The net value of the assets and liabilities allocated on the establishment of the Tender Pool will equal the NAV per Share on the Calculation Date (which will reflect the deduction of the fixed costs of the Tender Offer) multiplied by the number of Exit Shares (the "Tender Offer Formula Asset Value").

The Tender Pool will bear: (i) an exit charge calculated as 1.5 per cent. of the Tender Offer Formula Asset Value (which will be applied for the benefit of the Continuing Pool); (ii) the costs of realising the assets in the Tender Pool; (iii) its share of the operating costs of the Company on a *pro rata* basis; and (iv) the amount of stamp duty payable on the repurchase by the Company of the Exit Shares acquired from J.P. Morgan Cazenove pursuant to the Repurchase Agreement. The Tender Pool assets will be fully realised as soon as practicable after the establishment of the Tender Pool so as to enable the calculation of the Tender Price as described below.

Following the date upon which all of the assets contained in the Tender Pool have been fully realised, and all liabilities to be borne by the Tender Pool (other than stamp duty) met, the Directors will select a date upon which the Final Tender Offer Asset Value of the Tender Pool will be calculated being a date no later than 30 September 2017 (the "Tender Pool Determination Date"). The Final Tender Offer Asset Value will equal the unaudited Net Asset Value of the assets in the Tender Pool on the Tender Pool Determination Date less any stamp duty arising on the repurchase of Exit Shares acquired from J.P. Morgan Cazenove by the Company pursuant to the Repurchase Agreement. In the absence of adverse market conditions it is expected that the final distribution of assets under the Tender Offer will be well before 30 September 2017. The Tender Price will be an amount equal to the Final Tender

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(2) This is a target only and not a profit forecast. There is no guarantee that any dividends will be paid in respect of any financial year or period.

Offer Asset Value divided by the total number of Exit Shares (rounded down to two decimal places) in each case as at the Tender Pool Determination Date.

Under the terms of the Tender Offer, which is being made by J.P. Morgan Cazenove, Shareholders (other than Restricted Shareholders and certain Overseas Shareholders) will be entitled to tender up to their Basic Entitlement, being 40 per cent. of the Shares they held as at the Record Date. Shareholders may also be able to tender additional Shares, but any such excess tenders above the Basic Entitlement will only be satisfied, on a *pro rata* basis, to the extent that other Shareholders tender less than their aggregate Basic Entitlement.

Subject to the satisfaction of the Conditions relating to the Tender Offer and as soon as practicable following the Tender Pool Determination Date and the announcement of the Tender Price, J.P. Morgan Cazenove will, as principal, purchase, at the Tender Price, Shares validly tendered under the Tender Offer and, following completion of all of these purchases, sell such Shares back to the Company pursuant to the Repurchase Agreement at the Tender Price by way of an on-market transaction on the London Stock Exchange. The Shares which the Company acquires from J.P. Morgan Cazenove will be cancelled or held in treasury. The repurchase of Shares by the Company under the Repurchase Agreement will be funded from the Company's distributable reserves.

The Tender Offer is subject to the Conditions set out in paragraph 3 of Part 3 of this document. The Tender Offer may also be terminated in certain circumstances as set out in paragraph 8 of Part 3 of this document. Shareholders' attention is drawn to the letter from J.P. Morgan Cazenove set out in Part 2 of this document, which, in the case of Shares held in certificated form together with the Tender Form, sets out the principal terms and conditions of the Tender Offer, and to Part 4 of this document which contains a summary of certain risks associated with the Tender Offer. Details of how Shareholders will be able to tender Shares can be found in paragraph 4 of Part 3 of this document.

Shareholders should note that, once tendered, Exit Shares may not be sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer. The rights attaching to the Exit Shares will not be altered as a result of the implementation of the Tender Offer or the establishment of the Tender Pool (which is for the sole purpose of calculating the Tender Price) and the Exit Shares will continue to rank *pari passu* with the Shares which have not been tendered until such time as their acquisition under the Tender Offer is completed.

Shareholders who are in any doubt as to the contents of this document or as to the action to be taken should immediately consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA.

The Company's authority to repurchase its own Shares, which is expected to be granted at the annual general meeting of the Company to be held on 8 June 2017 in respect of up to 14.99 per cent. of the Company's issued share capital as at the date of that meeting, will remain in force and be unaffected by the Tender Offer.

### **Estimated expenses**

The fixed costs relating to the Tender Offer which shall be borne by all Shareholders are expected to be approximately £0.6 million including VAT. The foregoing figure does not include portfolio realisation costs or stamp duty (at 0.5 per cent.) on the value of the Exit Shares at the Tender Price.

### **Overseas Shareholders**

The making of the Tender Offer to persons outside the United Kingdom, the Channel Islands or the Isle of Man may be prohibited or affected by the laws of the relevant overseas jurisdictions. Shareholders with registered or mailing addresses outside the United Kingdom, the Channel Islands or the Isle of Man or who are citizens or nationals of, or resident in, a jurisdiction other than the United Kingdom, the Channel Islands and the Isle of Man should read carefully paragraph 10 of Part 3 of this document.

It is the responsibility of all Overseas Shareholders to satisfy themselves as to the observance of any legal requirements in their jurisdiction, including, without limitation, any relevant requirements in relation to the ability of such holders to participate in the Tender Offer.

### **Taxation**

The attention of Shareholders is drawn to Part 5 of this document which sets out a general guide to certain aspects of current UK taxation law and HMRC published practice. This information is a

general guide and is not exhaustive. **Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser.**

### **General Meeting**

The proposed Tender Offer is subject to Shareholder approval. A notice convening the General Meeting which is to be held at the offices of Invesco Perpetual at 43-45 Portman Square, London W1H 6LY on Thursday 8 June 2017 at 1.00 p.m. (or if later as soon as the annual general meeting convened for 12 noon on the same day has concluded or been adjourned) is set out at the end of this document. At this meeting a special resolution will be proposed to approve the Tender Offer on the terms set out in this document.

### **Action to be taken**

#### ***General Meeting***

Whether or not you wish to tender your Shares under the Tender Offer and regardless of whether you intend to be present at the General Meeting, Shareholders are requested to complete and return the accompanying Form of Proxy in accordance with the instructions printed thereon so as to be received by the Registrars as soon as possible but in any event by no later than 1.00 p.m. on 6 June 2017. The completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person should you wish.

#### ***Tender Offer***

Only Shareholders whose names appeared on the Register as at close of business on 28 April 2017 are able to participate in the Tender Offer in respect of the Shares held as at that date. **If you do not wish to sell any of your Shares in the Tender Offer, do not complete and return the Tender Form or submit a TTE Instruction.**

Shareholders holding Shares in certificated form will find enclosed with this document a personalised Tender Form and a reply-paid envelope. Shareholders holding Shares in certificated form who wish to tender Shares should complete and return the personalised Tender Form in accordance with the instructions printed on it so as to be received as soon as possible and, in any event, by no later than 1.00 p.m. on 15 June 2017.

Shareholders who hold their Shares in certificated form should also return their share certificate(s) and/or other document(s) of title in respect of the Shares tendered with their Tender Form.

Shareholders holding Shares in uncertificated form (that is, in CREST) who wish to tender Shares should arrange for their Shares to be transferred to escrow by submitting the appropriate TTE Instruction in CREST as set out in paragraph 4.2 of Part 3 of this document so as to be received as soon as possible and, in any event, by no later than 1.00 p.m. on 15 June 2017.

#### ***Shareholder helpline***

If you have any queries relating to your shareholding(s), please call the Shareholder Helpline on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

### **Recommendation**

The Board considers that the Tender Offer as set out in this document and the resolution to be proposed at the General Meeting are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the resolution to be proposed at the General Meeting.

The Directors intend to vote in favour, or procure the vote in favour, of the resolution in respect of their own beneficial holdings of Shares, which in aggregate amount to 78,396 Shares (representing 0.15 per cent. of the issued share capital of the Company as at the date of this document).

The Directors make no recommendation to Shareholders as to whether or not they should tender all or any of their Shares in the Tender Offer. Whether or not Shareholders decide to tender their Shares will depend, amongst other factors, on their view of the Company's prospects and their own individual circumstances, including their own tax position.

**The Directors will not be tendering any of their Shares in the Tender Offer.**

Yours faithfully,

**Ian Barby**  
*Chairman*

## PART 2

### LETTER FROM J.P. MORGAN CAZENOVE

25 Bank Street  
Canary Wharf  
London E14 5JP

17 May 2017

Dear Shareholder

As explained in the letter from your Chairman in Part 1 of this document, Shareholders (other than Restricted Shareholders and certain Overseas Shareholders as explained in paragraph 10 of Part 3 of this document) are being given the opportunity to sell some or all of their Shares in the Tender Offer, subject to the scaling back of tenders in excess of the Basic Entitlement. The purpose of this letter is to set out the principal terms and conditions of the Tender Offer.

J.P. Morgan Cazenove hereby invites Shareholders who wish to tender (other than Restricted Shareholders and certain Overseas Shareholders) on the Register on the Record Date to sell Shares for cash at the Tender Price (which shall be calculated as described below). Each Shareholder will be entitled to have accepted in the Tender Offer valid tenders to J.P. Morgan Cazenove in respect of up to their Basic Entitlement. In addition, Shareholders may tender Shares for sale in excess of their Basic Entitlement but such excess tenders will only be satisfied to the extent that other Shareholders have not tendered all or any part of their Basic Entitlement, as the case may be. Tenders in excess of the Basic Entitlement will be satisfied *pro rata* in proportion to the excess over the Basic Entitlement tendered, rounded down to the nearest whole number of Shares.

J.P. Morgan Cazenove, as the Company's corporate broker, will endeavour to match those Shareholders wishing to realise part or all of their investment in the Company ahead of the Tender Offer in the secondary market with other investors seeking an increased investment in the Company.

The Tender Offer is made on the terms and subject to the Conditions set out in Part 3 of this document and, in the case of Shares held in certificated form, the Tender Form, the terms of which will be deemed to be incorporated in this document and form part of the Tender Offer.

J.P. Morgan Cazenove, which is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority in the United Kingdom, is acting exclusively for the Company and no-one else in connection with the Tender Offer and the contents of this document and will not be responsible to anyone other than the Company for providing the protections afforded to customers of J.P. Morgan Cazenove or for providing advice in relation to the Tender Offer and the contents of this document or any matter referred to herein. Nothing in this paragraph shall serve to exclude or limit any responsibilities which J.P. Morgan Cazenove may have under FSMA or the regulatory regime established thereunder.

#### **Procedure for tendering Shares**

Certificated Shareholders (other than Restricted Shareholders and certain Overseas Shareholders) who wish to tender Shares should complete the personalised Tender Form in accordance with the instructions set out therein and return the completed Tender Form in the enclosed reply-paid envelope or using their own envelope or delivering it by hand (during normal business hours) to the Receiving Agent so as to arrive as soon as possible and, in any event, by no later than 1.00 p.m. on 15 June 2017. Such Shareholders who hold their Shares in certificated form should also return the share certificate(s) and/or other document(s) of title in respect of the Shares tendered with their Tender Form.

Shareholders (other than Restricted Shareholders and certain Overseas Shareholders) holding Shares in uncertificated form who wish to tender Shares for purchase in the Tender Offer should submit the appropriate TTE Instruction in CREST as set out in paragraph 4.2 of Part 3 of this document so as to be received as soon as possible and, in any event by no later than 1.00 p.m. on 15 June 2017.

Shareholders should note that, once tendered, Shares may not be sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer and should also note that the

acquisition of the Exit Shares will only be completed following the Tender Pool Determination Date and the announcement of the Tender Price subject to satisfaction of the Conditions to the Tender Offer.

Full details of the procedure for tendering Shares are set out in Part 3 of this document, and in the case of Shares held in certificated form, on the Tender Form.

### **Validity of Tender Forms or TTE Instructions**

Tender Forms or TTE Instructions which are received by the Receiving Agent after 1.00 p.m. on 15 June 2017 or which at that time are incorrectly completed or not accompanied by all relevant documents or instructions may be rejected and returned to relevant Shareholders or their appointed agents, together with any accompanying share certificate(s) and/or other document(s) of title.

J.P. Morgan Cazenove reserves the right to treat as valid Tender Forms or TTE Instructions which are not entirely in order and which are not accompanied (in the case of Shares held in certificated form) by the relevant share certificate(s) and/or other document(s) of title or a satisfactory indemnity in lieu thereof.

### **Calculation of the Tender Offer Formula Asset Value**

Following determination of the number of validly tendered Shares and approval of the Tender Offer at the General Meeting, the Tender Offer Formula Asset Value will be calculated at the Calculation Date. The Tender Offer Formula Asset Value will be calculated by multiplying the NAV per Share as at the Calculation Date, after deducting the fixed costs of the Tender Offer, by the number of Exit Shares. The Tender Offer Formula Asset Value will determine the initial allocation of assets to the Tender Pool which will be established, as described below, for the purposes of calculating the Tender Price.

### **Continuing Pool and the Tender Pool**

The Company's assets and liabilities will, following valuation on the Calculation Date, be allocated *pro rata* between the Continuing Pool and the Tender Pool as at the Calculation Date, subject to the provisions set out under the "Allocation of assets and liabilities" section below.

The Tender Pool will bear: (i) an exit charge calculated as 1.5 per cent. of the Tender Offer Formula Asset Value (which will be applied for the benefit of the Continuing Pool); (ii) the costs of realising the assets in the Tender Pool; (iii) its share of the operating costs of the Company on a *pro rata* basis; and (iv) the amount of stamp duty payable on the repurchase by the Company of the Exit Shares acquired from J.P. Morgan Cazenove pursuant to the Repurchase Agreement. All changes in value of the assets allocated to the Tender Pool will be attributed solely to the Tender Pool. The assets of the Tender Pool will be fully realised as soon as practicable after the commencement of the realisation of the Tender Pool such that the Tender Price can be calculated and the acquisition of the Exit Shares under the Tender Offer completed as soon as practicable thereafter.

The Net Asset Value of the Company will continue to be calculated daily by the Manager in accordance with the Company's accounting policies and will be published through a Regulatory Information Service. During the period while the Tender Pool remains in existence the Company also expects to publish a Net Asset Value for the Tender Pool on at least a weekly basis which will include the proposed exit charge, relevant portfolio realisation costs and ongoing charges incurred to that date.

### **Allocation of assets and liabilities**

The assets and liabilities of the Company will be allocated between the Tender Pool and the Continuing Pool at the Calculation Date on the following basis:

- (a) save as provided in "Continuing Pool and the Tender Pool" section above, all liabilities recognised in the Company's accounting records will be allocated to the Continuing Pool;
- (b) all debtors and other receivables will be allocated to the Continuing Pool;
- (c) any investments whose quotation has been suspended and any other assets which the Directors consider it would be inappropriate to transfer to the Tender Pool (e.g. stocks subject to corporate actions) will be allocated to the Continuing Pool at the value reflected in the accounting records (which will reflect the Directors' assessment of fair value);



- (d) all quoted investments, other than those included under paragraph (c) above, and such other investments as the Directors determine, will be allocated *pro rata* between the Tender Pool and the Continuing Pool by reference to the respective values of each pool. For such purposes the calculations will be rounded to the nearest whole number of securities for each security so allocated or otherwise as the Directors determine; and
- (e) the cash and near cash assets of the Company will be divided in whatever proportion is necessary such that the net assets attributable to the Tender Pool are equal to the Tender Offer Formula Asset Value and the net assets attributable to the Continuing Pool are equal to the Net Asset Value of the Company less the Tender Offer Formula Asset Value.

The Board retains the discretion to allocate cash and near cash assets of the Company to the Tender Pool in place of other assets in circumstances where the Board considers this to be in the best interests of Shareholders as a whole.

### **Tender Price**

Following the date upon which all the assets contained in the Tender Pool have been fully realised, and all liabilities to be borne by the Tender Pool (other than stamp duty) met, the Directors will select the Tender Pool Determination Date. The Final Tender Offer Asset Value will equal the unaudited Net Asset Value of the assets in the Tender Pool on the Tender Pool Determination Date less any stamp duty arising on the repurchase of Shares by the Company. The Tender Price will be an amount equal to the Final Tender Offer Asset Value divided by the total number of Exit Shares (rounded down to two decimal places) in each case as at the Tender Pool Determination Date.

### **Settlement**

Subject to the Tender Offer becoming unconditional, the acquisition of the Exit Shares by J.P. Morgan Cazenove under the Tender Offer and the payment of the Tender Price due to Shareholders whose tenders under the Tender Offer have been accepted will be made (by a Sterling cheque or by a CREST payment, as appropriate) as soon as practicable after the Tender Pool Determination Date and the announcement of the Tender Price. Balancing share certificates and cheques are expected to be despatched to certificated Shareholders during the following week.

### **Restricted Shareholders and Overseas Shareholders**

The Tender Offer is not available to Shareholders with registered or mailing addresses in any Restricted Jurisdiction, or who are citizens or nationals of, or resident in, a Restricted Jurisdiction and such Shareholders should read paragraph 10 of Part 3 of this document and the relevant provisions of the Tender Form.

Overseas Shareholders (not being Restricted Shareholders) who wish to accept the Tender Offer should also read paragraph 10 of Part 3 of this document and satisfy themselves that they have fully observed any applicable legal requirements under the laws of the relevant jurisdiction.

### **Conditions**

The Tender Offer is conditional on the terms specified in paragraph 3 of Part 3 of this document.

### **Termination of Tender Offer**

The Tender Offer may be terminated in the circumstances described in paragraph 8 of Part 3 of this document.

### **Takeover Code**

Shareholders should note the following important information relating to certain provisions of the Takeover Code, which will be relevant to purchases of Shares after the date of this document.

Under Rule 9 of the Takeover Code, any person or group of persons deemed to be acting in concert who acquires an interest in shares which carry 30 per cent. or more of the voting rights of a company to which the Takeover Code applies is normally required by the Takeover Panel to make a general offer to shareholders of that company to acquire their shares. Rule 9 of the Takeover Code also provides that any person or group of persons deemed to be acting in concert who is interested in shares which in the aggregate carry between 30 per cent. and 50 per cent. of the voting rights of a company to which the Takeover Code applies will be unable, without the Takeover Panel's consent, to acquire, either individually or together, any further voting rights in the company without being required

to make a general offer to shareholders of that company to acquire their shares. An offer under Rule 9 must be in cash and at the highest price paid by the person required to make the offer or any person acting in concert with him for any interest in shares in the company during the 12 months prior to the announcement of the offer.

Under Rule 37.1 of the Takeover Code, when a company purchases its own voting shares, a resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9. A shareholder not acting in concert with the directors will not incur an obligation to make a general offer under Rule 9 if, as a result of the purchase of its own shares by a company, he comes to exceed the percentage limits set out in Rule 9. However, this exception will not normally apply when a shareholder not acting in concert with the directors has acquired an interest in shares at a time when he had reason to believe that such a purchase of its own shares by the company would take place.

A Shareholder not acting in concert with the Directors may, therefore, incur an obligation under Rule 9 to make a general offer to Shareholders to acquire their Shares if, as a result of the purchase by the Company of its own Shares from other Shareholders, he comes to hold or acquires an interest in 30 per cent. or more of the Shares following the Tender Offer or otherwise and he has purchased Shares or an interest in Shares when he had reason to believe that the Company would purchase its own Shares (under the Tender Offer or otherwise). The Company is not aware of any Shareholder which, following completion of the Tender Offer, will have an interest in 30 per cent. or more of the Shares.

Under the Tender Offer, J.P. Morgan Cazenove will purchase, as principal, voting shares in the Company which could result in J.P. Morgan Cazenove coming to have an interest in such Shares carrying 30 per cent. or more of the voting rights of the Company. J.P. Morgan Cazenove has unconditionally undertaken under the Repurchase Agreement that, promptly following such purchase, it will sell all those Shares, acquired pursuant to the Tender Offer, to the Company for cancellation or to hold in treasury and the Company has unconditionally undertaken to buy all such Shares. J.P. Morgan Cazenove has undertaken that so far as it is interested in the tendered Shares that it will not exercise any rights attached to those Shares. Accordingly, a waiver has been obtained from the Takeover Panel in respect of the application of Rule 9 of the Takeover Code to the purchase by J.P. Morgan Cazenove of the Shares under the Tender Offer.

#### **Further Information**

Your attention is drawn to the information contained in the rest of this document, including, in particular, the terms and conditions of the Tender Offer in Part 3 of this document.

Yours faithfully,

**William Simmonds**  
*Managing Director*  
Corporate Finance



## PART 3

### TERMS AND CONDITIONS OF THE TENDER OFFER

#### 1. The Tender Offer

- 1.1 All Shareholders (other than Restricted Shareholders and certain Overseas Shareholders) whose names appeared on the Register on the Record Date may tender the Shares held by them as at that date for purchase by J.P. Morgan Cazenove on the terms and subject to the Conditions set out in this document and, in the case of Shares held in certificated form, the Tender Form (which together constitute the Tender Offer). Shareholders are not obliged to tender any Shares.
- 1.2 The Tender Offer is made at the Tender Price which will be calculated by the Company as set out in Part 2 of this document.
- 1.3 The consideration for each tendered Share acquired by J.P. Morgan Cazenove pursuant to the Tender Offer will be paid in accordance with the settlement procedures set out in paragraph 5 below.
- 1.4 Upon the Tender Offer becoming unconditional and unless the Tender Offer has been terminated or has lapsed in accordance with the provisions of paragraph 3.2 below, J.P. Morgan Cazenove will accept the tenders of Shareholders validly made in accordance with this Part 3.
- 1.5 Unless terminated in accordance with the provisions of this Part 3, the Tender Offer will close for Shareholders at 1.00 p.m. on 15 June 2017. A Tender Form and/or TTE Instruction once submitted shall be irrevocable. Any tendered Shares will be placed in escrow and will not be able to be traded unless and until the Tender Offer is terminated or lapses in accordance with these terms and conditions.

#### 2. Basic Entitlement

- 2.1 Each Shareholder (other than a Restricted Shareholder and certain Overseas Shareholders) whose name appeared on the Register at the Record Date will be entitled to sell to J.P. Morgan Cazenove up to their Basic Entitlement, being such number of Shares rounded down to the nearest whole number, as represents 40 per cent. of such Shareholder's holding of Shares as at the Record Date.
- 2.2 Shareholders will also be entitled to sell more Shares than their Basic Entitlement, but only to the extent to which other Shareholders tender less than their aggregate Basic Entitlement. In these circumstances, excess tenders will be satisfied *pro rata* and in proportion to the amounts of Shares tendered by each relevant Shareholder in excess of their Basic Entitlement (rounded down to the nearest whole number of Shares).
- 2.3 Registered Shareholders who hold Shares for multiple beneficial owners may decide the allocation between such beneficial owners at their own discretion.
- 2.4 The maximum number of Shares J.P. Morgan Cazenove shall be obliged to purchase pursuant to the Tender Offer and which the Company will purchase pursuant to the Repurchase Agreement is 21,283,633 Shares (being equal to 40 per cent. of the Company's issued share capital as at 28 April 2017).

#### 3. Conditions

- 3.1 The Tender Offer is conditional on the following Conditions being satisfied:
  - 3.1.1 the passing as a special resolution, by no later than 30 September 2017, of the resolution to be proposed at the General Meeting authorising the Company to make market purchases of Shares purchased pursuant to the Tender Offer and such resolution remaining in full force and effect;
  - 3.1.2 valid tenders being received in respect of at least one per cent. of the Company's issued share capital by the Closing Date;

- 3.1.3 J.P. Morgan Cazenove being satisfied that the Company has procured payment of an amount equal to the Tender Price multiplied by the number of Shares successfully tendered into a designated bank account in accordance with the Repurchase Agreement;
  - 3.1.4 J.P. Morgan Cazenove being satisfied that the Company has sufficient distributable profits (as defined in section 830 of the 2006 Act) to effect the purchase of all Shares successfully tendered pursuant to the Repurchase Agreement;
  - 3.1.5 the Company and J.P. Morgan Cazenove not having agreed to terminate the Tender Offer for any reason at their sole discretion;
  - 3.1.6 J.P. Morgan Cazenove being satisfied, acting in good faith, that at all times up to immediately prior to the announcement of the results of the Tender Offer, the Company has complied with its obligations, and is not in breach of any of the representations and warranties given by it, under the Repurchase Agreement; and
  - 3.1.7 the Tender Offer not having been terminated in accordance with paragraph 8 of this Part 3 prior to the fulfilment of the other Conditions.
- 3.2 J.P. Morgan Cazenove will not purchase (or enter into any commitment or contract to purchase) any Shares pursuant to the Tender Offer unless the Conditions have been satisfied in full or waived. The Conditions, other than those contained in paragraphs 3.1.3 and 3.1.6 above, may not be waived by J.P. Morgan Cazenove. If the Conditions are not satisfied prior to the close of business on 30 September 2017, the Tender Offer, if not then completed, will lapse.

#### **4. Procedure for tendering Shares**

##### **4.1 Shares held in certificated form (that is, not in CREST)**

###### *4.1.1 Completion of Tender Forms*

If you hold Shares in certificated form, you should complete separate Tender Forms for Shares held under different designations. Additional Tender Forms will be available from Capita Asset Services, Corporate Actions, 34 Beckenham Road, Beckenham, Kent BR3 4TU, telephone number +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

###### *4.1.2 Return of Tender Forms*

The completed and signed personalised Tender Form should be sent either by post, using the reply-paid envelope enclosed or by using your own envelope to Capita Asset Services, Corporate Actions, 34 Beckenham Road, Beckenham, Kent BR3 4TU, or by hand (during normal business hours) to Capita Asset Services, Corporate Actions, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive by no later than 1.00 p.m. on 15 June 2017. Subject to paragraph 9.5 below, no Tender Forms received after this time will be accepted. Reply-paid envelopes are enclosed with the Tender Forms. No acknowledgement of receipt of documents will be given. Any Tender Form received in an envelope postmarked from a Restricted Jurisdiction or otherwise appearing to J.P. Morgan Cazenove or its agents to have been sent from any Restricted Jurisdiction may be rejected as an invalid tender. Further provisions relating to Restricted Shareholders are contained in paragraph 10 of this Part 3.

The completed and signed personalised Tender Form should be accompanied by the relevant share certificate(s) and/or other document(s) of title. If your share certificate(s) and/or other document(s) of title are not readily available (for example, if they are with your stockbroker, bank or other agent), the Tender Form should nevertheless be completed, signed and returned as described above so as to be received by the Receiving Agent by no later than 1.00 p.m. on 15 June 2017 together with any share certificate(s) and/or other document(s) of title you may have available, accompanied by a letter stating that the (remaining) share certificate(s) and/or other document(s) of title

will be forwarded as soon as possible thereafter and, in any event, by no later than 1.00 p.m. on 15 June 2017.

The Registrars, acting as your agent, will effect such procedures as are required to transfer your Shares to J.P. Morgan Cazenove under the Tender Offer.

If you have lost your share certificate(s) and/or other document(s) of title, you should either call the Registrars using the telephone numbers provided in paragraph 4.1.1 above or write to the Registrars, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, for a letter of indemnity in respect of the lost share certificate(s) and/or any other document(s) of title which, when completed in accordance with the instructions given, should be returned to Capita at the address referred to at the beginning of paragraph 4.1.2 so as to be received by no later than 1.00 p.m. on 15 June 2017.

## 4.2 **Shares held in uncertificated form (that is, in CREST)**

### 4.2.1 *Completion of TTE Instruction*

If the Shares which you wish to tender are held in uncertificated form, you should take (or procure to be taken) the action set out below to transfer (by means of a TTE Instruction) the number of Shares which you wish to tender in the Tender Offer to an escrow balance, specifying the Registrars in its capacity as a CREST receiving agent under its participant ID (referred to below) as the escrow agent, as soon as possible and, in any event, so that the transfer to escrow settles by no later than 1.00 p.m. on 15 June 2017.

If you are a CREST sponsored member, you should refer to your CREST Sponsor before taking any action. Your CREST Sponsor will be able to submit the TTE Instruction to Euroclear in relation to the Shares which you wish to tender.

You should submit (or, if you are a CREST sponsored member, procure that your CREST Sponsor submits) a TTE Instruction to Euroclear, which must be properly authenticated in accordance with Euroclear's specification and which must contain, in addition to the other information that is required for the TTE Instruction to settle in CREST, the following details:

- the ISIN number for the Shares. This is GB00B1FL3C76;
- the number of Shares to be transferred to an escrow balance;
- your member account ID;
- your participant ID;
- the participant ID of the escrow agent, Capita, in its capacity as a CREST receiving agent. This is RA10;
- the member account ID of the escrow agent, Capita. This is 29103INV;
- the Corporate Action Number for the Tender Offer. This is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- the intended settlement date for the transfer to escrow. This should be as soon as possible and in any event by no later than 1.00 p.m. on 15 June 2017; and
- input with standard delivery instruction priority of 80.

After settlement of the TTE Instruction, you will not be able to access the Shares concerned in CREST for any transaction or for charging purposes, notwithstanding that they will be held by the Registrars as your agent until completion, termination or lapse of the Tender Offer. If the Tender Offer becomes unconditional, the Registrars will transfer the Shares which are accepted for purchase by J.P. Morgan Cazenove to itself as your agent for onward sale to J.P. Morgan Cazenove.

You are recommended to refer to the CREST Manual published by Euroclear for further information on the CREST procedures outlined above.

You 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 connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST Sponsor) to enable a TTE Instruction relating to your Shares to settle prior to 1.00 p.m. on 15 June 2017. In connection with this, you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

#### 4.2.2 *Deposits of Shares into, and withdrawals of Shares from, CREST*

Normal CREST procedures (including timings) apply in relation to any Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Tender Offer (whether such conversion arises as a result of a transfer of Shares or otherwise). Shareholders who are proposing to convert any such Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Shares as a result of the conversion to take all necessary steps in connection with such person's participation in the Tender Offer (in particular, as regards delivery of share certificate(s) and/or other document(s) of title or transfer to an escrow balance as described above) prior to 1.00 p.m. on 15 June 2017.

#### 4.3 **Validity of Tender Forms and TTE Instructions**

Notwithstanding the powers in paragraph 9 below, J.P. Morgan Cazenove reserves the right to treat as valid only Tender Forms and TTE Instructions which are received entirely in order by 1.00 p.m. on 15 June 2017, which are accompanied (in the case of Shares held in certificated form) by the relevant share certificate(s) and/or other document(s) of title or a satisfactory indemnity in lieu thereof.

Notwithstanding the completion of a valid Tender Form or TTE Instruction, the Tender Offer may terminate or lapse in accordance with the terms and conditions set out in this Part 3.

The decision of J.P. Morgan Cazenove as to which Shares have been validly tendered shall be conclusive and binding on the Shareholders who participate in the Tender Offer.

If you are in any doubt as to how to complete the Tender Form or how to submit a TTE Instruction or as to the procedures for tendering Shares, please call the Receiving Agent on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. You are reminded that, if you are a CREST sponsored member, you should contact your CREST Sponsor before taking any action.

### 5. **Announcement of the Tender Price and Settlement**

- 5.1 Unless terminated in accordance with the provisions of this Part 3, the Tender Offer will close for Shareholders at 1.00 p.m. on 15 June 2017. Subject to the Conditions being satisfied, it is expected that on 19 June 2017 the Company will make a public announcement of the total number of Shares tendered and, if applicable, either the extent to which tenders will be scaled back, or the number of tendered Shares in excess of the Basic Entitlement which will be purchased by J.P. Morgan Cazenove from Shareholders who have tendered Shares in excess of their Basic Entitlement.
- 5.2 The acquisition of the Exit Shares to be purchased under the Tender Offer will only complete following the Tender Pool Determination Date and the announcement of the Tender Price and will be subject to the satisfaction of the Conditions as at that date. Delivery of cash to Shareholders for the Shares to be purchased pursuant to the Tender Offer will be made by the Receiving Agent as soon as reasonably practicable following completion of the Tender Offer. The Receiving Agent will act as agent for tendering Shareholders for the purpose of receiving the cash and transmitting such cash to tendering Shareholders. Under no circumstances will interest be paid on the cash to be paid by the Company, J.P. Morgan Cazenove or the Receiving Agent regardless of any delay in making such payment.
- 5.3 If any tendered Shares are not purchased because of an invalid tender, the termination of the Tender Offer or otherwise, relevant share certificate(s) and/or other document(s) of title, if any,

will be returned or sent as promptly as practicable, without expense to, but at the risk of, the relevant tendering Shareholder, or in the case of Shares held in uncertificated form (that is, in CREST), the Receiving Agent will provide instructions to Euroclear to transfer all Shares held in escrow balances by TFE Instruction to the original available balances to which those Shares relate.

- 5.4 Settlement of the consideration to which any Shareholder is entitled pursuant to valid tenders accepted by J.P. Morgan Cazenove is expected to be made as follows:

5.4.1 *Shares held in certificated form (that is, not in CREST)*

Where an accepted tender relates to Shares held in certificated form, cheques for the consideration due will be despatched at the Shareholder's own risk by the Receiving Agent by first class post to the person or agent whose name and address is set out in Box 5 of the Tender Form or, if none is set out, to the registered address of the tendering Shareholder shown in Box 1 of the Tender Form or, in the case of joint holders, the address of the Shareholder first named in the Register. All cash payments will be made in Sterling by cheque drawn on a branch of a UK clearing bank.

5.4.2 *Shares held in uncertificated form (that is, in CREST)*

Where an accepted tender relates to Shares held in uncertificated form, the consideration due will be paid by means of CREST by J.P. Morgan Cazenove procuring the creation of a CREST payment in favour of the tendering Shareholder's payment bank in accordance with the CREST payment arrangements.

5.4.3 *Timing of settlement*

The payment of any consideration to Shareholders for Shares tendered in the Tender Offer will be made only after the relevant TTE Instruction has settled or (as the case may be) timely receipt by the Receiving Agent of the share certificate(s) and/or other requisite document(s) of title evidencing such Shares and any other documents required under the Tender Offer.

- 5.5 If only part of a holding of Shares is sold pursuant to the Tender Offer or if, because of scaling back, any tendered Shares in excess of a Shareholder's Basic Entitlement are not purchased pursuant to the terms of the Tender Offer, then:

5.5.1 where the Shares are held in certificated form, the relevant Shareholder will be entitled to receive a balance certificate in respect of the remaining Shares; or

5.5.2 where the Shares are held in uncertificated form (that is, in CREST) the unsold Shares will be transferred by the Receiving Agent by means of a TFE Instruction to the original available balance from which those Shares came.

## **6. Tender Form and TTE Instruction**

Each Shareholder by whom, or on whose behalf, a Tender Form or TTE Instruction (as applicable) is executed or submitted, irrevocably undertakes, represents, warrants and agrees to and with J.P. Morgan Cazenove (for itself and for the benefit of the Company, as the case may be and so as to bind himself, herself or itself, and his, her or its respective personal representatives, heirs, successors and assignees) that:

- 6.1 the execution of the Tender Form or the submission of a TTE Instruction shall constitute an offer to sell to J.P. Morgan Cazenove such Shareholder's Basic Entitlement or, if relevant, the number of Shares inserted in Box 2B of the Tender Form or submitted in the TTE Instruction (as applicable), on and subject to the terms and conditions set out or referred to in this document and, once a Tender Form and/or TTE Instruction is submitted, such offer shall be irrevocable;
- 6.2 such Shareholder has full power and authority to tender, sell, assign or transfer the Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by J.P. Morgan Cazenove, J.P. Morgan Cazenove will acquire such Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the Closing Date, including the right to receive all dividends and other distributions declared, paid or made after that date;



- 6.3 the execution of the Tender Form or the submission of a TTE Instruction will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of any director or officer of J.P. Morgan Cazenove as such Shareholder's attorney and/or agent, and an irrevocable instruction to the attorney to complete and execute all or any instruments of transfer and/or other documents at the attorney's discretion in relation to the Shares referred to in paragraph 6.1 above in favour of J.P. Morgan Cazenove or such other person or persons as J.P. Morgan Cazenove may direct and to deliver such instrument(s) of transfer and/or other document(s) at the discretion of the attorney, together with the share certificate(s) and/or other document(s) relating to such Shares, for registration within six months of the Tender Offer becoming unconditional and to do all such other acts and things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the Tender Offer and to vest such Shares in J.P. Morgan Cazenove or its nominee(s) or such other person(s) as J.P. Morgan Cazenove may direct;
- 6.4 each Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by J.P. Morgan Cazenove or any of its directors or any person nominated by J.P. Morgan Cazenove in the proper exercise of its or his or her powers and/or authorities hereunder;
- 6.5 if such Shareholder holds Shares in certificated form, he, she or it will deliver to the Registrars his, her or its share certificate(s) and/or other document(s) of title in respect of the Shares, or an indemnity acceptable to J.P. Morgan Cazenove in lieu thereof, or will procure the delivery of such document(s) to such person as soon as possible thereafter and, in any event, by no later than 1.00 p.m. on 15 June 2017;
- 6.6 such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by J.P. Morgan Cazenove to be desirable, in each case to complete the purchase of the Shares and/or to perfect any of the authorities expressed to be given hereunder;
- 6.7 such Shareholder, if an Overseas Shareholder, has fully observed any applicable legal requirements and that the invitation under the Tender Offer may be made to and accepted by him, her or it under the laws of the relevant jurisdiction;
- 6.8 such Shareholder has not received or sent copies or originals of this document or the Tender Form or any related documents to a Restricted Jurisdiction and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, internet, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of any Restricted Jurisdiction, that the Tender Form has not been mailed or otherwise sent in, into or from any Restricted Jurisdiction and that such Shareholder is not accepting the Tender Offer from any Restricted Jurisdiction;
- 6.9 in the case of Shares held in certificated form the provisions of the Tender Form shall be deemed to be incorporated into the terms and conditions of the Tender Offer;
- 6.10 in the case of Shares held in certificated form, the despatch of a cheque in respect of the Tender Price to a Shareholder at his, her or its respective registered addresses or such other address as is specified in the Tender Form will constitute a complete discharge by J.P. Morgan Cazenove of its obligations to make such payment to such Shareholders;
- 6.11 in the case of Shares held in uncertificated form (that is, in CREST) the creation of a CREST payment in favour of such Shareholder's payment bank in accordance with the CREST payment arrangements as referred to in paragraph 5.4.2 above will, to the extent of the obligations so created, discharge fully any obligation of J.P. Morgan Cazenove to pay to such Shareholder the cash consideration to which he, she or it is entitled in the Tender Offer;
- 6.12 on execution, the Tender Form takes effect as a deed;
- 6.13 the execution of the Tender Form or the submission of a TTE Instruction constitutes such Shareholder's submission to the jurisdiction of the Court in relation to all matters arising out of or in connection with the Tender Offer; and
- 6.14 if the appointment of the attorney and/or agent under paragraph 6.3 above shall be unenforceable or invalid or shall not operate so as to afford to J.P. Morgan Cazenove the benefit or authority expressed to be given therein, the Shareholder shall, with all practicable speed, do

all such acts and things and execute all such documents that may be required to enable J.P. Morgan Cazenove to secure the full benefits of paragraph 6.3 above.

A reference in this paragraph 6 to a Shareholder who holds Shares in certificated form includes a reference to the person or persons executing the Tender Form and, in the event of more than one person executing the Tender Form, the provisions of this paragraph will apply to them jointly and to each of them.

## **7. Additional provisions**

- 7.1 Shareholders (other than a Restricted Shareholder and certain Overseas Shareholders) will be entitled to have accepted in the Tender Offer valid tenders to J.P. Morgan Cazenove up to his, her or its Basic Entitlement. In addition, Shareholders may tender Shares in excess of their Basic Entitlement where other Shareholders tender less than their Basic Entitlement and subject to the scaling back of tenders, as set out in paragraph 2 above. If in J.P. Morgan Cazenove's determination (in its absolute discretion) Box 2 of any Tender Form has not been validly completed in respect of the number of Shares to be tendered, provided that that Tender Form is otherwise in order and accompanied by all other relevant documents, the relevant Shareholders may be deemed to have tendered such amounts of Shares as that equal to their respective Basic Entitlements.
- 7.2 Shares acquired by J.P. Morgan Cazenove in the Tender Offer and by the Company from J.P. Morgan Cazenove pursuant to the Repurchase Agreement will be market purchases in accordance with the rules of the London Stock Exchange and the UK Listing Authority.
- 7.3 Shares sold by Shareholders pursuant to the Tender Offer will be acquired with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the Closing Date, including the right to receive all dividends and other distributions declared, paid or made after that date.
- 7.4 Each Shareholder who tenders or procures the tender of Shares will thereby be deemed to have agreed that, in consideration of J.P. Morgan Cazenove agreeing to process his, her or its tender, such Shareholder will not revoke his, her or its tender or withdraw his, her or its Shares. Shareholders should note that once tendered, Shares may not be sold, transferred, charged or otherwise disposed of.
- 7.5 Any omission to despatch this document or the Tender Form or any notice required to be despatched under the terms of the Tender Offer to, or any failure to receive the same by, any person entitled to participate in the Tender Offer shall not invalidate the Tender Offer in any way or create any implication that the Tender Offer has not been made to any such person.
- 7.6 No acknowledgement of receipt of any Tender Form, TTE Instruction, share certificate(s) and/or other document(s) of title will be given. All communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from Shareholders (or their designated agents) will be delivered by or sent to or from such Shareholders (or their designated agents).
- 7.7 All powers of attorney and authorities on the terms conferred by or referred to in this Part 3 or in the Tender Form are given by way of security for the performance of the obligations of the Shareholders concerned and are irrevocable in accordance with section 4 of the Powers of Attorney Act 1971.
- 7.8 Subject to paragraphs 9 and 11 below all tenders in relation to certificated holders must be made on the personalised Tender Form, fully completed in accordance with the instructions set out thereon which constitute part of the terms and conditions of the Tender Offer and, for uncertificated holders, a TTE Instruction must be submitted in accordance with the instructions provided in paragraph 4.2 above. A Tender Form or TTE Instruction will only be valid when the procedures contained in the terms and conditions of the Tender Offer and, in the case of Shares held in certificated form, in the Tender Form are complied with. The Tender Offer will be governed by and construed in accordance with English law.
- 7.9 If the Tender Offer does not become unconditional, is terminated or lapses, all documents lodged pursuant to the Tender Offer will be returned promptly by post, within 14 Business Days of the Tender Offer terminating or lapsing, to the person or agent whose name and address is

set out in Box 5 of the Tender Form or, if none is set out, to the registered address of the tendering Shareholder shown in Box 1 of the Tender Form or, in the case of joint holders, the address of the Shareholder first named in the Register. In the case of Shares held in uncertificated form, Capita in its capacity as the escrow agent will, within 14 Business Days of the Tender Offer terminating or lapsing, give instructions to Euroclear to transfer all Shares held in escrow balances and in relation to which it is the escrow agent for the purposes of the Tender Offer by TFE Instruction to the original available balances from which those Shares came. In any of these circumstances, Tender Forms and TTE Instructions will cease to have any effect.

- 7.10 The instructions, terms, provisions and authorities contained in or deemed to be incorporated in the Tender Form shall constitute part of the terms of the Tender Offer. The definitions set out in this document apply to the terms and conditions of the Tender Offer, including the Tender Form.
- 7.11 Subject to paragraph 10 below, the Tender Offer is open to those Shareholders whose names appeared on the Register on the Record Date. The Tender Offer will close at 1.00 p.m. on 15 June 2017. Subject to paragraph 9.5 below, no Tender Form, share certificate(s) and/or other document(s) of title or indemnity or TTE Instruction received after that time will be accepted.
- 7.12 Further copies of this document and copies of the Tender Form may be obtained on request from the Receiving Agent at the addresses set out in the Tender Form.

## **8. Termination of the Tender Offer**

If the Company (acting through the Directors) shall, at any time prior to J.P. Morgan Cazenove effecting the purchase as principal of the successfully tendered Shares pursuant to the Tender Offer, notify J.P. Morgan Cazenove in writing that in the Directors' reasonable opinion the completion of the repurchase of Shares tendered pursuant to the Tender Offer could have unexpected adverse fiscal or other consequences (whether by reason of a change in legislation or practice or otherwise) for the Company or its Shareholders if the Tender Offer were to proceed, the Tender Offer will be terminated unless, with the prior consent of the Company, J.P. Morgan Cazenove decides to proceed with the Tender Offer.

If the Tender Offer is terminated, the Company will make an announcement through a Regulatory Information Service that such is the case and the Tender Offer shall cease and determine absolutely, without any liability on the part of the Company or J.P. Morgan Cazenove.

## **9. Miscellaneous**

- 9.1 Any changes to the terms, or any extension or termination of the Tender Offer will be followed as promptly as practicable by a public announcement thereof by no later than 1.00 p.m. on the Business Day following the date of such changes. In this case, the definitions, times and dates mentioned throughout this document shall be deemed to be adjusted accordingly. Such an announcement will be released to a Regulatory Information Service of the London Stock Exchange. References to the making of an announcement by the Company includes the release of an announcement on behalf of the Company by J.P. Morgan Cazenove to the press and delivery of, or telephone or facsimile or other electronic transmission of, such announcement to a Regulatory Information Service of the London Stock Exchange.
- 9.2 Shares purchased pursuant to the Tender Offer will, following the completion of the Tender Offer, be acquired from J.P. Morgan Cazenove by the Company on the London Stock Exchange pursuant to the Repurchase Agreement and such Shares will subsequently be cancelled or held in treasury.
- 9.3 The fixed costs relating to the Tender Offer, which shall be borne by all Shareholders, are expected to be approximately £0.6 million including VAT. The foregoing figure does not include portfolio realisation costs or stamp duty (at 0.5 per cent.) on the value of the Exit Shares at the Tender Price. The Tender Pool will bear: (i) an exit charge calculated as 1.5 per cent. of the Tender Offer Formula Asset Value (which will be applied for the benefit of the Continuing Pool); (ii) the costs of realising the assets in the Tender Pool; (iii) its share of the operating costs of the Company on a *pro rata* basis; and (iv) the amount of stamp duty payable on the repurchase by the Company of the Exit Shares acquired from J.P. Morgan Cazenove pursuant to the Repurchase Agreement.



- 9.4 Except as contained in this document, no person has been authorised to give any information or make any representations with respect to the Company or the Tender Offer and, if given or made, such other information or representations should not be relied on as having been authorised by J.P. Morgan Cazenove or the Company. Under no circumstances should the delivery of this document or the delivery of any consideration pursuant to the Tender Offer create any implication that there has been no change in the assets, properties, business or affairs of the Company since the date of this document.
- 9.5 J.P. Morgan Cazenove reserves the absolute right to inspect (either itself or through its agents) all Tender Forms and TTE Instructions and may consider void and reject any tender that does not in J.P. Morgan Cazenove's sole judgement meet the requirements of the Tender Offer. J.P. Morgan Cazenove also reserves the absolute right to waive any defect or irregularity in the tender of any Shares, including any Tender Form (in whole or in part) which is not entirely in order, the related share certificate(s) and/or other document(s) of title or an indemnity acceptable to J.P. Morgan Cazenove in lieu thereof. However, in that event, the consideration payable under the Tender Offer for successfully tendered Shares held in certificated form will only be despatched when the relevant Tender Form is entirely in order and the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to J.P. Morgan Cazenove has/have been received. None of J.P. Morgan Cazenove, the Company, the Registrars or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification.
- 9.6 The provisions of the Contracts (Rights of Third Parties) Act 1999 do not apply to the Tender Offer.

## **10. Overseas Shareholders**

- 10.1 The provisions of this paragraph 10 and any other terms of the Tender Offer relating to Restricted Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by J.P. Morgan Cazenove in consultation with the Company but only if J.P. Morgan Cazenove and the Company are satisfied that such a waiver, variance or modification will not constitute or give rise to a breach of applicable securities or other laws.
- 10.2 Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such Overseas Shareholder wishing to tender Shares to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection herewith, the compliance with other necessary formalities and the payment of any transfer or other taxes or other requisite payments due in such jurisdiction. Any such Overseas Shareholders will be responsible for the payment of any such transfer or other taxes or other requisite payments due by whomsoever payable and J.P. Morgan Cazenove and the Company and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Shareholder for any such transfer or other taxes or other requisite payments such person may be required to pay. No steps have been taken to qualify the Tender Offer or to authorise the extending of the Tender Offer or the distribution of the Tender Forms in any territory outside the United Kingdom.
- 10.3 The Tender Offer is not being made to Restricted Shareholders. Restricted Shareholders are being excluded from the Tender Offer in order to avoid breaching applicable local laws relating to the implementation of the Tender Offer. Accordingly, copies of this document, the Tender Form and any related circulars are not being and must not be mailed or otherwise distributed into a Restricted Jurisdiction, including to Shareholders with registered addresses in Restricted Jurisdictions, or to persons whom the Company or J.P. Morgan Cazenove knows to be custodians, nominees or trustees holding Shares for persons in Restricted Jurisdictions. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute or send them in or into a Restricted Jurisdiction or use such mails or any such means, instrumentality or facility in connection with the Tender Offer, as so doing will render invalid any related purported acceptance of the Tender Offer. Persons wishing to accept the Tender Offer should not use such mails or any such means, instrumentality or facility for any purpose directly or indirectly relating to acceptance of the Tender Offer. Envelopes containing Tender Forms should not be postmarked from a Restricted Jurisdiction or otherwise despatched to a Restricted Jurisdiction and accepting Shareholders must not provide Restricted Jurisdiction addresses for the remittance of cash or return of Tender Forms.

- 10.4 A Shareholder will be deemed not to have made a valid tender if:
- 10.4.1 such Shareholder is unable to make the representations and warranties set out in paragraphs 6.7 and 6.8 of this Part 3; or
  - 10.4.2 such Shareholder inserts in Box 5 of the Tender Form the name and address of a person or agent in a Restricted Jurisdiction to whom he, she or it wishes the consideration to which such Shareholder is entitled in the Tender Offer to be sent; or
  - 10.4.3 the Tender Form received from him, her or it is in an envelope postmarked in, or which otherwise appears to J.P. Morgan Cazenove or its agents to have been sent from, a Restricted Jurisdiction. J.P. Morgan Cazenove reserves the right, in its absolute discretion, to investigate, in relation to any acceptance, whether the representations and warranties referred to in paragraphs 6.7 and 6.8 of this Part 3 given by any Shareholder are correct and, if such investigation is undertaken and as a result J.P. Morgan Cazenove determines (for any reason) that such representations and warranties are not correct, such acceptance shall not be valid.
- 10.5 If, in connection with making the Tender Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Tender Form or any related offering documents in or into a Restricted Jurisdiction or uses the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex, internet and telephone) of interstate or foreign commerce of, or any facility of a national securities exchange in, a Restricted Jurisdiction in connection with such forwarding, such person should:
- 10.5.1 inform the recipient of such fact;
  - 10.5.2 explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
  - 10.5.3 draw the attention of the recipient to this paragraph 10.
- 10.6 If you are in any doubt about your position, you should consult your professional adviser in the relevant territory.
- 10.7 The provisions of this paragraph 10 supersede any terms of the Tender Offer inconsistent herewith.
- 10.8 Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. The comments set out in this document are intended as a general guide only and Shareholders who are in any doubt about their position should consult their professional adviser in the relevant territory.

## **11. Modifications**

The terms of the Tender Offer shall have effect subject to such non-material modifications or additions as the Company and J.P. Morgan Cazenove may from time to time approve in writing. The times and dates referred to in this document may be amended by agreement between the Company and J.P. Morgan Cazenove.

## PART 4

### RISKS ASSOCIATED WITH THE TENDER OFFER

Shareholders should consider carefully all of the information set out in this document including, in particular, the risks associated with the Tender Offer described below, as well as their own personal circumstances, prior to making any decision as to whether or not to tender any Shares in the Tender Offer.

Shareholders should be aware of the following considerations relating to the Tender Offer:

- Shareholders tendering Shares for sale under the Tender Offer will receive the Tender Price per Share, which may be less than the price at which they bought their Shares or the price or value at which they might ultimately realise their Shares should they continue to hold them.
- Tender Forms and TTE Instructions, once submitted, are irrevocable. Shareholders should note that all Shares tendered will be held in escrow by the Registrars and may not be switched, sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer. Shareholders should note that the acquisition of the Exit Shares will only be completed following the Tender Pool Determination Date and the announcement of the Tender Price, subject to the satisfaction of the Conditions to the Tender Offer. The price of the Shares and the Company's Net Asset Value may rise or fall following submission of a Tender Form and/or TTE Instruction. If the Tender Offer lapses or is terminated in accordance with the terms and conditions set out in this document, all tendered Shares will be returned to the relevant Shareholders.
- If any Shares permitted to be tendered pursuant to the Tender Offer are tendered, the issued share capital of the Company will be reduced as a result of the Tender Offer (and associated repurchase) and the Company will be smaller. As a result, the funds used to repurchase the Shares acquired by J.P. Morgan Cazenove pursuant to the Tender Offer will no longer be available for application in the ordinary course of the Company's business or to meet contingencies, and the fixed costs of the Company will be spread over fewer Shares.
- The lower number of Shares in issue following completion of the Tender Offer may reduce secondary market liquidity in the Shares, which could, accordingly, adversely affect a Shareholder's ability to sell their Shares in the market.
- The Tender Price will be dependent on the price at which assets comprising the Tender Pool are fully realised. There can be no assurance as to the value that will be fully realised from such assets as this will depend on the performance of individual assets within the Tender Pool, the ability of the Manager to sell them and the value fully realised from the assets relative to the Company's current valuation. The Tender Price may therefore represent a discount to NAV per Share as at the Calculation Date primarily due to the cost of realising the assets in the Tender Pool and any movement in the value of the assets in the Tender Pool prior to their realisation. Shareholders should note that there could be a significant period of time between the establishment of the Tender Pool and the date on which all of the assets comprising the Tender Pool will be fully realised and all liabilities of the Tender Pool have been met, only after which will the Tender Price be calculated and the acquisition of the Exit Shares, including payment of the Tender Price, be completed.

## PART 5

### TAXATION

#### A. UK taxation

**The following comments are intended only as a general guide to certain aspects of current UK law and HMRC published practice, and do not constitute tax advice. They are of a general nature and apply only to Shareholders who are resident in the UK (except where otherwise indicated) and who hold their Shares beneficially as an investment. They do not address the position of certain classes of Shareholders such as dealers in securities or Shareholders who have acquired their Shares by virtue of an office or employment.**

A Shareholder who sells Shares in the Tender Offer should be treated, for the purposes of UK taxation, as though the Shareholder has sold them in the normal way to a third party. Accordingly, and subject to the comments in the next paragraph, any such Shareholder who is UK resident for tax purposes may, depending on that Shareholder's particular circumstances, be subject to UK capital gains tax (or, in the case of a corporate Shareholder, UK corporation tax on chargeable gains) in respect of any gain arising on such sale.

Individual Shareholders may have gains reduced by the annual exemption which is £11,300 for 2017-2018 or allowable losses, whereas corporate Shareholders subject to UK corporation tax may have their gains reduced by indexation allowance but this allowance will not create or increase an allowable loss.

The rate of UK capital gains tax will usually be 10 per cent. for individual Shareholders who are chargeable to UK income tax at the basic rate and will usually be 20 per cent. for individual Shareholders taxable at rates other than the basic rate. Corporate Shareholders may be subject to UK corporation tax at the current rate of 20 per cent.

Shareholders who are not resident in the UK for taxation purposes will not normally be liable to UK taxation on chargeable gains arising from the sale of their Shares although they may be subject to taxation in a jurisdiction other than the UK depending on their particular circumstances. Individual Shareholders who are temporarily not resident in the UK for tax purposes may be liable to capital gains tax under tax anti-avoidance legislation.

**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 selling their Shares are strongly recommended to consult their own professional advisers before making any such sales.**

Application has not been made to HMRC for clearance under section 748 of the CTA 2010 or section 701 of the ITA 2007 that the anti-avoidance provisions of Part 15 of the CTA 2010 or Part 13 of the ITA 2007 should not apply to the Tender Offer. Part 15 of the CTA 2010 and Part 13 of the ITA 2007 permit HMRC to counteract tax advantages arising from certain transactions in securities by for example treating some or all of the proceeds of capital disposals as distributions of income. However, these sections do not apply where it can be shown, in the case of any corporation tax advantage, that the transactions in question were entered into for genuine commercial reasons and did not involve as one of their main objects the obtaining of any corporation tax advantage and, in the case of any income tax advantage, that the transactions in question did not involve the receipt of consideration in connection with a distribution by or assets of a close company (as set out in section 685 of the ITA 2007) or did not involve as one of their main purposes the obtaining of any income tax advantage.

Stamp duty or stamp duty reserve tax at the rate of 0.5 per cent. of the Tender Price (rounded up to the nearest £5 in the case of stamp duty only) will be payable by the Company on Shares repurchased by it pursuant to the Tender Offer.

**If you are in any doubt as to your taxation position you should consult an appropriate professional adviser without delay. The information relating to taxation set out above is a general guide and is not exhaustive. It is based on law and practice currently in force in the UK and is subject to changes therein possibly with retrospective effect.**

## **B. United States taxation**

The following is a summary of certain material US federal income tax consequences of the acceptance of the Tender Offer by a US Holder (as defined below). This summary deals only with US Holders who tender Shares held as capital assets. The discussion does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acceptance of the Tender Offer by particular Shareholders, and does not address state, local, foreign or other tax laws. This summary also does not address tax considerations applicable to Shareholders that own (directly or indirectly) 10 per cent. or more of the voting stock of the Company, nor does this summary discuss all of the tax considerations that may be relevant to certain types of Shareholders subject to special treatment under the US federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax deferred accounts, tax-exempt organizations, dealers in securities or currencies, Shareholders who hold the Shares as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes, Shareholders whose functional currency is not the US Dollar, or former citizens or long-term residents of the United States).

As used herein, the term “US Holder” means a beneficial owner of Shares that is, for US federal income tax purposes: (i) an individual citizen or resident of the United States; (ii) a corporation created or organized under the laws of the United States or any State thereof; (iii) an estate the income of which is subject to US federal income tax without regard to its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for US federal income tax purposes.

The US federal income tax treatment of a partner in a partnership that holds Shares will depend on the status of the partner and the activities of the partnership. Partnerships should consult their tax advisers concerning the US federal income tax consequences to their partners of the acceptance of the Tender Offer by the partnership.

The summary is based on the tax laws of the United States, including the Code, its legislative history, existing and proposed US Treasury regulations, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect. The Company has not sought, and will not seek, any ruling from the US Internal Revenue Service (the “IRS”) with respect to the tax consequences discussed herein, and there can be no assurance that the IRS will not take a position contrary to the tax consequences discussed below or that any position taken by the IRS would not be sustained.

**THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET FORTH BELOW IS FOR GENERAL INFORMATION ONLY. ALL SHAREHOLDERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACCEPTING THE TENDER OFFER, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.**

### **Passive Foreign Investment Company**

Special US federal income tax rules apply to US Holders owning shares of a passive foreign investment company (a “PFIC”). A corporation organized outside the United States generally will be classified as a PFIC for US federal income tax purposes in any taxable year in which, after applying certain look-through rules, either: (i) at least 75 per cent. of its gross income is “passive income”; or (ii) on average, at least 50 per cent. of the gross value of its assets is attributable to assets that produce “passive income” or are held for the production of passive income. Passive income for this purpose generally includes dividends, interest, royalties, rents, annuities, the excess of gains over losses from commodities and securities transactions, and the excess of gains over losses from the disposition of assets that produce passive income. For the purposes of applying the foregoing tests, a company’s proportionate share of the assets and gross income of the company’s 25 per cent. or greater owned direct and indirect subsidiaries are attributed to the company. If a corporation is a PFIC (other than a QEF, as defined below) at any time during a shareholder’s holding period, it will continue to be treated as a PFIC with respect to such shareholder in future years unless the shareholder makes an election to purge the PFIC status. The Company believes that it was a PFIC for its fiscal year ended 31 January 2017 and will continue to be a PFIC in the future.



A US Holder who owns Shares while the Company was a PFIC may be subject to increased tax liability upon the sale, exchange or other disposition of the Shares or upon the receipt of certain distributions. However, these adverse tax consequences may not apply, in whole or in part, if the US Holder timely made or makes, as the case may be, a mark-to-market election as described below. These adverse tax consequences include the application of the “excess distribution” regime under the Code and the regulations thereunder. An “excess distribution” generally is the excess of the amount a PFIC distributes to a shareholder during a taxable year over 125 per cent. of the average amount it distributed to the shareholder during the three preceding taxable years or, if shorter, the part of the shareholder’s holding period before the taxable year. Distributions with respect to the Shares made by the Company during the taxable year to a US Holder that are excess distributions must be allocated ratably to each day of the US Holder’s holding period. The amount allocated to the current taxable year and to taxable years prior to the first year in which the Company was classified as a PFIC are included as ordinary income in a US Holder’s gross income for the current year. The amount allocated to each other taxable year is taxed at the highest applicable tax rate in effect for the US Holder in that prior taxable year (without offset by any net operating loss for such year) and the tax is subject to an interest charge at the rate applicable to deficiencies in income taxes (the “special interest charge”). The entire amount of any gain realized upon the sale or other disposition of the Shares will be treated as an excess distribution made in the year of sale or other disposition and as a consequence will be treated as ordinary income and, to the extent allocable to years prior to the year of sale or disposition (other than years prior to the first year in which the Company was classified as a PFIC), will be subject to the rules described above (including the special interest charge). If the Company is classified as a PFIC for a taxable year, and, at any time during such taxable year, owns shares in another foreign corporation that is classified as a PFIC, US Holders generally would be deemed to own a portion of the shares of such lower-tier PFIC, and generally could incur liability under the excess distribution regime described above if the Company receives an excess distribution from or disposes of all or part of its interest in the lower tier PFIC or the US Holder disposes of any interest in the Company. US Holders should consult their tax advisers with respect to the potential application of the excess distribution rules with respect to lower-tier PFICs.

A US Holder of “marketable stock” (as defined below) may make a mark-to-market election for such stock to generally elect out of the adverse PFIC tax treatment discussed above. If a US Holder makes a mark-to-market election for the shares of a PFIC, the holder will include in income each year an amount equal to the excess, if any, of the fair market value of the shares as of the close of the holder’s taxable year over the holder’s adjusted tax basis in such shares. A US Holder is allowed a deduction for the excess, if any, of the adjusted tax basis of the shares over their fair market value as of the close of the taxable year, but only to the extent of any net mark-to-market gains on the shares included in the holder’s income for prior taxable years. Amounts included in a US Holder’s income under a mark-to-market election, as well as gain on the actual sale or other disposition of mark-to-market PFIC shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the shares, as well as to any loss realized on the actual sale or disposition of the shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such shares. A US Holder’s basis in the shares will be adjusted to reflect any such income or loss amounts. However, the special interest charge and other adverse tax consequences described above for non-electing holders may continue to apply on a limited basis if the US Holder makes the mark-to-market election after such holder’s holding period for the PFIC mark-to-market shares has begun if the foreign corporation was a PFIC for any taxable year during such holding period prior to the first taxable year for the which the mark-to-market election is effective.

The mark-to-market election is available only for “marketable stock”, which is defined as stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter (“regularly traded”) on a qualified exchange or other market, as defined in applicable US Treasury regulations. The Shares are admitted to trading on the London Stock Exchange, which should constitute a “qualified exchange” under applicable US Treasury regulations. US Holders should consult their tax advisers as to whether the Shares would qualify for the mark-to-market election, the potential application of the excess distribution regime to them with respect to any lower-tier PFICs that the Company may own and the obligation to file IRS Form 8621.

The adverse PFIC tax treatment discussed above may also generally be avoided if a US Holder is able to make a Qualified Electing Fund (“QEF”) election with respect to shares owned in a PFIC. The

effect of a QEF election is that a US Holder generally will be currently taxable on its pro rata share of a company's ordinary earnings and net capital gains (at ordinary income and capital gains rates, respectively) for each taxable year of such company in which it is classified as a PFIC, even if no dividend distributions are received by such US Holder, unless such US Holder makes an election to defer such taxes. A QEF election may be made only by a US Holder if the Company provides such holder with certain information that allows such holder to report and pay any current or deferred taxes due with respect to its pro rata share of the Company's net ordinary earnings and net capital gains for such taxable year. The Company does not make such information available. Therefore, the Company does not anticipate that US Holders will be able to make a QEF Election with respect to their Shares. The remainder of this discussion assumes, except as otherwise noted, that the Company is a PFIC and that the QEF election is not available. The applicability and consequences of the PFIC rules are very complex and, in some respects, unclear. US Holders are strongly advised to consult their tax advisers regarding the application of the PFIC rules to the Tender Offer.

### **US Holders whose Shares are purchased in the Tender Offer**

The Tender of Shares and receipt of cash by US Holders pursuant to the Tender Offer will be treated for US federal income tax purposes as a redemption of the tendered Shares by the Company.

A redemption of shares is treated for US federal income tax purposes as either: (i) a "sale or exchange" of such shares; or (ii) a distribution by the Company in respect of Shares held by such holder.

Under Section 302 of the Code, a US Holder whose Shares are purchased under the Tender Offer will be treated as having sold those Shares if the purchase:

- is "not essentially equivalent to a dividend" with respect to the US Holder;
- results in a "complete termination" of the US Holder's equity interest in the Company; or
- results in a "substantially disproportionate" redemption with respect to the US Holder.

Each of these tests (collectively, the "Section 302 tests"), and the consequences of satisfying any of them, is explained in more detail below.

### **Tax treatment of distribution in respect of Shares**

If a US Holder does not satisfy any of the Section 302 tests explained below, the purchase of a US Holder's Shares under the Tender Offer will not be treated as a sale or exchange. Instead, the entire amount received by a US Holder with respect to the purchase of its Shares under the Tender Offer will be treated as a distribution. If a US Holder has timely made a mark-to-market election, such distribution will be a dividend to the extent of the US Holder's share of the available current and accumulated earnings and profits (within the meaning of the Code) of the Company and, to the extent that the amount of the distribution exceeds the Company's current and accumulated earnings and profits, the excess first will be treated as a tax-free return of capital that will reduce the holder's tax basis in the holder's Shares, and to the extent of any remaining portion in excess of such tax basis, the excess will be taxable as gain from the sale or exchange of such Shares. US Holders should consult their tax advisers on the character of any such gain. If a US Holder has not timely made a mark-to-market election, under proposed Treasury regulations regarding the treatment of PFICs, a purchase of Shares under the Tender Offer that does not satisfy any of the Section 302 tests and hence is treated as a distribution will be treated in its entirety as a distribution for PFIC purposes (and will be subject to the excess distribution rules) regardless of whether there are any earnings and profits. A dividend received by a corporate US Holder generally will not be eligible for a dividends-received deduction. In addition, a dividend received by a non-corporate US Holder will not qualify for the 20 per cent. reduced maximum rate.

To the extent that a purchase of a US Holder's Shares under the Tender Offer is treated as the receipt by the US Holder of a dividend or as a distribution under the PFIC excess distribution rules, the US Holder's remaining adjusted tax basis in the purchased Shares will be added to the basis of any Shares retained by the US Holder. Amounts treated as dividends or distributions under the PFIC excess distribution rules paid pursuant to the Tender Offer in Sterling should be included in a US Holder's income or taken into account under the PFIC excess distribution rules in a US Dollar amount calculated by reference to the exchange rate in effect on the date the amounts are received by such US Holder, regardless of whether the payment is in fact converted into US Dollars. If the amounts treated as dividends or distributions under the PFIC excess distribution rules are converted into

US Dollars on the date of receipt, a US Holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend income or distributions.

### **Section 302 tests**

One of the following tests must be satisfied in order for the purchase of Shares under the Tender Offer to be treated as a sale or exchange rather than a distribution for US federal income tax purposes:

- ***“Not essentially equivalent to a dividend” test***

The purchase of a US Holder’s Shares under the Tender Offer will be treated as “not essentially equivalent to a dividend” if the purchase in the Tender Offer results in a “meaningful reduction” of the shareholder’s proportionate interest in the corporation. Whether the receipt of cash by a US Holder who sells Shares under the Tender Offer will be “not essentially equivalent to a dividend” will depend upon the US Holder’s particular facts and circumstances. The IRS has indicated in a published revenue ruling that even a small reduction in the percentage interest of a stockholder whose relative stock interest in a publicly held corporation is minimal (for example, an interest that represents a small fraction of one percent) and who exercises no control over corporate affairs should constitute a “meaningful reduction”. US Holders should consult their tax advisers as to the application of this test in their particular circumstances.

- ***“Complete termination” test***

The purchase of a US Holder’s Shares under the Tender Offer will result in a “complete termination” of the US Holder’s equity interest in the Company if all of the Shares that are actually owned by the US Holder are sold under the Tender Offer and all of the Shares that are constructively owned by the US Holder, if any, are sold under the Tender Offer or, with respect to Shares owned by certain related individuals, the US Holder is entitled to and effectively waives attribution of the Shares which otherwise would be considered as constructively owned by the US Holder. US Holders wishing to satisfy the “complete termination” test through waiver of the constructive ownership rules should consult their tax advisers.

- ***“Substantially disproportionate” test***

Generally, the purchase of a US Holder’s Shares under the Tender Offer will result in a “substantially disproportionate” redemption with respect to the US Holder if the percentage of the then outstanding Shares actually and constructively owned by the US Holder immediately after the purchase is less than 80 per cent. of the percentage of the Shares actually and constructively owned by the US Holder immediately before the purchase (treating as outstanding before the purchase all Shares purchased under the Tender Offer).

The Company cannot predict whether or the extent to which a US Holder that has tendered a number of Shares in excess of such US Holder’s Basic Entitlement will be accepted for purchase under the Tender Offer. Therefore, no assurance can be given that a sufficient number of a US Holder’s Shares will be purchased under the Tender Offer to ensure that the US Holder receives sale or exchange treatment, rather than dividend treatment, for US federal income tax purposes under the rules discussed above.

In applying each of the Section 302 tests explained above, US Holders must take into account not only Shares that they actually own but also Shares they are treated as owning under the constructive ownership rules of the Code. Under the constructive ownership rules, a US Holder is treated as owning any Shares that are owned (actually and in some cases constructively) by certain related individuals and entities as well as Shares that the US Holder has the right to acquire by exercise of an option or by conversion or exchange of a security. In connection with options or warrants to acquire additional shares from the Company (including as a result of securities convertible into shares), the IRS takes the position that only options of the stockholders being tested under Section 302 of the Code are taken into account. However, there is both contrary and supporting case law with respect to this issue.

In addition, other contemporaneous acquisitions or dispositions of Shares by the US Holder may be taken into account.

Due to the factual nature of the Section 302 tests explained above, US Holders should consult their tax advisers to determine whether the purchase of their Shares under the Tender Offer qualifies for sale or exchange treatment in their particular circumstances.



**Medicare tax**

A 3.8 per cent. Medicare tax will be imposed on certain net investment income (including ordinary dividends and net gains from redemptions or other taxable dispositions of shares) of US individuals, estates and trusts. The tax applies to the lesser of: (i) such net investment income (or, in the case of an estate or trust, its undistributed net investment income); and (ii) the excess, if any, of such person's "modified adjusted gross income" (or, in the case of an estate or trust, its "adjusted gross income") over a threshold amount. Recently proposed regulations address the application of the Medicare tax to distributions on, and gains from the sale of, shares in a PFIC. Non-corporate US Holders are strongly advised to consult their tax advisers with respect to the Medicare tax consequences to them of acceptance of the Tender Offer.

**Backup withholding and information reporting**

Payments with respect to the Tender Offer paid by a US paying agent or other US intermediary will be reported to the IRS and to the US Holder as may be required under applicable regulations. Backup withholding (at a rate currently equal to 28 per cent.) may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its US federal income tax returns. Certain US Holders (including, among others, corporations) are not subject to information reporting or backup withholding. If backup withholding applies, the amount withheld is not an additional tax, but is credited against the US Holder's US federal income tax liability. US Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

The discussion set forth above is included for general information only. US Holders are urged to consult their tax advisers to determine the particular tax consequences to them of the Tender Offer, including the applicability and effect of US state, local and non-US tax laws.

## PART 6

### ADDITIONAL INFORMATION

#### 1. Directors' interests

As at 16 May 2017 (being the latest practicable date prior to the publication of this document), the interests of each Director in the voting rights of the Company were as follows:

	<b>No of. Shares</b>	<b>Percentage of issued share capital</b>
Ian Barby	25,000	0.047%
Richard Brooman	19,670	0.037%
Christopher Fletcher	27,219	0.051%
Jane Lewis	1,507	0.003%
Garth Milne	5,000	0.009%

#### 2. Major Shareholders

As at 16 May 2017 (being the latest practicable date prior to the publication of this document), the Company was aware of the following interests in 3 per cent. or more of the issued share capital of the Company:

	<b>No of. Shares</b>	<b>Percentage of issued share capital</b>
Lazard Asset Management	4,772,799	8.97%
1607 Capital Partners	3,946,279	7.42%
Royal London Asset Management	3,779,379	7.10%
West Yorkshire Pension Fund	2,735,000	5.14%
Brewin Dolphin, Stockbrokers	2,398,721	4.51%
Hargreaves Lansdown, Stockbrokers	2,364,314	4.44%
Wells Capital Management	2,310,992	4.34%
Charles Stanley, Stockbrokers	2,146,766	4.03%
Invesco Perpetual	2,027,914	3.81%
Investec Wealth & Investment	1,801,238	3.39%

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

#### 3. No significant change

There has been no significant change in the financial or trading position of the Company since 31 January 2017 (being the last financial period of the Company for which financial information has been published).

#### 4. Repurchase Agreement

The Company and J.P. Morgan Cazenove entered into a repurchase agreement on 17 May 2017 pursuant to which the Company has agreed to purchase from J.P. Morgan Cazenove, on the London Stock Exchange, such number of Shares as J.P. Morgan Cazenove shall purchase pursuant to the Tender Offer, at an aggregate price equal to the amount paid by J.P. Morgan Cazenove for its purchase of the tendered Shares. The Tender Offer may be terminated if J.P. Morgan Cazenove receives notice from the Company that, in the Board's reasonable opinion, any of the circumstances set out in paragraph 8 of Part 3 of this document has arisen or in the event that the Repurchase Agreement is terminated in accordance with its terms.

In acquiring Shares pursuant to valid tenders made under the Tender Offer and in selling such Shares to the Company, J.P. Morgan Cazenove will act as principal.

The Repurchase Agreement, which is stated not to create a relationship of agency between J.P. Morgan Cazenove and the Company, is governed by and construed in accordance with English law.

## **5. Consent**

J.P. Morgan Cazenove has given and not withdrawn its written consent to the issue of this document with its letter and with the references to its name in the form and context in which they are included.

## **6. Documents available for inspection**

Copies of the following documents will be available for inspection at the offices of Invesco Perpetual at 6th Floor, 125 London Wall, London EC2Y 5AS and the Company's registered office during normal business hours from the date of this document until the completion, lapse or termination of the Tender Offer:

- 6.1 this document;
- 6.2 the consent letter referred to in paragraph 5 above;
- 6.3 the annual financial report for the year ended 31 January 2017; and
- 6.4 the Repurchase Agreement.

## DEFINITIONS

Unless the context otherwise requires, the following words and expressions have the following meanings in this document:

<b>2006 Act</b>	the Companies Act 2006, as amended
<b>Basic Entitlement</b>	the entitlement of a Shareholder to tender up to 40 per cent. of the Shares registered in that Shareholder's name as at the Record Date, rounded down to the nearest whole number
<b>Board</b>	the board of Directors of the Company or any duly constituted committee thereof
<b>Business Day</b>	any day other than a Saturday, Sunday or public holiday in England and Wales
<b>Calculation Date</b>	close of business on 19 June 2017, the day as at which the Company will calculate the Tender Offer Formula Asset Value for the purposes of the Tender Offer
<b>Closing Date</b>	15 June 2017
<b>Code</b>	United States Internal Revenue Code of 1986, as amended
<b>Company</b>	Invesco Perpetual UK Smaller Companies Investment Trust plc, a company incorporated in England and Wales with registered number 02129187
<b>Conditions</b>	the conditions of the Tender Offer set out in paragraph 3 of Part 3 of this document
<b>Court</b>	the High Court of Justice in England and Wales
<b>CREST</b>	the facilities and procedures for the time being of the relevant system of which Euroclear has been approved as operator pursuant to the CREST Regulations
<b>CREST Manual</b>	the compendium of documents entitled CREST Manual issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
<b>CREST Sponsor</b>	a CREST participant admitted to CREST as a CREST sponsor, being a sponsoring system participant (as defined in the CREST Regulations)
<b>CTA 2010</b>	the Corporation Tax Act 2010, as amended
<b>Directors</b>	the directors of the Company
<b>Euroclear</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>Exit Shares</b>	the Shares which has been successfully tendered for purchase by J.P. Morgan Cazenove pursuant to the terms of the Tender Offer
<b>Final Tender Offer Asset Value</b>	the unaudited Net Asset Value of the assets in the Tender Pool on the Tender Pool Determination Date less any stamp duty arising on the repurchase of Shares by the Company
<b>FSMA</b>	Financial Services and Markets Act 2000, as amended
<b>HMRC</b>	HM Revenue & Customs
<b>ITA 2007</b>	the Income Tax Act 2007, as amended

<b>Invesco Perpetual</b>	a business name of the Manager
<b>J.P. Morgan Cazenove</b>	J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Manager</b>	Invesco Fund Managers Limited, a company incorporated in England and Wales with registered number 00898166
<b>Net Asset Value</b> or <b>NAV</b>	the net asset value of the Company which shall be the total value of all of the assets of the Company less its liabilities as determined by the Board and calculated in accordance with the Company's accounting policies (for the avoidance of doubt, this includes accumulated revenue reserves and current period revenue and is after the deduction of any borrowings at their fair value)
<b>Net Asset Value per Share</b> or <b>NAV per Share</b>	the Net Asset Value divided by the number of Shares then in issue
<b>Overseas Shareholders</b>	Shareholders who are resident in, or citizens of, territories outside the United Kingdom, the Channel Islands and the Isle of Man and not resident in, or citizens of, any of the Restricted Jurisdictions
<b>Receiving Agent or Registrars</b> or <b>Capita</b>	Capita Asset Services (UK) Limited, a company incorporated in England and Wales with registered number 03376447
<b>Record Date</b>	the close of business on 28 April 2017
<b>Register</b>	the register of Shareholders
<b>Regulatory Information Service</b>	any of the regulatory information services set out in Appendix 3 of the listing rules of the Financial Conduct Authority
<b>Repurchase Agreement</b>	the agreement dated 17 May 2017 between the Company and J.P. Morgan Cazenove relating to the repurchase by the Company on the London Stock Exchange of all the Shares purchased by J.P. Morgan Cazenove pursuant to the Tender Offer as summarised in paragraph 4 of Part 6 of this document
<b>Restricted Jurisdiction</b>	any of the following territories: Australia, Canada, Japan and South Africa
<b>Restricted Shareholders</b>	Shareholders who are resident in, or citizens of, a Restricted Jurisdiction
<b>SEC</b>	the United States Securities and Exchange Commission
<b>Shareholders</b>	holders of Shares
<b>Shares</b>	ordinary shares of 20 pence each in the capital of the Company
<b>South Africa</b>	the Republic of South Africa
<b>Sterling</b> or <b>£</b>	the lawful currency of the United Kingdom
<b>Takeover Code</b>	the UK City Code on Takeovers and Mergers
<b>Takeover Panel</b>	the Panel on Takeovers and Mergers
<b>Tender Form</b>	the personalised tender form enclosed with this document for use by Shareholders who hold their Shares in certificated form in connection with the Tender Offer

<b>Tender Offer</b>	the invitation by J.P. Morgan Cazenove to each Shareholder (other than Restricted Shareholders and certain Overseas Shareholders) whose name appeared on the Register as at the Record Date to sell up to their Basic Entitlement of Shares, and the acceptance of such tenders by J.P. Morgan Cazenove on the terms and subject to the conditions set out in this document and, in the case of Shares held in certificated form, the Tender Form, or any one or more of such invitation, tender or acceptance as the context requires
<b>Tender Offer Formula Asset Value</b>	the NAV per Share on the Calculation Date (which will reflect the deduction of the fixed costs of the Tender Offer) multiplied by the number of Exit Shares
<b>Tender Pool</b>	means the pool of stocks, cash, assets and liabilities to be created in accordance with the terms of the Tender Offer for the purposes of calculating the Tender Price
<b>Tender Pool Determination Date</b>	the date selected by the Directors on which the Final Tender Offer Asset Value of the Tender Pool will be calculated, being a date prior to 30 September 2017
<b>Tender Price</b>	in relation to each tendered Share, the Final Tender Offer Asset Value of the Tender Pool divided by the total number of Exit Shares, rounded down to two decimal places
<b>TFE Instruction</b>	a transfer from escrow instruction, as defined by the CREST Manual
<b>TTE Instruction</b>	a transfer to escrow instruction, as defined by the CREST Manual
<b>UK Listing Authority</b>	the Financial Conduct Authority acting in its capacity as the competent authority for listing pursuant to Part VI of FSMA
<b>United Kingdom</b> or <b>UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>United States</b> or <b>US</b>	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction
<b>US Dollars</b>	the lawful currency of the United States
<b>US Exchange Act</b>	the United States Securities Exchange Act of 1934, as amended
<b>US Shareholders</b>	Shareholders who are located in the US

## NOTICE OF GENERAL MEETING

# Invesco Perpetual UK Smaller Companies Investment Trust plc

*(Incorporated in England and Wales with registered number 02129187)*

*(An investment company within the meaning of section 833 of the Companies Act 2006)*

Notice is hereby given that a general meeting of Invesco Perpetual UK Smaller Companies Investment Trust plc (the “**Company**”) will be held at the offices of Invesco Perpetual at 43-45 Portman Square, London W1H 6LY on Thursday 8 June 2017 at 1.00 p.m. (or if later as soon as the annual general meeting convened for 12 noon on the same day has concluded or been adjourned) to consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

**THAT**, without prejudice to, and in addition to, any existing authorities, the Company be and is hereby authorised for the purpose of section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693 of the Companies Act 2006) of its issued ordinary shares of 20 pence each (the “**Shares**”) following completion of the tender offer to all shareholders in the Company made by J.P. Morgan Securities plc on the terms set out in the circular to shareholders of the Company dated 17 May 2017 (the “**Circular**”) provided that:

- (i) the maximum aggregate number of Shares hereby authorised to be purchased is 21,283,633;
- (ii) the price which shall be paid for a Share shall be the Tender Price (as defined in the Circular) (which shall be both the maximum and the minimum price for the purposes of section 701 of the Companies Act 2006);
- (iii) the authority hereby conferred shall expire at midnight on 30 September 2017; and
- (iv) the Company may make a contract or contracts to purchase Shares under the authority hereby conferred prior to the expiry of such authority which will or may be completed or executed wholly or partly after such expiry and may make a purchase of Shares in pursuance of any such contract or contracts.

*By order of the Board*

**Invesco Asset Management Limited**  
Company Secretary

Dated: 17 May 2017

*Registered office:*

Perpetual Park  
Perpetual Park Drive  
Henley-on-Thames  
Oxfordshire RG9 1HH

## Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote in his stead. Where more than one proxy is appointed, each proxy must be appointed to exercise the rights attached to a different share or shares. A proxy need not be a member of the Company. In order to be valid an appointment of proxy must be returned by one of the following methods:
  - via Capita Asset Services website [www.signalshares.com](http://www.signalshares.com); or
  - in hard copy form by post, by courier or by hand to the Company's Registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF; or
  - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below,

and in each case to be received by the Company not less than 48 hours before the time of the meeting.

2. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST Sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a '**CREST Proxy Instruction**') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in this document. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any changes of instructions to proxies through CREST should be communicated to the appointee through other means.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST Sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST Sponsor or voting service provider(s) take(s), such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST Sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

3. A Form of Proxy is enclosed with this notice. Appointment of a proxy (whether by completion of a Form of Proxy, or other instrument appointing a proxy or any CREST Proxy Instruction) does not prevent a member from attending and voting at this meeting.
4. To be effective, the Form of Proxy, duly completed and executed, together with any power of attorney or other authority under which it is signed (or a notarially certified copy thereof) must be lodged at the office of the Company's Registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, by not later than 1.00 p.m. on 6 June 2017.
5. A person entered on the register of members at close of business on 6 June 2017 is entitled to attend and vote at the meeting pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001. Any changes to the register of members after such time and date shall be disregarded in determining the rights of any person to attend and/or vote at the meeting. If the meeting is adjourned, entitlement to attend and vote at the adjourned meeting, and the number of votes which may be cast thereat, will be determined by reference to the Company's register of members at close of business on the day two days (excluding non-working days) before the time fixed for the adjourned meeting.
6. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a '**Nominated Person**') should note that the statements of the above rights of the shareholders in relation to the appointment of proxies do not apply to Nominated Persons. Those rights can only be exercised by shareholders of the Company. However, a Nominated Person may have a right, under an agreement between him/her and the shareholder by whom he/she was nominated, to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right, under such an agreement, to give instructions to the shareholder as to the exercise of voting rights.
7. Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
8. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.



9. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3 per cent. or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

Any person holding 3 per cent. of the total voting right in the Company who appoints a person other than the Chairman as his or her proxy(ies) will need to ensure that both he or she and such proxy(ies) comply with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.

10. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
11. You may not use any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided in this notice (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.
12. As at 16 May 2017 (being the last practicable day prior to the publication of this notice) the Company's issued share capital consists of 53,209,084 ordinary shares of 20 pence each carrying one vote each. There are no ordinary shares held in treasury.
13. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at [www.invescopetual.co.uk/ipukscit](http://www.invescopetual.co.uk/ipukscit).





