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This document comprises a prospectus relating to Artemis Alpha Trust plc prepared in accordance with the Prospectus Rules and Listing Rules of the UK Listing Authority made under section 73A of the Financial Services and Markets Act 2000. This document has been approved by and filed with the Financial Services Authority in accordance with rule 3.2 of the Prospectus Rules.

The Directors and the Proposed Director of the Company, whose names appear on page 19 of this document, and the Company each accept responsibility for the information contained in this document. Having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of the knowledge of the Directors, the Proposed Director and the Company, in accordance with the facts and contains no omission likely to affect its import.

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## **ARTEMIS ALPHA TRUST PLC**

*(Incorporated in England and Wales with registered number 253644 and registered as an investment company under section 833 of the Companies Act 2006)*

### **Issue and admission of up to 30 million New Ordinary Shares and up to 10 million Subscription Shares in connection with the recommended proposals for the reconstruction and winding up of Gartmore Growth Opportunities plc**

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Applications have been made to the UK Listing Authority for the New Ordinary Shares to be admitted to the Official List with a Premium Listing and to the London Stock Exchange for such shares to be admitted to trading on the London Stock Exchange's main market for listed securities. Applications have been made to the UK Listing Authority for the Subscription Shares to be admitted to the Official List with a Standard Listing and to the London Stock Exchange for such shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that such admissions will become effective, and that dealings in the New Ordinary Shares and the Subscription Shares will commence, at 8.00 a.m. on 13 December 2010.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this Prospectus and the offering of New Ordinary Shares and the Subscription Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. In particular, this document has been sent to a restricted number of persons in EEA States other than the United Kingdom and may not be reproduced, redistributed or passed on to any other persons in such states or published in whole or in any part for any purpose. The New Ordinary Shares and the Subscription Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state or other political sub-division of the United States or under any of the relevant securities laws of any province or territory of Canada, Australia, New Zealand, Japan or the Republic of South Africa. Accordingly, the New Ordinary Shares and the Subscription Shares may not (unless an exemption from such Act or such legislation or laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Canada, Australia, New Zealand, Japan or the Republic of South Africa. The Company will not be registered under the United States Investment Company Act of 1940 (as amended) and investors will not be entitled to the benefits of such Act. The attention of Overseas Shareholders and Overseas GGO Shareholders and other recipients of this document who are residents or citizens of any country outside the EEA States, the Channel Islands and the Isle of Man is drawn to the section of this document entitled "Overseas investors" in Part II of this document.

Canaccord Genuity Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is the sponsor to the Company. Canaccord Genuity Limited is acting for the Company and no-one else in connection with the Issue and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Canaccord Genuity Limited and is not advising any other person in relation to any transaction contemplated in or by this document. This does not exclude or limit any responsibility which Canaccord Genuity Limited may have under the Financial Services and Markets Act 2000 or the regulatory regime established thereunder.

**The whole of this document should be read. The attention of potential investors is drawn in particular to the risk factors relating to the Company set out on pages 7 to 12 of this document.**

Potential investors should inform themselves as to: (a) the possible tax consequences; (b) the legal requirements; and (c) any foreign exchange restrictions or exchange control requirements, which they might encounter under the laws of the countries of their citizenship, residence or domicile, and which might be relevant to the subscription, holding or disposal of Ordinary Shares or Subscription Shares or the exercise of the Subscription Share Rights.

Dated: 11 November 2010

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Words and phrases defined on pages 15 to 18 of this document under the heading “Definitions” shall, unless the context otherwise requires, bear the same meaning throughout this document.

## SUMMARY

This summary should be read as an introduction to the Prospectus. Any decision to invest in the Company should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

### Introduction and reasons for the Issue

Artemis Alpha Trust plc, formerly Piccadilly Growth Trust plc, is an investment trust company which originally focused on investing in listed European companies. Artemis Investment Management was appointed as investment manager of the Company on 1 June 2003, at which point the investment mandate was changed to one focused on investing in UK growth companies and the portfolio was extensively restructured. The Company's capital structure currently comprises only Ordinary Shares, with persons associated with the Investment Manager (including the fund managers with principal responsibility for the Company's investment portfolio) also holding warrants to subscribe for Ordinary Shares (which will be exercised in full pursuant to the Proposals).

The Board announced on 27 September 2010 that the Company had reached agreement in principle with Gartmore Growth Opportunities plc, an investment trust managed by Gartmore Investment Limited which invests primarily in the shares of quoted UK smaller companies, in respect of a merger of the assets of the Company and GGO through a scheme of reconstruction and winding up of GGO. It is proposed that the Company will be offered as the roll-over option in a scheme of reconstruction and winding up of GGO.

If the Proposals are implemented, GGO Shareholders will be entitled to receive New Ordinary Shares and/or a cash exit in respect of their investment in GGO, subject to total Elections in respect of the Cash Option not exceeding 30 per cent. of GGO's total issued shares as at the Entitlement Date. In the event that valid Elections for the Cash Option are made or deemed to be made in respect of in excess of 30 per cent. of the GGO Shares at as the Entitlement Date then Elections (other than in respect of Overseas GGO Shareholders) will be scaled back. Pursuant to the Proposals, the Company will acquire substantially all of GGO's assets (apart from those appropriated to the Liquidation Fund), in consideration for the issue of New Ordinary Shares to GGO Shareholders who elect or are deemed to elect to receive them under the Scheme and a payment in cash to satisfy Elections for the Cash Option available to GGO Shareholders under the Scheme. The maximum aggregate cash required to fund the Cash Option will be approximately £14.4 million. The Cash Option will be funded in part through the exercise of all of the outstanding Manager Warrants to subscribe for Ordinary Shares in the Company which will raise approximately £7.9 million and through the use of the Company's existing cash resources, augmented as required by a new debt facility to be provided by RBS. RBS has agreed, subject only to, the entering into of a definitive facility agreement with the Company, to provide this facility.

As part of the Proposals, the Company is proposing to issue, by way of a bonus issue, Subscription Shares to Qualifying Shareholders on the basis of one Subscription Share for every seven Qualifying Shares held by such Qualifying Shareholder.

### Summary of investment policy

The objective of the Company is to achieve above average rates of total return over the longer-term and to achieve a growing dividend stream. In pursuit of this objective, the Company's portfolio is actively managed by the Investment Manager and comprises largely UK equities, with selected overseas investments. The Investment Manager takes a stock specific approach in managing the portfolio and therefore sector weightings are of secondary consideration. As a result of this approach, the portfolio will not track any benchmark index.

The Company may also invest in unquoted companies up to a maximum of 30 per cent. of its net assets, determined by the lower of the cost or current valuation of these investments. The Company can invest up to 30 per cent. of its net assets in hedge funds and/or unregulated collective investment schemes. The Company will not invest more than 15 per cent. of its gross assets in securities issued by other investment companies listed on the main market of the London Stock Exchange.

The Company uses gearing as part of its investment strategy. The Company may borrow up to 25 per cent. of its adjusted capital and reserves.

### Investment manager

The Company's investment manager is Artemis Investment Management LLP. Artemis Investment Management is a leading asset manager in the UK with approximately £10.7 billion of assets under management as at 31 October 2010. John Dodd and Adrian Paterson are the managers of the Company's portfolio. Mr Dodd has managed the

Company's portfolio since Artemis Investment Management was appointed as its manager on 1 June 2003 and Mr Paterson has co-managed the Company's portfolio since July 2009.

## **The Proposals**

The Company is seeking to allot up to 30 million New Ordinary Shares and up to 10 million Subscription Shares under the Issue.

### *The Scheme and the New Ordinary Shares*

It is proposed that investment in the Company will be offered as the roll-over option in a scheme of reconstruction and winding up of GGO, an investment trust managed by Gartmore Investment Limited which invests primarily in the shares of quoted UK smaller companies. Pursuant to the Proposals, the Company will acquire substantially all of GGO's assets (apart from those appropriated to the Liquidation Fund) in consideration for (i) the issue of New Ordinary Shares to GGO Shareholders who elect, or are deemed to elect, to receive them under the Scheme and (ii) a payment in cash to satisfy elections for the Cash Option available to GGO Shareholders under the Scheme.

The assets to be transferred to the Company will primarily comprise investments in UK listed companies and cash and/or near cash assets.

The New Ordinary Shares will rank equally in all respects with the Company's existing Ordinary Shares in issue (save that New Ordinary Shares will not be entitled to the Interim Dividend payable by the Company in February 2011) and holders of the New Ordinary Shares will be entitled to participate in the Bonus Issue of Subscription Shares.

### *The Bonus Issue and the Subscription Shares*

The Company is also proposing to issue Subscription Shares, by way of a bonus issue, to each Qualifying Shareholder on the basis of one Subscription Share for every seven Qualifying Shares held by such Qualifying Shareholder. Fractions of Subscription Shares will not be allotted or issued and entitlements will be rounded down to the nearest whole number of Subscription Shares.

The Subscription Shares will rank equally with each other and will not carry the right to receive any dividends from the Company.

Each Subscription Share will confer the right (but not the obligation) to subscribe for one Ordinary Share on the last Business Day in each of June and December each year between 31 December 2010 and 31 December 2017 (both dates inclusive) (each a "Subscription Date"), after which the rights under the Subscription Shares (the "Subscription Share Rights") will lapse. Each Subscription Share will be capable of conversion into one Ordinary Share upon exercise of the Subscription Share Rights and on payment of the Conversion Price.

The Conversion Price will be an amount equal to 110 per cent. of the unaudited NAV per Ordinary Share at the close of business on the Effective Date (following the acquisition of certain of the assets of GGO under the Scheme, completion of the exercise of the Manager Warrants and the issue of the New Ordinary Shares) rounded up to the nearest whole penny. It is expected that an announcement setting out the Conversion Price will be made on 13 December 2010.

### *Continuation vote*

Under the current Articles of Association, the Company is required to propose a continuation vote as an ordinary resolution at its annual general meeting in 2013 and at every fifth annual general meeting of the Company thereafter. It is proposed to amend the Articles of Association to require the next continuation vote to be proposed at the annual general meeting of the Company in 2018 (after the last date for exercise of the Subscription Share Rights).

### *Management fees*

Under the terms of the Management Agreement, the Investment Manager is currently entitled to a basic management fee of 0.75 per cent. per annum of the market capitalisation of the Company. If the Proposals are implemented, the Management Agreement will be amended to provide for the payment of a performance-related fee to the Investment Manager subject to the satisfaction of certain performance conditions. The performance fee will be an amount equal to 15 per cent. of any outperformance by the Company's share price (on a total return basis) against the FTSE All Share Index (on a total return basis) plus 2 per cent. per annum, measured over a rolling three year period.

The performance fee payable each year cannot exceed 2.5 per cent. of the Company's market capitalisation at the end of the measurement period. The performance fee has a "high water mark" such that it will only be payable if the Company's share price ends the three year measurement period higher than at the start of such period and is higher than the last share price level (on a total return basis) at which a performance fee was last paid.

## Conditions to the Issue

The Issue is conditional upon:

- passing of the resolutions to approve the GGO Scheme at the class meeting of GGO Shareholders and the general meetings of GGO Shareholders and the GGO Scheme becoming unconditional;
- passing of the Resolutions, which includes the approval of the issue of the New Ordinary Shares and the Subscription Shares, at the General Meeting which has been convened for 7 December 2010;
- admission of the New Ordinary Shares to the Official List with a Premium Listing and the Main Market of the London Stock Exchange, subject only to the allotment of such shares; and
- admission of the Subscription Shares to the Official List with a Standard Listing and the Main Market of the London Stock Exchange, subject only to the allotment of such shares.

If any of these conditions is not satisfied by 31 January 2011, no part of the Proposals will become effective and no New Ordinary Shares or Subscription Shares will be issued.

## Costs and expenses of the Proposals

The Company will pay for its own costs of implementing the Proposals. Artemis Investment Management has agreed to make a cost contribution towards the costs and expenses of the Company in connection with the Proposals. The amount of the cost contribution is linked to, and increased proportionately with, the aggregate value of Elections made for the Rollover Option. As a minimum, the Investment Manager will meet any costs and expenses incurred, or to be incurred, by the Company in connection with the Proposals not offset by the value transfer under the Scheme. GGO will meet its own costs associated with the Proposals (including fees payable on the early termination of the management agreement with Gartmore Investment Limited).

## Principal risk factors

The principal risk factors relating to the Company, the New Ordinary Shares and the Subscription Shares are as follows:

- the value of an investment in the Company, and any income derived from it, may go down as well as up;
- changes in economic conditions and other factors can substantially and adversely affect the value of investments and therefore the Company's performance and prospects;
- the past performance of the Company is not a guide to future performance;
- there is no guarantee that the Company's investment objectives will be achieved;
- the Company does not track any benchmark and accordingly the portfolio of investments held by the Company will not mirror the stocks and weightings that constitute any particular index or indices, which may lead to the Ordinary Shares failing to follow either the direction or extent of any moves in the financial markets generally;
- the Company seeks to conduct its business so as to satisfy the conditions for approval as an investment trust company under Chapter 4 of Part 24 of the Corporation Tax Act 2010. In respect of each accounting period for which approval is granted, the Company will be exempt from United Kingdom taxation on its capital gains. Breach of the tests that the Company must meet to obtain approval as an investment trust company could lead to the Company being subject to tax on capital gains;
- the fair value of equity and other financial securities held in the Company's portfolio fluctuates with market prices;
- the Company may invest in unquoted investments. Investment in unquoted companies often carries a higher degree of risk than investment in more established companies listed on a stock exchange. The Management Agreement contains a provision that restricts the amount that can be invested in unquoted companies to 30 per cent. of the Company's net assets (measured by the lower of their cost or current valuation). As at 9 November 2010, the value of unquoted investments represented 30.8 per cent. of the Company's net assets (17.2 per cent. when measured by the lower of their cost and current valuation);
- the Subscription Shares represent a geared investment and the market price of the Subscription Shares may be volatile;
- although Subscription Shares are tradable securities, the market liquidity of Subscription Shares may be less than the market liquidity of Ordinary Shares;

- New Ordinary Shares are only suitable for investors:
  - who understand the potential risks of loss to the value of their investment and who have sufficient resources to bear any loss which might result from such investment;
  - for whom an investment in the New Ordinary Shares constitutes part of a diversified investment portfolio;
  - who are prepared to take a long-term investment view; and
  - who understand and are willing to assume the specific risks involved in investing in the Company.



## RISK FACTORS

The risk factors set out below are those which are considered by the Directors to be material as at the date of this document but are not the only risks relating to the Company, the Ordinary Shares or the Subscription Shares. Additional risks and uncertainties relating to the Company that are not currently known to the Directors or that the Directors do not currently consider to be material may also have a material adverse effect on the Company. Before investing in the Company, potential investors should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if they are in the United Kingdom or, in the case of overseas investors, another appropriately authorised financial adviser.

Potential investors should carefully consider all the information in this document, including the following risk factors, before deciding to invest in the Company.

### General

An investment in the Company is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which might result from such an investment (which may be equal to the whole amount invested). Such an investment should be seen as long term in nature and complementary to existing investments in a range of other financial assets and should not form a major part of an investment portfolio.

The value of an investment in the Company' and any income derived from it, may go down as well as up. Changes in economic conditions (including, for example, interest rates and rates of inflation), industry conditions, competition, changes in the law, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect the value of investments and therefore the Company's performance and prospects.

The past performance of the Company, and of other investments managed by the Investment Manager, is not a guide to future performance.

### Ordinary Shares

The market prices of shares in investment trusts fluctuate independently of their net asset value and can be at a discount or premium to net asset value at different times, depending on supply and demand, market conditions, general investor sentiment, dividend yields, prevailing interest rates and other factors. Accordingly, the market price of the Ordinary Shares may not fully reflect their underlying Net Asset Value.

Shares in the Company are designed to be held over the long-term and may not be suitable as short-term investments. The value of an investment in the Company and the income derived from it, if any, may go down as well as up. There can be no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment. There can be no guarantee that the investment objectives of the Company will be achieved or provide the returns sought by the Company. No assurance can be given that any sale of the Company's investments would realise proceeds which would be sufficient to repay any borrowings or provide funds for any capital repayment to Shareholders. Shareholders will bear the rewards and risks of the success or otherwise of the Company's investments.

The investment returns on the Company's portfolio and the returns from an investment in Ordinary Shares in the future may differ materially from historical returns on the Company's Ordinary Shares and will depend, among other things, on the composition of the Company's portfolio.

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

The exercise of the subscription rights conferred by the Subscription Shares will result in dilution of Ordinary Shareholders' interests if the Net Asset Value per Ordinary Share exceeds the price payable on conversion of a Subscription Share at the relevant time. The extent of such dilution will depend on the number of Subscription Shares in respect of which subscription rights are exercised on each occasion and the difference between the price payable on such conversion and the net asset value prevailing at the time new Ordinary Shares are issued pursuant to such conversion. The perceived risk of dilution may adversely impact the market price of the Ordinary Shares.

In the event of the winding up of the Company prior to the exercise of the Subscription Share Rights, Subscription Shareholders may receive a payment out of the assets which would otherwise be available for distribution to the Ordinary Shareholders.

## **The Subscription Shares**

The Subscription Shares may not be suitable as a short-term investment. The value of a Subscription Share may go down as well as up.

Subscription Shares represent a geared investment, so a relatively small movement in the market price of the Ordinary Shares may result in a disproportionately large movement, unfavourable or favourable, in the market price of the Subscription Shares. The market price of the Subscription Shares may therefore be volatile and may not therefore reflect their intrinsic and/or time value (if any).

The published market price of the Subscription Shares will typically be their mid-market price. Due to the potential difference between the mid-market price of the Subscription Shares and the price at which Subscription Shares can be sold, there is no guarantee that the realisable value of the Subscription Shares will reflect their published market price.

In the event of the winding up of the Company prior to the exercise of the Subscription Share Rights, Subscription Shareholders may receive a payment out of the assets which would otherwise be available for distribution amongst the Ordinary Shareholders. This payment to Subscription Shareholders may not necessarily be an amount equal to the market value of their Subscription Shares.

In the case of any Subscription Shares whose Subscription Share Rights have not been exercised on or before the final date for exercising such rights, such Subscription Shares will cease to have any value unless a trustee appointed by the Company determines that the net proceeds of sale of the Ordinary Shares that would arise on the exercise of such rights after deduction of all the costs and expenses of the sale would exceed the costs of exercise of such rights.

Although the price of the Subscription Shares and Ordinary Shares will be linked, since they share common price factors, the price of a Subscription Share may not move in line with that of an Ordinary Share because of other factors affecting their respective prices, for example, the relative supply and demand for each class of share. The price of Subscription Shares may be affected by factors which do not affect the price of an Ordinary Share, for example, the remaining duration of the Subscription Share Rights.

Although Subscription Shares will be listed on the Official List with a Standard Listing and admitted to trading on the Main Market, the market liquidity of Subscription Shares may be less than the market liquidity of Ordinary Shares.

The Subscription Shares, in so far as they give an entitlement to subscribe for Ordinary Shares, are affected by the same risk factors as the Ordinary Shares as set out in this section headed "Risk Factors".

## **Risks relating to the Proposals**

The implementation of the Proposals is subject to a number of conditions, details of which are set out in Part II of this document, and there is no certainty that the Proposals will become effective. The implementation of the Proposals is conditional upon the passing of resolutions to approve the GGO Scheme at the class meeting of GGO Shareholders and general meetings of GGO. The implementation of the Proposals is also conditional upon the Resolutions being passed at the General Meeting. In the event that any of these resolutions are not passed, the Proposals will not be implemented. The Investment Manager has agreed to meet any costs and expenses payable by the Company in connection with the Proposals if they are not implemented.

Under the terms of the Transfer Agreement, the Company will acquire certain of the assets of GGO. GGO has a similar investment policy to the Company and the assets to be acquired will comprise primarily of securities in UK quoted smaller companies. The same risk factors shall apply to these investments as apply to the Company's existing investments in UK quoted smaller companies as described below.

New Ordinary Shares will be issued to GGO Shareholders on the basis of the respective adjusted net asset values of each company calculated as at 5.00 p.m. on 7 December 2010, further details of which are set out in the section entitled "FAV and the Rollover Option" in Part II of this document. The NAV of an Ordinary Share and of a GGO Share will vary between the Calculation Date and the Effective Date and the net asset values may be lower or higher than the illustrative figures used in this document.

The Proposals will be funded in part through the exercise of the Manager Warrants before their next scheduled exercise date pursuant to which 6,533,982 New Ordinary Shares (representing 21.79 per cent. of the current issued share capital of the Company, excluding treasury shares) will be issued (which will be Qualifying Shares for the purposes of the Bonus Issue). If the Proposals are not implemented, these Manager Warrants would not be exercisable and would not dilute the interests of existing Ordinary Shareholders until exercised on the last Business Day in March 2011 at the earliest.



As described in the section entitled “Funding the Cash Option” in Part II of this document, RBS has agreed, subject only to the entering into of a definitive facility agreement with the Company, to provide a facility of up to £15 million to the Company. The facility may be used to fund in part elections for the Cash Option and otherwise used in accordance with the investment policy of the Company from time to time. Although RBS has agreed to provide this facility, until such time as the facility agreement is entered into it will not be under a legal obligation to do so. There is no guarantee that the facility agreement will be entered into. In the event that this facility is not put in place, the Company may put an alternative facility in place with another lender (which may be on more onerous terms) or divest of some of its investments in its portfolio to realise up to £6.5 million (based on the illustrative FAV per GGO Share as at 8 November 2010) to fund in part elections for the Cash Option. If the Company requires to divest of investments in these circumstances, as a result of market fluctuations and conditions in general, it may not realise the expected market value of those assets.

For the avoidance of doubt, any such divestment of investments by the Company to partially fund the Cash Option is not expected to have an adverse impact on the overall portfolio composition or liquidity of the Enlarged Company’s portfolio following the implementation of the Proposals.

Under the terms of the Management Agreement, the Investment Manager is currently entitled to a basic management fee of 0.75 per cent. per annum of the market capitalisation of the Company. If the Proposals are implemented, the terms of the Management Agreement will be amended so as to provide for the payment of a performance fee by the Company to the Investment Manager if certain performance conditions are satisfied. The performance fee is, however, capped and cannot exceed 2.5 per cent. of the Company’s market capitalisation at the end of the measurement period. However, outperformance above the level of this cap is able to be carried forward and given credit in later measurement periods where positive outperformance has been achieved (subject always to the high water mark and payment cap in such later periods). Although the existence of performance fees may create an incentive for managers to propose or make riskier or more speculative investments than they would otherwise make in the absence of such fees, the Company’s proposed performance fee arrangements are measured over a rolling three year period and include a “high water mark” principle such that a fee will only be paid if the Company’s share price (on a total return basis) ends the relevant measurement period higher than the start and is higher than the last share price level (on a total return basis) at which a performance fee was last paid.

### **The Company’s investments**

The Company is an investment trust which invests mainly in UK and selected international equities. However, the Company has a very wide investment policy and may also invest in limited liability hedge funds, cash and bonds, unquoted investments, derivative instruments and other investments and securities as appropriate.

#### *Smaller companies*

Smaller companies can be expected, in comparison to larger companies, to have less mature businesses, a more restricted depth of management and a higher risk profile.

As smaller companies do not generally have the financial strength, diversity and resources of larger companies, they may find it more difficult to overcome periods of economic slowdown or recession. In addition, the relatively small market capitalisation of such companies can make the market in their shares illiquid. Prices of smaller capitalisation stocks are often more volatile than prices of larger capitalisation stocks and the risk of bankruptcy of many smaller companies (with the attendant losses to investors) is higher. In certain circumstances, particularly in times of economic slowdown or recession, smaller companies may be more likely to reduce their dividends.

The Company invests in securities that are not readily tradable or may hold investment positions that represent a significant multiple of the normal trading volumes of an investment, which may make it difficult for the Company to sell its investments and may lead to volatility in the market price of Ordinary Shares and/or Subscription Shares in the Company. Investors should not expect that the Company will necessarily be able to realise, within a period which they would otherwise regard as reasonable, its investments and any such realisations that may be achieved may be at a considerably lower price than prevailing indicative market prices.

#### *Unquoted companies*

The Company may invest in unquoted investments. Such investments, by their nature, involve a higher degree of valuation and performance uncertainties and liquidity risks than investments in listed securities and they may be more difficult to realise.

In comparison with listed investments, unquoted companies are subject to further particular risks, including that such companies:

- (a) may be subject to a higher risk of default under financing and contractual arrangements, leading to severe adverse consequences for those companies and the value of the Company’s investment in them;
- (b) may have limited financial resources and reduced access to financing sources;

- (c) may have shorter operating histories, narrower product lines and smaller market shares, rendering them more vulnerable to competitors' actions and market conditions as well as general economic downturns;
- (d) are more likely to depend on the management talents and efforts of a founder or small group of persons and, if any such persons were to cease to be involved in the management or support of such companies, this could have a material adverse impact on their business and prospects and the investment made by the Company; and
- (e) generally have less predictable operating results and may require significant additional capital to support their operations, expansion or competitive position.

Investments which are unlisted at the time of acquisition may remain unlisted and may therefore be difficult to value and/or realise. Investment in the securities of smaller companies may involve greater risks than is customarily associated with investments in larger, more established companies. In particular, such companies may often have limited product offerings, markets or financial resources and may be dependent on a small number of key individuals.

It may be particularly difficult for the Investment Manager to obtain accurate or extensive due diligence information prior to making an unlisted investment. There can be no assurance as to the adequacy or accuracy of information provided during any due diligence exercise and the Company may have no, or limited, recourse if such information subsequently turns out to be inadequate or inaccurate.

Investments made by the Company in unlisted securities may rank behind investments made by others, which may mean that more senior ranking investors take actions outside the control of the Company which are adverse to the interests of the Company.

The Management Agreement contains a provision that restricts the amount that can be invested in unquoted companies to 30 per cent. of the Company's net assets (measured by the lower of their cost or current valuation). As at 9 November 2010, the value of unquoted investments represented 30.8 per cent. of the Company's net assets (17.2 per cent. when measured by the lower of their cost or current valuation). Of these unquoted investments, Vostok Energy plc and Hurricane Exploration plc represented 9.9 per cent. and 6.7 per cent. respectively of the Company's net assets.

#### *Number of Investments*

As at 9 November 2010 (being the latest practicable date prior to publication of this document), the Company's portfolio comprised of 83 investments. The Company holds investments in a smaller number of portfolio companies than some other investment trusts with similar investment policies. This may lead to greater volatility in the overall value of the Company's investments.

#### *Sectoral diversification*

The Company is not constrained from weighting to any sector. This may lead to the Company having significant exposure to portfolio companies from certain business sectors from time to time. Greater concentration of investments in any one sector may result in greater volatility in the value of the Company's investments and consequently its NAV and may materially and adversely affect the performance of the Company and returns to its shareholders. As at 9 November 2010, 43.0 per cent. of the Company's net assets were invested in oil and gas producers.

#### *Derivatives*

Derivatives may be used by the Company for efficient portfolio management and hedging purposes. Derivatives may also be used to achieve the Company's investment objective and/or policy. The use of derivatives may lead to a higher volatility in the NAV and Ordinary Share price than might otherwise be the case.

#### *Hedge funds*

The Company may invest up to 30 per cent. of its net assets in hedge funds and/or other unregulated collective investment schemes. As at 9 November 2010, the Company did not have any such investments in its portfolio. Investments in such underlying funds may not be readily tradable or may be subject to trading restrictions and lock-ins and the Investment Manager has no control over the day-to-day operations of underlying fund managers. The underlying funds may follow speculative and/or leveraged investment strategies and there is a risk that there will be a total loss in capital in an underlying fund through such strategies. Underlying funds may also engage in short selling. Such transactions expose the investee funds to the risk of uncapped losses until a position is closed out. Underlying funds may have significant investments in the securities of high growth companies which may be very volatile. Underlying funds may also invest in or make use of swaps, derivative or synthetic instruments or exotic over the counter transactions and may consequently be subject to further credit risk and bear the risk of settlement default. Investment in hedge funds and/or other unregulated collective investment schemes domiciled

or operating in unregulated or less regulated markets and jurisdictions involves risks not typically involved in investing in securities of companies domiciled and operating in fully regulated securities markets. Such risks include reduced corporate governance requirements, lack of appropriate investor protections and reduced transparency compared to more regulated markets. Losses in investments in such jurisdictions may be irrecoverable under local regulations which may materially and adversely impact returns to Shareholders.

#### *General*

The Company may from time to time invest in other listed investment companies. As a consequence of these investments, the Company may itself be indirectly exposed to gearing through the borrowings from time to time of these other investment companies. The Company has a policy of not investing more than 15 per cent. of its gross assets in other listed investment companies, including investment trusts. The net asset value of an Ordinary Share, which is a factor in determining the market value of the Ordinary Shares, will be linked to the underlying share price performance of any such other investment companies.

The Company has a very wide investment policy and may acquire investments in non-financial asset classes which are unregulated.

The Company does not follow any benchmark. Accordingly, the portfolio of investments held by the Company will not mirror the stocks and weightings that constitute any particular index or indices, which may lead to the Ordinary Shares failing to follow either the direction or extent of any moves in the financial markets generally (which may or may not be to the advantage of Shareholders). The Ordinary Shares are an unsuitable investment for those who seek investments in some way correlated to a stock market index. However, it is proposed that, subject to the GGO Scheme becoming effective, and with effect from the Effective Date, the Management Agreement be amended to provide for a performance fee payable to the Investment Manager equal to 15 per cent. of any outperformance by the Company's share price (on a total return basis) against the FTSE All Share Index (on a total return basis) plus 2 per cent. per annum, measured over a rolling three year period.

#### **Borrowings**

The Company uses borrowings to seek to enhance investment returns. While the use of borrowings should enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the return on the Company's underlying assets is rising at a lower rate than the cost of borrowing or falling, further reducing the total return on the Ordinary Shares. As a result, the use of borrowings by the Company may increase the volatility of the Net Asset Value per Ordinary Share.

Any reduction in the value of the Company's investments may lead to a correspondingly greater percentage reduction in its net asset value (which is likely to adversely affect the price of an Ordinary Share). Any reduction in the number of Ordinary Shares in issue (for example, as a result of buy backs) will, in the absence of a corresponding reduction in borrowings, result in an increase in the Company's level of gearing.

To the extent that a fall in the value of the Company's investments causes gearing to rise to a level that is not consistent with the Company's gearing policy or borrowing limits, the Company may have to sell investments in order to reduce borrowings, which may give rise to a significant loss of value compared to the book value of the investments as well as a reduction in income from investments.

The Company pays interest on its borrowings. As such, the Company is exposed to interest rate risk due to fluctuations in the prevailing market rates.

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

#### **Dividends**

The Company will only pay dividends on the Ordinary Shares to the extent that it has profits (including available reserves) available for that purpose, which will largely depend on the amount of income which the Company receives on its investments and the timing of such receipt. A fall in the value of the Company's assets may also affect the Company's ability to pay dividends. Accordingly, the amount of dividends payable by the Company may fluctuate.

Any changes to UK law or accounting rules and standards applicable to the Company or to the way in which the Company accounts for expenses, tax or tax relief as a result of changes to recommended accounting practices or accounting standards could have an adverse effect on the level of profits available for the payment of dividends.

Under the Articles, the Company may not pay a dividend out of capital reserves. This will remain the same in the event of New Articles are adopted. As an investment trust, the Company is required to distribute sufficient net income to ensure that it retains no more than 15 per cent. of its eligible investment income.

#### **Credit risk**

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company. The Company's principal financial assets are investments, bank balances, cash and other receivables, which represent the Company's exposure to credit risk in relation to financial assets. The Company is exposed to potential failure by counterparties to deliver investments for which the Company has paid, or to pay for investments which the Company has delivered. Risks relating to unsettled transactions are considered by the Company to be small as a result of the relatively short settlement period usually involved and the credit quality of the counterparties used. Substantially all of the assets of the Company other than cash deposits are held by the Company's custodian. Bankruptcy or insolvency of the Custodian might cause the Company's rights in respect of the securities held by the Custodian to be delayed or limited. Bankruptcy or insolvency of any such financial institution may limit or delay the Company's ability to access cash placed on deposit. The Company has no concentration of credit risk and exposure is spread over a large number of counterparties.

#### **Market price risk**

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

#### **Foreign currency risk**

Some of the Company's investments are in overseas securities or denominated in currencies other than sterling. The Company accounts for its activities and reports its results in sterling. Where the Company does not hedge its currency exposure, the movement of exchange rates may have a favourable or unfavourable effect on the gains and losses and income from investments which are made or realised in currencies other than sterling.

#### **Cessation of investment trust status**

The Company seeks to conduct its business so as to satisfy the conditions for approval as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010 (which has replaced section 842 of the Income and Corporation Taxes Act 1988). In respect of each accounting period for which approval is granted the Company will be exempt from United Kingdom taxation on its capital gains. Breach of the tests that the Company must meet to obtain approval as an investment trust company could lead to the Company being subject to tax on capital gains.

#### **Taxation and accounting**

Any change in the Company's tax status or in taxation legislation or accounting practice could affect the value of the investments held by the Company, affect the Company's ability to provide returns to its Shareholders or alter the post-tax returns to Shareholders. Any change in the tax treatment of dividends or interest received by the Company may reduce the returns to Shareholders.

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

Representations in this document concerning taxation are based on current law and practice which are subject to change. The information in this document relating to taxation law and practice is given by way of general summary and does not constitute legal or tax advice to investors.

## FORWARD LOOKING STATEMENTS

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

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

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

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

Nothing in the preceding paragraphs should be taken as limiting the working capital statement in paragraph 8 of Part III of this document.

## EXPECTED TIMETABLE

	2010
Record date for Interim Dividend	26 November
Latest time and date for GGO Shareholders to elect for the Cash Option under the GGO Scheme	11.00 a.m. on 26 November
Class Meeting of GGO	10.00 a.m. on 29 November
First general meeting of GGO	10.05 a.m. on 29 November
Record Date for the Bonus Issue	6.00 p.m. on 3 December
General Meeting of the Company	9.00 a.m. on 7 December
Calculation Date	5.00 p.m. on 7 December
Second general meeting of GGO	10.00 a.m. on 10 December
Effective Date for the GGO Scheme	10 December
Conversion Price of Subscription Shares announced	13 December
Admission and dealings commence in New Ordinary Shares and Subscription Shares and CREST accounts credited in respect of New Ordinary Shares and Subscription Shares issued in uncertificated form	8.00 a.m. on 13 December
Certificates despatched in respect of New Ordinary Shares and Subscription Shares issued in certificated form	Week commencing 20 December
Payment date for Interim Dividend	4 February 2011

### Notes:

- (1) The dates set out in the expected timetable above may be adjusted by the Company, in which event details of the new dates will be notified to the UK Listing Authority and the London Stock Exchange and an announcement will be made through a Regulatory Information Service.
- (2) All references to time in this document are to London time.
- (3) In this document, where the context requires, references to 9 November 2010 should be treated as being references to the latest practicable date prior to publication of this document (unless otherwise stated).

## DEALING CODES

	<i>Ordinary Shares</i>	<i>Subscription Shares</i>
ISIN	GB0004355946	GB00B5SLGR82
SEDOL	0435594	B5SLGR8
Ticker	ATS	ATSS



## DEFINITIONS

In this document, the words and expressions listed below have the meanings set out opposite them (except where the context otherwise requires):

<b>“2006 Act”</b>	the Companies Act 2006 (as amended)
<b>“2010 AGM”</b>	the annual general meeting of the Company held on 8 September 2010
<b>“Administrator”</b>	JPMorgan Chase Bank, National Association, London Branch which has a place of business at 125 London Wall, London EC2Y 5AJ
<b>“Admission”</b>	admission of the New Ordinary Shares to the Official List with a Premium Listing and to trading on the Main Market and admission of the Subscription Shares to the Official List with a Standard Listing and to trading on the Main Market
<b>“AIC Code”</b>	The Association of Investment Companies Code of Corporate Governance
<b>“Articles” or “Articles of Association”</b>	the articles of association of the Company adopted by special resolution passed at the 2010 AGM
<b>“Australia”</b>	the Commonwealth of Australia, its territories and possessions and all areas under its jurisdiction and political sub-divisions thereof
<b>“Board” or “Directors”</b>	the directors of the Company
<b>“Bonus Issue”</b>	the allotment to Qualifying Shareholders of Subscription Shares on the basis of one Subscription Share for every seven Qualifying Shares held
<b>“Business Day”</b>	any day on which banks are open for business in London (excluding Saturdays, Sundays and public holidays)
<b>“Calculation Date”</b>	the time and date on which the value of GGO’s assets and the Company’s assets will be calculated for the purposes of the Scheme and the Proposals (which is expected to be 5.00 p.m. on 7 December 2010)
<b>“Canada”</b>	Canada, its provinces and territories and all areas under its jurisdiction and political sub-divisions thereof
<b>“Cash Option”</b>	the option for GGO Shareholders to elect to receive cash in respect of some or all of their holding of GGO Shares under the GGO Scheme
<b>“certificated” or “in certificated form”</b>	not in uncertificated form
<b>“Circular”</b>	the circular of the Company dated 11 November 2010
<b>“Company”</b>	Artemis Alpha Trust plc, a company incorporated in England and Wales with registered number 253644 whose registered office is at Cassini House, 57 St. James’s Street, London SW1A 1LD
<b>“Conversion Price”</b>	the price at which the Subscription Share Rights may be exercised in accordance with the terms and conditions of the Subscription Shares
<b>“CREST”</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the CREST Regulations
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
<b>“Custodian”</b>	JPMorgan Chase Bank, National Association, London Branch, with a place of business at 125 London Wall, London EC2Y 5AJ
<b>“Disclosure and Transparency Rules”</b>	the disclosure and transparency rules made by the Financial Services Authority under Part VI of the Financial Services and Markets Act 2000 (as amended), as amended from time to time

<b>“EEA States”</b>	the member states of the European Economic Area
<b>“Effective Date”</b>	the date on which the GGO Scheme becomes effective (which is expected to be 10 December 2010)
<b>“Election”</b>	an election under the GGO Scheme for the Cash Option or New Ordinary Shares or a combination of these options, as the case may be, in respect of GGO Shares (including, where relevant, a deemed election)
<b>“Enlarged Company”</b>	the Company following implementation of the Proposals
<b>“Entitlement Date”</b>	the date on which GGO Shareholders’ entitlements for the Cash Option and the Rollover Option shall be calculated which is expected to be 26 November 2010
<b>“EU”</b>	the European Union
<b>“fair value”</b>	the amount for which an asset or liability could be exchanged in an arm’s length transaction between unrelated, willing parties
<b>“FAV”</b>	the formula asset value of GGO and the Company respectively on the Calculation Date, calculated in accordance with the Scheme
<b>“General Meeting”</b>	the general meeting of the Company convened for 9.00 a.m. on 7 December 2010 or any adjournment of that meeting
<b>“GGO”</b>	Gartmore Growth Opportunities plc, a company incorporated in England and Wales with registered number 2600028 whose registered office is at Gartmore House, 8 Fenchurch Place, London EC3M 4PB
<b>“GGO Shareholders”</b>	holders of GGO Shares
<b>“GGO Shares”</b>	ordinary shares of 0.025p in the capital of GGO
<b>“Group”</b>	the Company and its subsidiary undertakings
<b>“HMRC”</b>	HM Revenue & Customs
<b>“Interim Dividend”</b>	the interim dividend in respect of the six months to 31 October 2010 to be paid by the Company in February 2011
<b>“Investment Manager” or “Artemis Investment Management”</b>	Artemis Investment Management LLP, a limited liability partnership established in England and Wales with registered number OC354068 whose registered office is at Cassini House, 57 St. James’s Street, London SW1A 1LD (and, where the context requires, its predecessor Artemis Investment Management Limited)
<b>“ISA”</b>	an individual savings account for the purposes of section 694 of the Income Tax (Trading and Other Income) Act 2005
<b>“Issue”</b>	the allotment and issue of New Ordinary Shares and Subscription Shares pursuant to the Proposals
<b>“Japan”</b>	Japan, its cities, prefectures, territories and possessions
<b>“LIBOR”</b>	London Interbank Offered Rate
<b>“Liquidation Fund”</b>	the liquidation fund to be established by the GGO Liquidators to meet the outstanding and contingent liabilities of GGO
<b>“Liquidators” or “GGO Liquidators”</b>	the liquidator(s) of GGO
<b>“Listing Rules”</b>	the listing rules made by the Financial Services Authority under Part VI of the Financial Services and Markets Act 2000 (as amended), as amended from time to time
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Main Market”</b>	the London Stock Exchange’s main market for listed securities

<b>“Management Agreement”</b>	the management agreement dated 3 June 2003 between the Company and the Investment Manager, details of which are set out in paragraph 7(i) of Part VI of this document
<b>“Manager Warrants”</b>	the warrants to subscribe for Ordinary Shares that have been issued by the Company to persons associated with the Investment Manager
<b>“NAV” or “Net Asset Value”</b>	in relation to a share, means its net asset value on the relevant date calculated on the basis of the relevant company’s normal accounting policies
<b>“New Articles”</b>	the proposed new articles of association of the Company to be adopted at the General Meeting
<b>“New Ordinary Shares”</b>	new ordinary shares of 1p each in the capital of the Company
<b>“Notice of General Meeting”</b>	the notice of General Meeting as set out in the Circular
<b>“Official List”</b>	the official list of the UK Listing Authority
<b>“Ordinary Shareholders”</b>	holders of Ordinary Shares
<b>“Ordinary Shares”</b>	ordinary shares of 1p each in the capital of the Company
<b>“Overseas GGO Shareholders”</b>	GGO Shareholders who have a registered address outside the EEA States, the Channel Islands and the Isle of Man or who are resident in, or citizens or nationals of, jurisdictions outside the EEA States, the Channel Islands and the Isle of Man
<b>“Overseas Shareholders”</b>	Shareholders who have a registered address outside the EEA States, the Channel Islands and the Isle of Man or who are resident in, or citizens or nationals of, jurisdictions outside the EEA States, the Channel Islands and the Isle of Man
<b>“Proposals”</b>	the proposals for (i) the issue of New Ordinary Shares pursuant to the GGO Scheme; (ii) the exercise of the Manager Warrants; (iii) the Bonus Issue; (iv) the adoption of the New Articles; (v) the change to the Company’s continuation vote; (vi) the change to the fee arrangements with the Investment Manager; (vii) the grant of an authority to purchase Ordinary Shares and Subscription Shares; (viii) the cancellation of the Company’s share premium account; and (ix) all ancillary matters
<b>“Proposed Director”</b>	Ian Robert Dighé
<b>“Prospectus”</b>	this document
<b>“Prospectus Rules”</b>	the prospectus rules made by the Financial Services Authority under Part VI of the Financial Services and Markets Act 2000 (as amended), as amended from time to time
<b>“Qualifying Shareholders”</b>	(i) Shareholders whose names are entered on the Register at the close of business on the Record Date; (ii) GGO Shareholders who validly elect, or are deemed to have elected, for New Ordinary Shares under the Scheme; and (iii) the holders of New Ordinary Shares issued pursuant to the exercise of the Manager Warrants
<b>“Qualifying Shares”</b>	(i) the Ordinary Shares in issue at the Record Date; (ii) the New Ordinary Shares to be issued to GGO Shareholders under the Scheme; and (iii) the New Ordinary Shares to be issued pursuant to the exercise of the Manager Warrants
<b>“RBS”</b>	The Royal Bank of Scotland plc
<b>“Record Date”</b>	6.00 p.m. on 3 December 2010 (or such other date as determined at the sole discretion of the Directors)
<b>“Register”</b>	the register of members of the Company

<b>“Registrar”</b>	Capita Registrars of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
<b>“Regulatory Information Service”</b>	a regulatory information service that is on the list of regulatory information services maintained by the Financial Services Authority
<b>“Republic of South Africa”</b>	the Republic of South Africa, its territories and possessions and all areas under its jurisdiction and political sub-divisions thereof
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting details of which are contained in the Notice of General Meeting and “Resolution” means either Resolution as the context requires
<b>“Rollover Option”</b>	the option for GGO Shareholders to roll-over their investment into the Company in accordance with the Scheme
<b>“Scheme” or “GGO Scheme”</b>	the scheme of reconstruction and voluntary winding up of GGO under section 110 of the Insolvency Act 1986
<b>“SDRT”</b>	stamp duty reserve tax
<b>“Shareholders”</b>	holders of Shares
<b>“Shares”</b>	Ordinary Shares (and, following implementation of the Scheme, Subscription Shares (as the case may be))
<b>“SIPP”</b>	self invested personal pension
<b>“Subscription Shareholders”</b>	holders of Subscription Shares
<b>“Subscription Share Rights”</b>	the rights to be conferred by each Subscription Share to subscribe for one Ordinary Share as detailed in Part IV of this document
<b>“Subscription Shares”</b>	the subscription shares of 1p each in the capital of the Company
<b>“Takeover Code”</b>	The City Code on Takeovers and Mergers
<b>“Transfer Agreement”</b>	the agreement proposed to be entered into on or about the Effective Date among, <i>inter alia</i> , the Liquidators (in their personal capacity and on behalf of GGO) and the Company
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK Listing Authority”</b>	the Financial Services Authority acting in its capacity as the competent authority for listing for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended)
<b>“uncertificated” or “in uncertificated form”</b>	recorded in the register of members of the Company as being in uncertificated form in CREST and title to which may be transferred by means of CREST
<b>“USA” or “US” or “United States”</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia, and all other areas subject to its jurisdiction or any political subdivision thereof
<b>“VAT”</b>	value added tax

## DIRECTORS, INVESTMENT MANAGER AND OTHER ADVISERS

### Directors

Simon Edward Callum Miller (*Chairman*)  
David James Barron  
Tom Cross Brown  
Andrew David Dalrymple  
Charles Edward Willoughby Peel

### Proposed Director

Ian Robert Dighé

The Directors and the Proposed Director are all non-executive and of  
Cassini House, 57 St. James's Street, London SW1A 1LD

### Investment Manager, Company Secretary and Registered Office

Artemis Investment Management LLP  
Cassini House, 57 St. James's Street, London SW1A 1LD

### Financial Adviser and Sponsor

Canaccord Genuity Limited  
7th Floor, 80 Victoria Street, London SW1E 5JL

### Solicitors to the Company

Dickson Minto W.S.  
16 Charlotte Square, Edinburgh EH2 4DF

### Auditors

KPMG Audit Plc  
Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG  
The registered office of KPMG Audit Plc is  
15 Canada Square, London E14 5GL

### Principal Banker

JPMorgan Chase Bank, National Association, London Branch  
125 London Wall, London EC2Y 5AJ

### Custodian

JPMorgan Chase Bank, National Association, London Branch  
125 London Wall, London EC2Y 5AJ

### Registrars

Capita Registrars  
The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

## PART I – ARTEMIS ALPHA TRUST PLC

### Introduction and reasons for the Issue

Artemis Alpha Trust plc, formerly Piccadilly Growth Trust plc, is an investment trust company which originally focused on investing in listed European companies. Artemis Investment Management was appointed as investment manager of the Company on 1 June 2003, at which point the investment mandate was changed to one focused on investing in UK growth companies and the portfolio was extensively restructured. The Company's capital structure currently comprises only Ordinary Shares, with persons associated with the Investment Manager (including the fund managers with principal responsibility for the Company's portfolio) also holding warrants to subscribe for Ordinary Shares (which will be exercised in full pursuant to the Proposals).

As at 9 November 2010, the Company had total assets (unaudited) of approximately £112.8 million, 29,991,203 Ordinary Shares in issue (excluding treasury shares), 6,533,982 outstanding Manager Warrants and shareholders' funds of approximately £99.7 million. As at 9 November 2010, the Company's market capitalisation was £80.7 million.

The Board announced on 27 September 2010 that the Company had reached agreement in principle with Gartmore Growth Opportunities plc, an investment trust managed by Gartmore Investment Limited which invests primarily in the shares of quoted UK smaller companies, in respect of a merger of the assets of the Company and GGO through a scheme of reconstruction and winding up of GGO. It is proposed that the Company will be offered as the roll-over option in a scheme of reconstruction and winding up of GGO.

If the Proposals are implemented, GGO Shareholders will be entitled to receive New Ordinary Shares and/or a cash exit in respect of their investment in GGO, subject to total Elections in respect of the Cash Option not exceeding 30 per cent. of GGO's total issued shares as at the Entitlement Date. In the event that valid Elections for the Cash Option are made or deemed to be made in respect of in excess of 30 per cent. of the GGO Shares as at the Entitlement Date then Elections (other than in respect of Overseas GGO Shareholders) will be scaled back. Pursuant to the Proposals, the Company will acquire substantially all of GGO's assets (apart from those attributed to the Liquidation Fund) in consideration for the issue of New Ordinary Shares to GGO Shareholders who elect or are deemed to elect to receive them under the Scheme and a payment in cash to satisfy Elections for the Cash Option available to GGO Shareholders under the Scheme. The maximum aggregate cash required to fund the Cash Option will be approximately £14.4 million. The Cash Option will be funded in part through the exercise of all of the outstanding Manager Warrants to subscribe for Ordinary Shares in the Company which will raise approximately £7.9 million and through the use of the Company's existing cash resources, augmented as required by a new debt facility.

As part of the Proposals, the Company is proposing to issue, by way of a bonus issue, Subscription Shares to Qualifying Shareholders on the basis of one Subscription Share for every seven Qualifying Shares held by such Qualifying Shareholder.

The New Ordinary Shares will rank equally in all respects with the existing Ordinary Shares (save that New Ordinary Shares will not qualify for the Interim Dividend payable by the Company in February 2011) and the holders of New Ordinary Shares will be entitled to participate in the Bonus Issue of Subscription Shares. The Subscription Shares shall rank equally with each other.

This document has been published in connection with the issue of the New Ordinary Shares and the Subscription Shares pursuant to the Proposals.

### Investment policy

The objective of the Company is to achieve above average rates of total return over the longer-term and to achieve a growing dividend stream.

In pursuit of this objective, the Company's portfolio is actively managed by the Investment Manager and comprises largely UK equities, with selected overseas investments. The Investment Manager takes a stock specific approach in managing the portfolio and therefore sector weightings are of secondary consideration. As a result of this approach, the portfolio will not track any benchmark index. There is no restriction on the number of investments that can be held in the portfolio.

The Company may also invest in unquoted companies up to a maximum of 30 per cent. of its net assets, determined by the lower of the cost or current valuation of these investments. The Company can invest up to 30 per cent. of its net assets in hedge funds and/or other unregulated collective investment schemes. The Company will not invest more than 15 per cent. of its gross assets in other investment companies listed on the main market of London Stock Exchange.



The Company uses gearing as part of its investment strategy. The Company may borrow up to 25 per cent. of its adjusted capital and reserves. Subject to this limit, the permitted level of borrowing is a matter for the Board, whilst the utilisation of any agreed level of borrowing is a matter for the Investment Manager. Such utilisation may be subject to any guidelines established by the Board from time to time. The Investment Manager is currently authorised to drawdown up to £5 million of borrowings without prior Board approval. All subsequent drawdowns, which in aggregate are in excess of £1 million, will only be made with the prior approval of the Board. The utilisation of borrowings by the Investment Manager will vary from time to time, reflecting its views on the potential returns from markets. Gearing is reviewed by the Board and Investment Manager on an ongoing basis.

Any material changes to the Company's investment policy will require the approval of Ordinary Shareholders at a general meeting. In the event of a breach of the Company's investment policy, the Directors will announce through a Regulatory Information Service the actions that will be taken to rectify the breach.

### Performance track record

Since the appointment of Artemis Investment Management in 2003, the Company's performance has been strong, on both a short and long term basis. The table below sets out the performance of the Company's diluted net asset value and share price and how this compares to the wider UK market, as represented by the FTSE All Share Index.

	1 year	3 years	5 years	From appointment*
Diluted NAV	16.5%	24.9%	75.6%	334.3%
Share price	16.8%	27.6%	52.1%	322.0%
FTSE All Share Index	17.5%	-4.8%	31.6%	92.5%

Source: Artemis Investment Management/Datastream. All figures are calculated on a total return basis over periods to 31 October 2010.

\* 1 June 2003.

### Investment outlook

Given the dramatic slowdown the world has experienced through the recent recession, corporate profitability on the whole has been remarkably robust. The Directors believe that results in the second quarter of 2010 showed many companies to be in reasonable health and on attractive valuations for the most part. However, it is clear that economic recovery remains fragile, as evidenced by weaker than expected economic data from the US and China. On balance however, the Company remains cautiously optimistic in relation to the state of the economy and, in particular, its portfolio companies. A high weighting of companies with overseas earnings continues to be maintained, as the Board believes these are most likely to produce good returns in the months ahead.

### Capital structure

#### *Share capital*

The Company's issued share capital comprises Ordinary Shares only, all of which are listed on the Official List with a Premium Listing and admitted to trading on the Main Market. Ordinary Shareholders are therefore entitled to such dividends as are declared by the Company and are entitled, on a return of capital on a winding up or otherwise, to all undistributed revenue of the Company and to the residual capital of the Company which remains after satisfying any liabilities.

The Company has issued warrants to subscribe for Ordinary Shares to persons associated with the Investment Manager (which will be exercised in full pursuant to the Proposals, as explained in the section entitled "Exercise of Manager Warrants" below).

#### *Rights attaching to the New Ordinary Shares*

The New Ordinary Shares will rank equally in all respects with the existing issued Ordinary Shares, including the right to receive all dividends and other distributions (if any) declared by reference to a record date falling on or after the Effective Date. The New Ordinary Shares shall not qualify for the Interim Dividend in respect of the six months to 31 October 2010 to be paid by the Company in February 2011.

Details of the rights attaching to the Ordinary Shares and the New Ordinary Shares are set out in Part V of this document.

#### *Rights attaching to the Subscription Shares*

The Subscription Shares will rank equally with each other and will not carry the right to receive any dividends from the Company.

Details of the rights attaching to the Subscription Shares are set out in Part IV of this document.

### *Borrowings*

The Company currently has a £11.5 million multi-currency revolving credit facility with The Royal Bank of Scotland plc which is fully drawn down. In connection with the Proposals, The Royal Bank of Scotland plc has offered to provide a new facility to the Company of up to £15 million (further details of which are set out in paragraph 7(vii) of Part VI of this document). The Company also has a £2.5 million overdraft facility with JPMorgan Chase Bank, National Association, London Branch.

### **Continuation vote**

Under the current Articles of Association, the Company is required to propose a continuation vote as an ordinary resolution at its annual general meeting in 2013 and at every fifth annual general meeting of the Company thereafter. If a continuation vote is not passed the Directors are required to convene a general meeting within 90 days of the relevant annual general meeting of the Company at which proposals for the winding up or other reconstruction of the Company will be considered. A continuation vote is due at the annual general meeting of the Company to be held in 2013, when all or some of the Subscription Shares are expected to be outstanding. It is therefore proposed to amend the Articles of Association to require a continuation vote to be proposed at the annual general meeting of the Company in 2018 (after the last date for exercise of the Subscription Share Rights).

### **Dividends**

The Company typically pays two interim dividends in each financial year, the first is paid in February and the second is paid in August.

The Company has declared an Interim Dividend in respect of the six month period ended 31 October 2010 of 1.2p per share which will be paid on 4 February 2011. This dividend will be paid to Ordinary Shareholders on the Register on 26 November 2010 and the holders of New Ordinary Shares will not qualify to receive this dividend in respect of their New Ordinary Shares. The New Ordinary Shares will otherwise rank equally in all respects with the existing Ordinary Shares, including as to future dividends, and the holders of the New Ordinary Shares will be entitled to participate in the Bonus Issue of Subscription Shares.

Dividends will be paid at least to the extent required to continue to meet the tests for approval as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010.

The Subscription Shares will not carry the right to receive any dividends from the Company.

### **Share buy backs**

Shareholder resolutions were passed at the 2010 AGM granting the Company authority to make market purchases of Ordinary Shares representing (subject to certain conditions) up to 14.99 per cent. of the Company's then issued ordinary share capital. The Company's authority to repurchase Ordinary Shares is due to expire at the conclusion of the next annual general meeting of the Company to be held in 2011 or, if earlier, on 31 October 2011 unless previously renewed. This authority does not take into account the allotment of New Ordinary Shares pursuant to the GGO Scheme or on exercise of the Manager Warrants. Accordingly, the Company is proposing to renew this authority to buy back up to 14.99 per cent. of the Ordinary Share capital which will be in issue immediately following Admission.

In order to allow the Company to repurchase Subscription Shares, the Company is also seeking authority at the General Meeting to repurchase up to 14.99 per cent. of the issued Subscription Share capital.

The making and timing of any share buy backs will be at the absolute discretion of the Board and will be subject to the requirements of the 2006 Act and the Listing Rules. The maximum price which may be paid for purchases of Ordinary Shares and Subscription Shares (as applicable) through the market will not exceed the higher of (i) five per cent. above the average of the middle market quotations (as derived from the Official List) for the relevant shares for the five consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of, or (b) the highest current independent bid for, any number of Ordinary Shares or Subscription Shares, as applicable, on the trading venue where the purchase is carried out. In addition, repurchases of Ordinary Shares will only be made in the market at prices below the prevailing NAV per Ordinary Share.

It is anticipated that authorisation for repurchases of both Ordinary Shares and Subscription Shares will be sought at the annual general meetings of the Company in 2011 and beyond.

Ordinary Shares repurchased might not be cancelled but rather held as treasury shares and may be subsequently resold. Purchases of Ordinary Shares to be held in treasury will be made in accordance with the Listing Rules and the Companies (Acquisitions of Own Shares) (Treasury Shares) Regulations 2003 (as amended).

Any Subscription Shares repurchased by the Company shall be cancelled and shall not be held in treasury for re-issue or resale. The ability to repurchase Subscription Shares will allow the Board to manage the dilutive effect of the Subscription Shares when there is little demand for them through the market.

#### **Share allotments and authorities**

Shareholder authorities were passed at the annual general meeting of the Company held in 2008 to authorise the Directors to allot Ordinary Shares, such authority to lapse at the annual general meeting of the Company to be held in 2013 or, if earlier, on 11 September 2013. Shareholder authorities were passed at the 2010 AGM granting the Board authority to allot new Ordinary Shares (or sell Ordinary Shares held in treasury) other than by a *pro rata* allotment to existing Shareholders for cash. The authorities were granted in respect of an allotment of Ordinary Shares or a sale of Ordinary Shares from treasury. Authority was also granted at the 2010 AGM to sell Ordinary Shares from treasury at a discount to the diluted net asset value per share of the existing Ordinary Shares, subject to the condition that the discount at which shares are to be resold must be less than the weighted average discount at which the Ordinary Shares held in treasury have been repurchased.

The Directors are seeking authorities to allot the New Ordinary Shares and the Subscription Shares under the Proposals. The existing authorities to allot Ordinary Shares and disapplication of pre-emption rights referred to above do not take into account the allotment of New Ordinary Shares pursuant to the GGO Scheme or on exercise of the Manager Warrants. The Company is therefore also seeking, in substitution for the existing authorities, authority to allot new Ordinary Shares with an aggregate nominal value of £60,000 (representing 6,000,000 Ordinary Shares) or, if less, 10 per cent. of the Company's total ordinary share capital in issue immediately following Admission. However, the Company is not seeking to renew the authority granted at the 2010 AGM to sell Ordinary Shares from treasury at a discount to the diluted net asset value per share of the existing Ordinary Shares. These authorities, if granted, will lapse at the conclusion of the annual general meeting of the Company to be held in 2011 or on 31 October 2011, if earlier.

#### **Directors and Proposed Director**

It is intended that Ian Dighé, a director of GGO, will join the Board and that Charles Peel will resign from the Board on the Effective Date. Mr Dighé will be a non-executive director and independent of the Investment Manager.

The Directors, all of whom are non-executive and independent of the Investment Manager, are responsible for the determination of the investment policy of the Company and its overall supervision. The Directors are as follows:

**Simon Edward Callum Miller** (aged 58) (Chairman): Mr Miller was appointed as a non-executive Director on 14 July 2003 and as Chairman on 25 September 2003. He is chairman of Dunedin Capital Partners, a private equity business. He qualified as a barrister before joining Lazard Brothers in 1976. He is chairman of Amati VCT plc (formerly Noble AiM VCT plc), chairman of JPMorgan Elect plc and a non-executive director of both Brewin Dolphin Holdings plc and Dunedin Enterprise Investment Trust plc.

**David James Barron** (aged 51): Mr Barron was appointed as a non-executive Director on 17 February 2005. He is a Managing Director and head of the investment trust business at JPMorgan Asset Management. He joined the asset management business of Robert Fleming & Co. Limited in 1995. Before joining Fleming, Mr Barron worked in corporate finance for Hambros Bank and Merrill Lynch. He is a non-executive director of The Association of Investment Companies. He is a member of the Institute of Chartered Accountants of Scotland and holds an MBA from INSEAD.

**Tom Cross Brown** (aged 62): Mr Cross Brown was appointed as a non-executive Director on 5 April 2006. He was until 2003 global chief executive officer of ABN AMRO Asset Management, having previously been chief executive officer of ABN AMRO Asset Management in the UK and global head of business development. Prior to joining ABN AMRO, Mr Cross Brown spent 21 years at Lazard Brothers & Co. and was chief executive of Lazard Brothers Asset Management Limited between 1994 and 1997. He is currently the chairman of Just Retirement (Holdings) Limited and a director of Phoenix Group Holdings and BlueBay Asset Management plc, and previously served as a director of Artemis Investment Management Limited.

**Andrew David Dalrymple** (aged 51): Mr Dalrymple was appointed as a non-executive Director on 1 April 2004. He is currently an investment manager at Aubrey Capital Management Limited, having previously been a senior portfolio manager (Global Equities) with First State Investments (UK) Limited where he managed the First State Global Opportunities Fund since its inception in July 1999 until 2006. He joined Stewart Ivory Limited as a portfolio manager in 1998 before its acquisition by First State in 2000. Between 1991 and 1998 he was based in Hong Kong as a director and dealing director with S.G. Warburg and UBS Warburg Limited. He was also a director of James Capel (Far East) Limited during that period, having served at Cazenove & Co. Limited in London for several years.

**Charles Edward Willoughby Peel** (aged 66): Mr Peel was appointed as a non-executive Director on 14 July 2003. He was chairman of KBC Peel Hunt Limited. He was previously chief executive of Fielding, Newson-Smith & Co. before joining Morgan Grenfell Securities. In 1989 he became a founding director of Peel Hunt. He is also a non-

executive director of The Mercantile Investment Trust plc. Mr Peel has agreed to retire as a Director upon the Proposals becoming effective.

**Ian Robert Dighé** (aged 55): Mr Dighé was appointed as a non-executive director of GGO on 27 April 2010. He has over 24 years of direct market experience in the financial services industry and specifically the investment banking and corporate banking sectors, notably as a director of Singer & Friedlander until 2000 and then as a founder of Bridgewell Group plc. He is currently a director of Strategic Equity Capital plc and a number of private companies.

#### **Investment Manager**

Artemis Investment Management, the investment manager of the Company, is a leading asset manager in the UK with approximately £10.7 billion of funds under management as at 31 October 2010.

John Dodd and Adrian Paterson are managers of the Company's portfolio. Mr Dodd has managed the Company's portfolio since Artemis Investment Management was appointed as its manager on 1 June 2003 and Mr Paterson has co-managed the Company's portfolio since July 2009. John Dodd has over 20 years' experience of fund management and also co-manages the Artemis UK Smaller Companies Fund with aggregate assets of approximately £323.2 million as at 31 October 2010.

The Investment Manager's core strategy for the Company is to focus on small cap companies.

#### **Investment management, custodian and administration arrangements**

##### *Investment management*

Under the Management Agreement the Investment Manager has been appointed with responsibility for the management of the Company's assets subject to the overall supervision by the Board. The Investment Manager manages the Company's assets in accordance with the investment policy referred to above and the policies laid down by the Directors from time to time.

Under the terms of the Management Agreement, the Investment Manager is entitled to receive an investment management fee, payable quarterly in arrears, at the rate of 0.75 per cent. per annum of the market capitalisation of the Company. The Management Agreement will continue unless and until terminated by either party giving to the other not less than twelve months' written notice. In the event of the Company terminating the Management Agreement by giving less than twelve months' notice, the Investment Manager is entitled to an amount in lieu of notice in respect of the unexpired notice period equivalent to 0.75 per cent. per annum of the market capitalisation of the Company on the date of termination.

##### *The new fee proposal*

Under the terms of an amendment to the existing investment management agreement entered into between the Company and the Investment Manager, subject to implementation of the Scheme and with effect from the Effective Date, a performance fee may be payable to the Investment Manager.

The terms of the new performance fee are that the Investment Manager will be entitled to receive an amount equal to 15 per cent. of any outperformance by the Company's share price (on a total return basis) against the FTSE All Share Index (on a total return basis) plus 2 per cent. per annum, measured over a rolling three year period. In view of the Effective Date of the Proposals and the remainder of the period to the Company's next year end, it is proposed that until the three year rolling period from 1 May 2012 to 30 April 2015, the initial performance periods be set as follows:

- Effective Date to 30 April 2012; followed by
- Effective Date to 30 April 2013; followed by
- Effective Date to 30 April 2014.

The performance fee has a "high water mark" principle such that it will only be payable if the Company's share price (on a total return basis) ends the relevant measurement period higher than at the start and is higher than the last share price level (on a total return basis) at which a performance fee was last paid. The performance fee payable each year cannot exceed 2.5 per cent. of the Company's market capitalisation at the end of the measurement period (calculated as the average market capitalisation of the Company over the last 10 Business Days of such period). However, outperformance above the level of this cap is able to be carried forward and given credit in later measurement periods in which positive outperformance has been achieved (subject always to the high water mark and payment cap in such later periods).

Please refer to paragraphs 7(i) and (ii) of Part VI of this document for further details on the Management Agreement and the terms of the amendment to this agreement so as to provide for the performance fee.

### *Custodian*

JPMorgan Chase Bank, National Association, London Branch acts as principal custodian of the Company's assets and in that capacity is responsible for ensuring safe custody and for dealing with settlement arrangements. The assets are held in nominee accounts by JPMorgan Chase Bank, National Association, London Branch as agent for the Company. The Company's former principal custodian, HSBC Bank PLC, continues to act as the Company's custodian in respect of a small number of assets which have not yet been transferred to JPMorgan Chase Bank, National Association, London Branch. These assets are also held by HSBC Bank in nominee accounts as agent for the Company.

### *Administration*

JPMorgan Europe Limited acts as administrator of the Company.

### **Exercise of Manager Warrants**

To incentivise the Investment Manager, Manager Warrants were issued to persons connected to the Investment Manager in three tranches between 2003 and 2006. Partners of the Investment Manager (including the fund managers with principal responsibility for the Company's investment portfolio), members of their families and a former employee of the Investment Manager currently hold 6,533,982 Manager Warrants. Each Manager Warrant entitles the holder to subscribe for an Ordinary Share on the last Business Day of March and September each year up to and including September 2013 at various subscription prices representing the net asset value of an Ordinary Share at the time of approval by Shareholders of the grant of the relevant Manager Warrants).

To help fund elections for the Cash Option, it is proposed that the Manager Warrants be exercised upon the GGO Scheme becoming effective. The holders of the Manager Warrants have irrevocably undertaken to so exercise their Manager Warrants. The terms of the Manager Warrants require to be amended to allow their exercise other than on their normal exercise dates. No other amendments are to be made to the terms of the Manager Warrants. These changes to the terms of the Manager Warrants are conditional upon the GGO Scheme becoming effective and the passing of the Resolutions.

Following completion of the exercise of the Manager Warrants, 6,533,982 New Ordinary Shares in aggregate (representing 21.79 per cent. of the current issued share capital of the Company, excluding treasury shares) will be issued to the holders of the Manager Warrants. The New Ordinary Shares issued on exercise of the Manager Warrants will rank equally in all respects with the existing Ordinary Shares in issue (save that they will not qualify for the Interim Dividend) and will be Qualifying Shares participating in the Bonus Issue. The New Ordinary Shares to be issued to holders of the Manager Warrants will represent 13.61 per cent. of the issued share capital of the Enlarged Company (excluding treasury shares and assuming the maximum level of elections for the Cash Option are made and that 11,499,058 New Ordinary Shares are issued to GGO Shareholders electing or deemed to elect for the Rollover Option under the Scheme). The New Ordinary Shares to be issued to holders of Manager Warrants pursuant to their exercise will be Qualifying Shares and will entitle their holders to receive Subscription Shares pursuant to the Bonus Issue. On the assumption that 6,860,606 Subscription Shares are issued pursuant to the Bonus Issue, the Subscription Shares issued to the holders of the Manager Warrants in respect of such exercise would represent approximately 13.61 per cent. of the issued Subscription Shares at Admission.

### **Annual expenses**

The Company has incurred, and will continue to incur, in addition to those fees described above, administrative expenses including, *inter alia*, audit fees, Directors' fees, custodian fees, regulatory fees, directors' and officers' insurance premiums, marketing fees and printing costs.

It is estimated that the total expenses of the Company for the financial year ending 30 April 2011 (excluding the costs of and incidental to the Issue and any performance fee) will not exceed £1.1 million, being approximately 1.1 per cent. of the net assets of the Company as at 9 November 2010.

### **Corporate governance**

As at the date of this document, the Board has put in place arrangements which it considers appropriate for an investment company to ensure proper corporate governance and the Company complies with the recommendations of the AIC Code in all material respects except as disclosed below.

### *Independence*

The Board consists of five non-executive Directors, all of whom are considered wholly independent of the Company's Investment Manager and other advisers.



### *Senior independent director*

All Directors are equally responsible under the law for the proper conduct of the Company's affairs. The Directors are also responsible for ensuring that their policies and operations are in the best interests of the Shareholders and that the best interests of the creditors and suppliers to the Company are properly considered. Mr Peel has been designated as the "senior independent director" as recommended by the AIC Code. He is available to Shareholders if they have concerns which the Chairman or the Investment Manager have failed to resolve or where contacting the Chairman or Investment Manager is not appropriate. Mr Peel will retire as a Director on the Effective Date and be replaced as "senior independent director" by another member of the Board (to be selected following the Effective Date).

### *Nomination committee and appointment and re-election of Directors*

Directors are selected and appointed by the Board as a whole functioning as a nomination committee. It is chaired by Mr Miller. On those occasions when the nomination committee is reviewing the Chairman, or considering his successor, the nomination committee will normally be chaired by the senior independent director. The nomination committee has written terms of reference which clearly define its responsibilities and duties. The nomination committee is responsible for ensuring that the Board has an appropriate balance of skills and experience to carry out its duties and for identifying and nominating to the Board new Directors and for proposing that existing Directors be re-elected.

The Articles require that Directors submit themselves for re-election at least every three years. Any Director with more than nine years' service is required to stand for re-election at each annual general meeting.

### *Board and Directors' performance appraisal*

The Directors recognise the importance, in items of the AIC Code, of evaluating the performance of the Board as a whole and individual Directors. During the last financial year the nomination committee conducted a review of the Board's performance and that of its committees, the Chairman and individual Directors. The review was based on a process of appraisal by interview, with the evaluation of the performance of the Chairman being undertaken by the other Directors, led by the senior independent director. The Board satisfied itself that it continues to have an appropriate balance of skills and experience. Such an evaluation is conducted annually.

### *The audit committee*

All of the Directors are members of the audit committee. The audit committee is chaired by Mr Barron, a chartered accountant. The audit committee has written terms of reference which clearly define its responsibilities and duties.

The audit committee meets at least twice a year to review the internal financial and non-financial controls, accounting policies and the contents of the interim and annual reports to Shareholders. In addition, the audit committee reviews the auditor's independence, objectivity and effectiveness and, together with the Investment Manager and company secretary, reviews the Company's compliance with financial reporting and regulatory requirements. Representatives from the Investment Manager and the Administrator are invited to attend each meeting of the audit committee to report on issues as required. Representatives of KPMG Audit Plc, the Company's auditors, attend the audit committee meeting at which the draft annual report and financial statements are considered.

The audit committee is responsible to the Board for reviewing each aspect of the financial reporting process: the system of internal control and management of financial risks; the audit process; relationships with the external auditors; the Company's process for monitoring compliance with laws and regulations; its code of business conduct; and for making recommendations to the Board.

The audit committee also monitors the non-audit services being provided to the Company by its auditors.

As the Company has no executive Directors, the Directors do not consider it appropriate to appoint a separate remuneration committee. The Board as a whole considers the Directors' remuneration within the limits set by the Articles.

### *Internal audit function*

The Company does not have an internal audit function as most of its day-to-day operations are delegated to third parties. Both the Investment Manager and the Administrator have established internal control frameworks to provide reasonable assurance to the effectiveness of the internal controls operated on behalf of their clients. The Company's third party service providers report, on a quarterly basis, any breaches of law or regulation and any operational errors as and when they arise. The audit committee considers annually whether there is need for an internal audit function, and has agreed that it is appropriate for the Company to rely on the internal controls that exist within its third party service providers.



#### *The management engagement committee*

The management engagement committee, chaired by Mr Miller, and comprising all of the Directors, meets at least annually. The management engagement committee reviews the terms of appointment and the performance of each of the Company's third party service providers (including the Investment Manager), making recommendations to the Board for improvement or change as appropriate.

#### **Conflicts of interest**

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

The Investment Manager will have regard to its obligations under the Management Agreement or otherwise to act in the best interests of the Company, so far as is practicable having regard to its obligations to other clients or funds, should potential conflicts of interest arise. Having regard to these obligations, the Company may buy investments from or sell investments to the Investment Manager only on an arm's length basis. The Investment Manager will use reasonable efforts to ensure that the Company has the opportunity to participate in potential investments identified by the Investment Manager that fall within the Company's investment objective and policy on the best terms reasonably obtainable at the relevant time having regard to the interests of the Company. In so doing, the Investment Manager will take into consideration the appropriateness of investments for inclusion in the Company's portfolio, the level of uninvested cash held by the Company and the size of investments available such that allocations of investments which are de minimis in size will normally not be made. In the event that the Investment Manager is unable to resolve a significant conflict of interest on the basis described above, such matter will be referred to the Board for approval.

#### **Reports to Shareholders and net asset values**

The annual report and accounts of the Company are made up to 30 April in each year. Copies of the annual report and accounts are expected to be sent to Shareholders in July of each year and it is intended that the annual general meeting of the Company will be held in September of each year. Shareholders will also receive an unaudited half yearly report covering the first six months of each financial year of the Company which is expected to be sent to Shareholders in December of each year.

The diluted and undiluted Net Asset Values of an Ordinary Share are calculated in accordance with the Company's accounting policies and are published daily through a Regulatory Information Service. The calculation of the diluted and undiluted Net Asset Values per Ordinary Share will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

#### **Additional information**

Potential investors should consider the information set out in Parts II to VI of this document and the risk factors set out on pages 7 to 12 of this document.

## PART II – DETAILS OF THE ISSUE

### Background to the Issue

#### *The Scheme and the New Ordinary Shares*

It is proposed that investment in the Company will be offered as the roll-over option in a scheme of reconstruction and winding up of GGO, an investment trust managed by Gartmore Investment Limited which invests primarily in the shares of quoted UK smaller companies. Pursuant to the Proposals, the Company will acquire substantially all of GGO's assets (apart from those appropriated to the Liquidation Fund) in consideration for (i) the issue of New Ordinary Shares to GGO Shareholders who elect, or are deemed to elect, to receive them under the Scheme and (ii) a payment in cash to satisfy Elections for the Cash Option. The maximum aggregate cash required to fund the Cash Option will be approximately £14.4 million. The Cash Option will be funded in part through the exercise of all of the outstanding Manager Warrants to subscribe for Ordinary Shares in the Company which will raise approximately £7.9 million and through the use of the Company's existing cash resources, augmented as required by a new debt facility.

The assets to be transferred to the Company will primarily comprise investments in UK listed smaller companies and cash and/or near cash assets.

The New Ordinary Shares are only available to GGO Shareholders under the GGO Scheme and to persons associated with the Investment Manager in respect of the exercise of their Manager Warrants. The Directors believe that the typical investors for whom an investment in the Company is intended are institutional investors or private investors seeking exposure to a broad range of investments, predominantly in UK and selected overseas companies, and who are capable of evaluating the risks and merits of an investment in the Company and who have sufficient resources to bear any loss which may result from an investment in the Company.

#### *The Bonus Issue and the Subscription Shares*

The Company is also proposing to issue Subscription Shares, by way of a bonus issue, to each Qualifying Shareholder on the basis of one Subscription Share for every seven Qualifying Shares held by such Qualifying Shareholder. Fractions of Subscription Shares will not be allotted or issued and entitlements will be rounded down to the nearest whole number of Subscription Shares.

The Subscription Shares will rank equally with each other and will not carry the right to receive any dividends from the Company.

### Details of the GGO Scheme

#### *Background*

The Company is proposing to raise new capital by participating as the roll-over option in the scheme of reconstruction and winding up of GGO, an investment trust managed by Gartmore Investment Limited which invests primarily in the shares of UK quoted smaller companies.

The GGO Scheme allows GGO Shareholders:

- (i) to elect to receive New Ordinary Shares to be issued by the Company (the "Rollover Option"); or
- (ii) to elect to receive a cash exit in respect of their investment in GGO subject to scaling back (as described in the section entitled "*The Cash Option*" below) (the "Cash Option"); or
- (iii) to elect for any combination of the above options as suits best each GGO Shareholder's personal investment requirements.

GGO Shareholder's who do not make a valid election under the Scheme will be deemed to have elected to roll-over their investment into the Company in exchange for the issue of New Ordinary Shares (which will qualify to receive Subscription Shares under the Bonus Issue) other than Overseas GGO Shareholders and participants in the Gartmore ISAit Savings Scheme who shall be deemed to have elected to receive a cash exit in respect of their investment in GGO. Elections for the Cash Option by Overseas GGO Shareholders will not be subject to scaling back. However, Elections for the Cash Option by participants in the Gartmore ISAit Savings Scheme will be subject to scaling back.

The GGO Scheme is subject to, amongst other things, the approval of GGO Shareholders and the approval of the Proposals by the Shareholders of the Company.

If the Proposals are implemented, the Company will acquire substantially all of the investments, cash and other assets of GGO (apart from those appropriated to the Liquidation Fund). The consideration will be satisfied by (i) the issue by the Company of New Ordinary Shares to those GGO Shareholders who elect, or are deemed to have

elected, for the Rollover Option and (ii) a payment in cash by the Company to the GGO Liquidators to satisfy Elections for the Cash Option (as described in the paragraph headed “Funding the Cash Option” below).

#### *FAV and the Rollover Option*

The number of New Ordinary Shares to be issued to GGO Shareholders who elect, or are deemed to have elected, for the Rollover Option will be based on the adjusted net asset value of an Ordinary Share (the “FAV per Ordinary Share”) and of a GGO Share (the “FAV per GGO Share”). The FAV per Ordinary Share and the FAV per GGO Share will be calculated as at 5.00 p.m. on 7 December 2010 using each company’s respective accounting policies (which are substantially similar). Investments which are listed, quoted or traded on a recognised stock exchange will be valued by reference to the bid price on the principal stock exchange where the relevant investment is listed, quoted or dealt save that the Company’s holding of GGO Shares will be valued at 98.5 per cent. of the FAV per GGO Share. Unquoted investments will be valued at their fair value as determined by the Directors (in the case of investments held by the Company) or at their fair value as determined by the GGO directors (in the case of investments held by GGO).

The FAV per Ordinary Share will be the net asset value of an Ordinary Share adjusted to reflect the receipt of the cash proceeds from the exercise of the Manager Warrants and after a deduction in respect of the Interim Dividend (which GGO Shareholders electing for the Rollover Option will not receive) and the costs and expenses of the Proposals to be borne by the Company (save to the extent these are to be met by the cost contribution to be made by Artemis Investment Management (as described in the section entitled “Costs and expenses of the Proposals” below)).

The FAV per GGO Share will be calculated in accordance with the Scheme and will be the net asset value of a GGO Share adjusted to reflect payment of a special interim dividend of 30p per GGO Share (but no other dividend) prior to the implementation of the Proposals, GGO’s costs in implementing the Proposals and the GGO Liquidators’ retention.

GGO Shareholders electing for the Rollover Option will be issued such number of New Ordinary Shares in the Company with a FAV per Ordinary Share equal to 98.5 per cent. of the FAV per GGO Share of their GGO Shares.

The issue price of the New Ordinary Shares, the number of New Ordinary Shares to be issued pursuant to the GGO Scheme, the FAV per Ordinary Share and the FAV per GGO Share will be announced through a Regulatory Information Service as soon as practicable following the Calculation Date.

The New Ordinary Shares will rank equally in all respects with the existing issued Ordinary Shares (save that the New Ordinary Shares will not qualify for the Interim Dividend in respect of the six months to 31 October 2010 to be paid by the Company in February 2011) and holders of the New Ordinary Shares will be entitled to participate in the Bonus Issue.

**For illustrative purposes only**, had the Calculation Date been 8 November 2010 (being the latest practicable date prior to the publication of this document) and assuming the maximum level of elections for the Cash Option are made, the FAV per Ordinary Share and FAV per GGO Share would have been 290.4640p and 493.1436p, respectively, and the Proposals would have resulted in the issue of 11,499,058 New Ordinary Shares to GGO Shareholders, representing approximately 23.94 per cent. of the issued Ordinary Share capital of the Enlarged Company (excluding treasury shares).

#### *The Cash Option*

Under the Cash Option, eligible GGO Shareholders may elect for an immediate cash exit at 95 per cent. of the FAV per GGO Share, subject to cash elections not exceeding 30 per cent. of GGO’s issued share capital as at the Entitlement Date. GGO Shareholders will only be eligible to elect for the Cash Option if they held their GGO Shares on 24 September 2010. In the event that valid Elections for the Cash Option are made in respect of in excess of 30 per cent. of the GGO Shares in issue at the Entitlement Date then such Elections (other than in respect of Overseas GGO Shareholders) will be scaled back *pro rata* to the relevant GGO Shareholder’s holdings of GGO Shares and to the extent scaled back shall be deemed to be elections for the Rollover Option.

#### *Funding the Cash Option*

The amount of cash required by the Company to fund elections for the Cash Option will depend on the level of valid elections for the Cash Option and the FAV per GGO share. **For illustrative purposes only**, had the Calculation Date been 8 November 2010 (being the latest practicable date prior to publication of this document) and assuming that the maximum level of elections are made for the Cash Option and that the FAV per GGO Share is 493.1436p, the maximum aggregate cash required by the Company for this purpose would be £14.4 million.

The Cash Option will be funded in part through the exercise of all of the outstanding Manager Warrants to subscribe for Ordinary Shares in the Company to raise approximately £7.9 million. The balance of up to £6.5 million in cash required for these purposes will be provided from the Company’s existing cash resources,

augmented as required by a new debt facility of up to £15 million to be provided by RBS. RBS has agreed, subject only to the entering into of a definitive facility agreement with the Company, to provide this facility. As at 9 November 2010, the Company had cash and near cash assets of £0.5 million. Accordingly, in the event that this facility is not put in place, the Company would either need to put an alternative facility in place with another lender or divest of some of its investments in its portfolio to realise up to £6.0 million to fund the balance.

#### *GGO Shares held by the Company*

As at 9 November 2010 (being the latest practicable date prior to publication of this document), the Company held 273,589 GGO Shares. The Company will not be entitled to elect for the Cash Option pursuant to the Scheme in respect of any of its holding of GGO Shares as such GGO Shares were acquired after the record date for participation in the Cash Option of 24 September 2010. Under company law, the Company cannot hold shares in its own capital. Under the terms of the Transfer Agreement to be entered into between, amongst others, the Company and the GGO Liquidators (in their personal capacity and on behalf of GGO), the Company will therefore waive its entitlement to receive New Ordinary Shares under the Scheme. The number of New Ordinary Shares to be issued by the Company to the GGO Liquidators under the terms of the Scheme will be reduced accordingly. For the purposes of the Scheme, the Company's holding of GGO Shares will be valued as having a value equal to 98.5 per cent. of the FAV per GGO Share (and therefore treated equivalently to other GGO Shares in respect of which an election is made, or deemed to have been made, for the Rollover Option).

#### **The Bonus Issue**

The Company is proposing to issue Subscription Shares, by way of a bonus issue, to each Qualifying Shareholder on the basis of one Subscription Share for every seven Qualifying Shares held by such Qualifying Shareholder, subject to the passing of the Resolutions set out in the Notice of General Meeting and satisfaction of the other conditions to implementation of the Proposals. Fractions of Subscription Shares will not be allotted or issued and entitlements will be rounded down to the nearest whole number of Subscription Shares.

A Qualifying Shareholder is: (i) a Shareholder whose name is entered on the Register at the close of business on the Record Date (which is expected to be 6.00 p.m. on 3 December 2010); (ii) a GGO Shareholder who validly elects or is deemed to elect for New Ordinary Shares under the Scheme; and (iii) a holder of New Ordinary Shares issued pursuant to the exercise of the Manager Warrants.

Each Subscription Share will confer the right (but not the obligation) to subscribe for one Ordinary Share on the last Business Day in each of June and December each year between 31 December 2010 and 31 December 2017 (both dates inclusive) (each a "Subscription Date"), after which the rights under the Subscription Shares (the "Subscription Share Rights") will lapse. Each Subscription Share will be capable of conversion into one Ordinary Share upon exercise of the Subscription Share Rights and on payment of the Conversion Price as set out below.

Subscription Shares will rank equally with each other and will not carry the right to receive any dividends from the Company.

The Conversion Price will be an amount equal to 110 per cent. of the unaudited NAV per Ordinary Share as at close of business on the Effective Date (following the acquisition of certain of the assets of GGO under the Scheme, completion of the exercise of the Manager Warrants and the issue of the New Ordinary Shares) rounded up to the nearest whole penny. It is expected that an announcement setting out the Conversion Price will be made on 13 December 2010.

The Conversion Price is subject to adjustment upon the occurrence of certain corporate events by or affecting the Company before 31 December 2017. The relevant corporate events include consolidations or sub-divisions of the Company's share capital, pre-emptive offers of securities to Ordinary Shareholders, takeover offers and the liquidation of the Company. Such adjustments serve to protect either the intrinsic value or the time value of the Subscription Shares or both.

The Board believes that the Bonus Issue of Subscription Shares will have the following advantages:

- Qualifying Shareholders will receive readily tradable securities with financial value which they may convert into Ordinary Shares in order to benefit from the Company's future growth or realised for cash;
- Qualifying Shareholders will receive securities which are qualifying investments for the purposes of the stocks and shares component of an ISA and permitted investments for the purposes of a SIPP;
- on any exercise of the Subscription Share Rights, the capital base of the Company will increase, allowing operating costs to be spread across a larger number of Ordinary Shares and hence the total expense ratio to fall; and
- following the exercise of any Subscription Share Rights, the Company will have an increased number of Ordinary Shares in issue, which may in due course improve the liquidity in the market for its Ordinary Shares.

### **Adoption of the New Articles**

The Directors are proposing that the Company adopts the New Articles reflecting the changes to the Company's capital structure incorporating the rights of the Subscription Shares as set out in Part IV of this document. The only other changes to the Company's current Articles of Association are as follows:

- (i) under the New Articles, a continuation vote is to be proposed at the annual general meeting of the Company in 2018 (after the last date for exercise of the Subscription Share Rights) (as described in the section entitled "Continuation vote" in Part I of this document); and
- (ii) under the current Articles of Association, the fees to, and benefits in kind received by, the Directors for their services in the office of director shall not exceed in aggregate £150,000 per annum (exclusive of value added tax, if applicable) or such higher amount as the Company may from time to time by ordinary resolution determine. Under the New Articles, this aggregate limit is increased to £200,000 per annum (exclusive of value added tax, if applicable). Although the Company has no current intention to increase the fees and benefits of individual Directors, it is proposed to increase this aggregate limit so as to give the Board flexibility to increase the number of directors to six following implementation of the Proposals if they believe it is in the best interests of the Company to do so.

### **Conditions of the Issue**

The Issue is conditional upon:

- (i) passing of the resolutions to approve the GGO Scheme at the class meeting of GGO Shareholders and the general meetings of GGO Shareholders and the GGO Scheme becoming unconditional;
- (ii) passing of the Resolutions, which includes the approval of the issue of the New Ordinary Shares and the Subscription Shares, at the General Meeting which has been convened for 7 December 2010;
- (iii) admission of the New Ordinary Shares to the Official List with a Premium Listing and the Main Market of the London Stock Exchange, subject only to the allotment of such shares; and
- (iv) admission of the Subscription Shares to the Official List with a Standard Listing and the Main Market of the London Stock Exchange, subject only to the allotment of such shares.

If any of these conditions is not satisfied by 31 January 2011, no part of the Proposals will become effective and no New Ordinary Shares or Subscription Shares will be issued.

### **Costs and expenses of the Proposals**

The aggregate costs and expenses to be incurred by the Company in connection with the Proposals are estimated to be approximately £655,000, excluding VAT and stamp duty (approximately £995,000 including VAT and stamp duty). It is expected that most of such costs and expenses will be offset by the value transfer under the terms of the Scheme (as the entitlements of holders of GGO Shares under the Scheme will be lower than the net asset value of the assets acquired by the Company pursuant to the Scheme). The Investment Manager has agreed to make a cost contribution towards the costs and expenses incurred, or to be incurred, by the Company in connection with the Proposals. The amount of the cost contribution is linked to, and increases proportionately with, the aggregate value of Elections made for the Rollover Option. As a minimum, the Investment Manager will meet any costs and expenses incurred, or to be incurred, by the Company in connection with the Proposals not offset by the value transfer under the Scheme. If the GGO Scheme does not become effective, the Company will bear abort costs estimated at approximately £110,000 (plus VAT) which will be reimbursed to the Company by the Investment Manager. GGO will meet its own costs associated with the Proposals (including fees payable on the early termination of the management agreement with Gartmore Investment Limited).

### **Dealings and settlement**

Applications have been made to the UK Listing Authority for the New Ordinary Shares to be admitted to the Official List with a Premium Listing and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the Main Market. Applications have been made to the UK Listing Authority for the Subscription Shares to be admitted to the Official List with a Standard Listing and to the London Stock Exchange for such shares to be admitted to trading on the Main Market. If the GGO Scheme becomes effective, it is expected that the New Ordinary Shares and the Subscription Shares will be issued on 10 December 2010, credited as fully paid, conditional upon admission to the Official List on 13 December 2010, and that the first day of dealings in such shares on the London Stock Exchange's Main Market will be 13 December 2010. The New Ordinary Shares and the Subscription Shares will be issued in registered form and may be held in either certificated or uncertificated form.

GGO Shareholders who hold their GGO Shares and Shareholders who hold their Ordinary Shares in certificated form will receive their New Ordinary Shares under the GGO Scheme and/or their Subscription Shares pursuant to



the Bonus Issue in certificated form. It is expected that certificates in respect of such New Ordinary Shares and Subscription Shares will be despatched to the GGO Shareholders and Shareholders entitled thereto in the week commencing 20 December 2010. No temporary documents of title will be despatched in respect of New Ordinary Shares and Subscription Shares issued in certificated form and, pending the despatch of definitive share certificates, transfers will be certified against the Register.

GGO Shareholders and Shareholders who hold their GGO Shares or Ordinary Shares respectively in uncertificated form will receive their New Ordinary Shares under the GGO Scheme and/or their Subscription Shares pursuant to the Bonus Issue in uncertificated form. Notwithstanding the foregoing, however, the Company reserves the right to issue such shares in certificated form (which, in normal circumstances, is only likely to be exercised in the event of an interruption, failure or breakdown of CREST or of the facilities or system operated by the Company's registrar in connection with CREST). The Company will procure that Euroclear UK & Ireland Limited is instructed, on the date on which the Admission of the New Ordinary Shares and Subscription Shares to the Official List becomes effective, to credit the appropriate accounts in CREST with the respective entitlements to New Ordinary Shares and Subscription Shares in uncertificated form.

The ISIN (International Securities Identification Number) code of the New Ordinary Shares and the Subscription Shares will be GB0004355946 and GB00B5SLGR82 respectively.

#### **Further information on the Issue**

##### *New Ordinary Shares*

The number of New Ordinary Shares to be issued pursuant to the GGO Scheme cannot be calculated until after Elections have been made, or are deemed to have been made, by GGO Shareholders. The number of New Ordinary Shares to be allotted to those GGO Shareholders electing, or deemed to elect, to receive them will be calculated on the Calculation Date.

**For illustrative purposes only**, had the Calculation Date been 8 November 2010 (being the latest practicable date prior to the publication of this document) and assuming that the maximum level of elections for the Cash Option are made, that the FAV per Ordinary Share is 290.4640p and the FAV per GGO Share is 493.1436p, the number of New Ordinary Shares to be issued pursuant to the GGO Scheme would have been 11,499,058.

6,533,982 New Ordinary Shares will be issued to persons associated with the Investment Manager in respect of exercise of the Manager Warrants.

The Company will announce, through a Regulatory Information Service, the number of New Ordinary Shares to be issued pursuant to the Issue and the basis upon which they will be allotted as soon as practicable after the Calculation Date (and, in any event, prior to the commencement of dealings in the New Ordinary Shares on the Main Market (which is expected to be on 13 December 2010)).

The New Ordinary Shares are only being made available to GGO Shareholders pursuant to the GGO Scheme and to persons associated with the Investment Manager in respect of exercise of the Manager Warrants. The New Ordinary Shares are not being offered to the existing holders of Ordinary Shares or to the public.

Full details of the GGO Scheme are set out in the circular to GGO Shareholders dated 11 November 2010, a copy of which is available for inspection as stated in paragraph 14 of Part VI of this document.

##### *Subscription Shares*

The number of Subscription Shares to be issued pursuant to the Issue cannot be calculated until after (i) the Record Date has passed; and (ii) the number of New Ordinary Shares to be allotted pursuant to the Scheme has been calculated. The number of Subscription Shares to be allotted will be calculated on the Calculation Date.

**For illustrative purposes only**, had the Calculation Date been 8 November 2010 (being the latest practicable date prior to the publication of this document) and assuming that the maximum level of elections for the Cash Option are made, that the FAV per Ordinary Share is 290.4640p and that the FAV per GGO Share is 493.1436p, the number of Subscription Shares to be issued pursuant to the Bonus Issue would have been 6,860,606.

The Company will announce, through a Regulatory Information Service, the number of Subscription Shares to be issued pursuant to the Issue and the basis upon which they will be allotted as soon as practicable after the Calculation Date (and, in any event, prior to the commencement of dealings in the Subscription Shares on the Main Market (which is expected to be on 13 December 2010)).

The Subscription Shares are only being made available to Qualifying Shareholders pursuant to the Proposals. The Subscription Shares are not being offered to the public.



## General

The Issue has not been underwritten.

No action has been taken to permit a public offering of New Ordinary Shares or the Subscription Shares in any jurisdiction, other than the United Kingdom, where action for that purpose would be required. This prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

## Information on GGO's portfolio

As at 9 November 2010 (being the latest practicable date prior to the publication of this document), GGO had unaudited total assets of £55.1 million. Of those assets, 86.7 per cent. were invested in quoted securities, 0.4 per cent. were invested in unquoted securities and the balance was held in cash and near cash in assets. The assets of GGO to be acquired by the Company pursuant to the Proposals will comprise cash or near cash assets and investments which are in accordance with the Company's investment policy.

The following table shows the composition by size of investment of GGO's portfolio as at 9 November 2010:

<i>Investee company</i>	<i>Sector classification</i>	<i>Valuation £'000</i>	<i>Percentage of portfolio</i>
Nestor Healthcare	Health care equipment & services	1,997	4.2
Management Consulting Group	Support services	1,422	3.0
Penna Consulting	Support services	1,301	2.7
Pace	Technology hardware & equipment	1,076	2.2
Juridica Investments	Financial services	1,065	2.2
BATM Advanced Communications	Technology hardware & equipment	947	2.0
Iomart Group	Software & computer services	873	1.8
MWB 9.75% 9/12	Corporate bonds	865	1.8
Sandvine	Technology hardware & equipment	836	1.7
Nanoco Group	Technology hardware & equipment	730	1.5
<b>Top ten investments</b>		<b>11,112</b>	<b>23.1</b>
AssetCo	Support services	721	1.5
Acal	Support services	659	1.4
Renovo Group	Pharmaceuticals & biotech.	603	1.3
KBC Advanced Technologies	Oil equipment & services	593	1.2
Renold	Industrial engineering	587	1.2
Elementis	Chemicals	575	1.2
Cathay International	Real estate & investment services	574	1.2
MBL Group	Media	567	1.2
Menzies (John)	Support services	545	1.1
Stadium Group	Electronic & electrical equipment	539	1.1
<b>Top twenty investments</b>		<b>17,075</b>	<b>35.5</b>
AEA Technology	Support services	529	1.1
McBride	Household goods	525	1.1
Innovation Group	Software & computer services	517	1.1
Communis	Support services	511	1.1
Brammer	Support services	510	1.1
Oakley Capital Investments	Financial services	502	1.0
Northgate	Support services	495	1.0
MDM Engineering Group	Industrial engineering	487	1.0
Yule Catto	Chemicals	473	1.0
Hargreaves Services	Support services	473	1.0
<b>Top thirty investments</b>		<b>22,097</b>	<b>46.0</b>
<b>Other investments</b>		<b>25,870</b>	<b>53.9</b>
<b>Total Portfolio</b>		<b>47,967</b>	<b>99.9</b>

The following table shows the composition by sector of GGO's portfolio as at 9 November 2010 and a comparison against the FTSE Small Cap Index (ex IC):

<i>Sector</i>	<i>GGO portfolio* (percentage)</i>	<i>FTSE small cap (ex IC) (percentage)</i>
Alternative producers	1.37	0.44
Oil & gas producers	0.94	1.68
Oil equipment & services	2.25	0.00
<b>Oil &amp; gas</b>	<b>4.56</b>	<b>2.12</b>
Chemicals	3.81	0.54
Forestry & paper	1.04	0.00
Industrial metals	0.00	0.50
Mining	1.29	3.18
<b>Basic materials</b>	<b>6.14</b>	<b>4.22</b>
Aerospace & defence	0.00	1.19
Construction & materials	1.16	4.24
Electronic & electrical equipment	2.05	4.68
General industrials	1.51	1.48
Industrial engineering	5.12	2.90
Industrial transportation	0.53	3.74
Support services	21.12	15.61
<b>Industrials</b>	<b>31.49</b>	<b>33.84</b>
Automobiles & parts	0.00	0.00
Beverages	0.00	0.00
Food producers	0.89	2.41
Household goods	1.88	1.30
Leisure goods	1.26	1.01
Personal goods	0.00	0.00
Tobacco	0.00	0.00
<b>Consumer goods</b>	<b>4.03</b>	<b>4.72</b>
Health care equipment & services	5.38	1.03
Pharmaceuticals & biotech.	3.81	3.60
<b>Health care</b>	<b>9.19</b>	<b>4.63</b>
Food & drug retailers	0.12	0.82
General retailers	1.18	5.07
Media	4.35	6.20
Travel & leisure	2.56	3.49
<b>Consumer services</b>	<b>8.21</b>	<b>15.58</b>
Fixed line telecommunications	0.00	1.80
Mobile telecommunications	0.00	0.00
<b>Telecommunications</b>	<b>0.00</b>	<b>1.80</b>
Electricity	1.72	0.00
Gas, water & multi-utilities	0.00	0.00
<b>Utilities</b>	<b>1.72</b>	<b>0.00</b>

<i>Sector</i>	<i>GGO portfolio* (percentage)</i>	<i>FTSE small cap (ex IC) (percentage)</i>
Banks	0.00	0.00
Equity investment instruments	0.19	2.44
General financial	10.63	6.48
Life insurance	0.00	1.36
Non-life insurance	2.03	2.81
Real estate & invest svcs	3.06	6.98
Real estate investment trusts	0.00	4.74
<b>Financials</b>	<b>15.91</b>	<b>24.81</b>
Software & computer services	8.26	5.88
Technology hardware & equipment	10.49	2.40
<b>Technology</b>	<b>18.75</b>	<b>8.28</b>
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

\*Excludes fixed income

**Note:** The information in relation to GGO's portfolio has been provided to the Company by GGO and has not been audited or reported on by an accountant.

#### Overseas investors

Overseas GGO Shareholders will be deemed to have made an election for the Cash Option under the GGO Scheme unless they have satisfied the Directors and the GGO directors that they are entitled to receive and hold New Ordinary Shares without breaching any relevant securities laws and without the need for compliance on the part of the Company or GGO with any overseas laws, regulations, filing requirements or the like.

The Subscription Shares to be issued under the Bonus Issue are not being issued to Overseas Shareholders or Overseas GGO Shareholders. The Board will allot any Subscription Shares due under the Bonus Issue to Overseas Shareholders to a market maker who will sell such Subscription Shares promptly at the best price obtainable. The proceeds of sale will be paid to the relevant investors entitled to them save that entitlements of less than £5 per investor will be retained by the Company for its own account.

Investors who are resident in, or citizens or nationals of, a jurisdiction outside the EEA States, the Channel Islands and the Isle of Man are responsible for informing themselves about and observing any legal requirements in that jurisdiction.

Notwithstanding any other provision of this document, the Company reserves the right to permit any investor to acquire New Ordinary Shares or take up Subscription Shares if the Company, in its sole and absolute discretion, is satisfied at any time prior to the General Meeting that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

#### Taxation

The attention of Shareholders is drawn to the summary of United Kingdom tax matters set out in the paragraph 10 of Part VI of this document.

Shareholders should note that Subscription Shares are qualifying investments for the stocks and shares component of an ISA, but that exercise of Subscription Share Rights may affect the annual subscription limit available for further investment into an ISA in the relevant year. Shareholders should consult their professional adviser regarding their tax position.

**Potential investors should seek tax advice from their own professional adviser about the taxation consequences of acquiring, holding or disposing of Shares (including New Ordinary Shares and Subscription Shares) and of exercising the Subscription Share Rights.**

#### General Meeting

The Proposals are conditional on, amongst other things, the approval by Shareholders of the Resolutions to be proposed at the General Meeting of the Company that has been convened for 7 December 2010.

Full details of the Resolutions being proposed are set out in the Circular, a copy of which is available for inspection as stated in paragraph 14 of Part VI of this document.

## PART III — FINANCIAL INFORMATION (INCLUDING PORTFOLIO INFORMATION)

### 1. Introduction

Statutory accounts of the Company and its subsidiary undertakings for the three financial years ended 30 April 2010 in respect of which the Company's auditors, KPMG Audit Plc, Registered Auditors, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG, who are members of the Institute of Chartered Accountants in England and Wales, made unqualified reports under section 235 of the Companies Act 1985 (or, as the case may be, under section 495 or section 497 of the 2006 Act), have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and have been delivered to the Registrar of Companies in England and Wales and such reports did not contain any statements under section 237(2) or (3) of the Companies Act 1985 (or, as the case may be, under sections 498(2) or (3) of the 2006 Act). Copies of the statutory accounts of the Group for the three financial years ended 30 April 2010, are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Canaccord Genuity Limited, 7th Floor, 80 Victoria Street, London SW1E 5JL.

### 2. Historical financial information

Historical financial information relating to the Group on the matters referred to below is included in the published annual report and audited accounts of the Group for the years stated as set out in the table below and is incorporated by reference into this document.

<i>Nature of Information</i>	<i>Statutory accounts for year ended 30 April 2008 Page No.</i>	<i>Statutory accounts for year ended 30 April 2009 Page No.</i>	<i>Statutory accounts for year ended 30 April 2010 Page No.</i>
Financial highlights	3	3	3
Income statement	28	28	25
Balance sheet	29	29	26
Statement of changes in equity	30	30	27
Statement of cash flow	31	31	28
Audit report	26-27	26-27	24
Notes to the financial statements	32-47	32-47	29-43

### 3. Selected financial information

The information in this paragraph 3 has been extracted directly from the financial information referred to in paragraph 2 of this Part III.

#### 3.1. Selected historical financial information relating to the Group which summarises the financial condition of the Group for the three financial years ended 30 April 2010 is set out in the following table:

	<i>Year ended 30 April 2008</i>	<i>Year ended 30 April 2009</i>	<i>Year ended 30 April 2010</i>
<b>Net asset value</b>			
Net assets (£000)	91,625	62,401	89,818
Net asset value per Share (basic)	280.47p	205.23p	298.47p
Net asset value per Share (diluted)	253.54p	189.69p	266.77p
Share price	231.00p	178.00p	256.50p
<b>Income</b>			
Revenue return after expenses and taxation (£000)	694	502	1,192
Revenue return per Share (basic)	2.10p	1.58p	3.93p
Revenue return per Share (diluted)	1.93p	1.47p	3.58p
Dividends per Share	2.45p	2.60p	2.75p
<b>Total expenses</b>			
As a percentage of Shareholders' funds	0.9	1.1	1.1
<b>Portfolio summary</b>			
Shareholders' funds (£000)	91,625	62,401	89,818
Bank loan (£000)	(11,500)	Nil	(11,500)
<b>NAV/share price returns</b>			
Net asset value total return (basic)	9.1%	(26.0%)	46.7%
Net asset value total return (diluted)	8.3%	(24.2%)	42.0%
Share price total return	(2.2%)	(21.8%)	46.0%

#### 4. Operating and financial review

A description of changes in the performance of the Group, both capital and revenue, and changes to the Company's portfolio of investments is set out in the sections headed "Chairman's Statement", "Investment Manager's Review" and "Portfolio of Investments" in the published statutory accounts of the Group for the years stated as follows and are incorporated by reference into this document:

PR (Ann I)  
5.1.5  
9.1  
9.2.1  
10.1  
10.2  
CESR 27-33, 34

<i>Nature of information</i>	<i>Statutory accounts for year ended 30 April 2008 Page No.</i>	<i>Statutory accounts for year ended 30 April 2009 Page No.</i>	<i>Statutory accounts for year ended 30 April 2010 Page No.</i>
Chairman's Statement	4-5	4-5	4-5
Investment Manager's Review	6-7	6-7	6-7
Portfolio of Investments	8-10	8-10	8-10

#### 5. Significant change

Since 30 April 2010 (being the end of the last financial period of the Company for which financial information has been published), there has been no significant change in the financial or trading position of the Group.

PR (Ann I) 20.9

#### 6. Significant gross change

The Proposals will constitute a significant gross change in relation to the Group. Had the Proposals been undertaken at the date of this document and had the Company completed the acquisition of substantially all of GGO's assets on that date, the effect of this significant gross change would have been: (i) to increase the net assets of the Company by the net assets of GGO (after deduction of any amounts appropriated to the Liquidation Fund), less the aggregate costs and expenses associated with the Proposals, less the payment to satisfy Elections for the Cash Option available to GGO Shareholders under the Scheme, plus the contribution towards the Company's costs by the Investment Manager (as described in more detail in paragraph 7(iii) of Part VI of this document) and plus the cash raised from the voluntary exercise of the Manager Warrants; and (ii) to spread the fixed costs of the Company over a larger asset base. The Proposals are not expected to have a material impact on the Company's earnings per share.

PR (Ann I)  
20.2

#### 7. Capitalisation and indebtedness

The following table shows the capitalisation and indebtedness of the Group (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 30 April 2010 (being the last date in respect of which financial information on the Company has been published) and as at 31 October 2010:

PR (Ann I) 9.1  
PR (Ann III) 3.2  
CESR 127

	<i>As at 30 April 2010</i>	<i>As at 31 October 2010</i>
<b>Total current debt</b>		
Guaranteed	—	—
Secured	—	—
Unguaranteed/unsecured	11,500	12,221
<b>Total non-current debt</b>		
Guaranteed	—	—
Secured	—	—
Unguaranteed/unsecured	—	—
<b>Shareholders' equity<sup>1</sup></b>		
Share capital	305	305
Legal reserve	86,265	92,934
Other reserves	1,278	1,270
<b>TOTAL</b>	<b>99,348</b>	<b>106,730</b>

1. In accordance with CESR guidance, retained revenue reserves of £1.970 million as at 30 April 2010 and £1.872 million as at 31 October 2010 have been excluded from Shareholders equity

The information in the table above is: (i) audited financial information as at 30 April 2010, extracted from the audited report and accounts and (ii) unaudited financial information of the Group as at 31 October 2010, extracted from internal accounting records.

On 6 October 2010, 35,000 Manager Warrants were exercised resulting in the issue of the same number of Ordinary Shares by the Company. As at 9 November 2010 (the latest practicable day prior to the publication of this document) there were 6,533,982 Manager Warrants outstanding in respect of 6,533,982 Ordinary Shares. Since 30 April 2010, the Company has purchased 137,000 Ordinary Shares into treasury at a total cost of

£317,530. Save as disclosed above there has been no material change in the capitalisation of the Company since 30 April 2010 (being the last date in respect of which financial information on the Company has been published).

The following table shows the Group's net indebtedness at 31 October 2010.

	£'000	CESR 36
A. Cash	–	
B. Cash equivalent	–	
C. Trading Securities	–	
D. Liquidity (A + B + C)	–	
E. Current financial receivable	–	
F. Current bank debt	12,221	
G. Current portion of non-current debt	–	
H. Other current financial debt	–	
I. Current financial debt (F + G + H)	12,221	
J. Net current financial indebtedness (I – E – D)	12,221	
K. Non-current bank loans	–	
L. Bonds issued	–	
M. Other non-current loans	–	
N. Non-current financial indebtedness (K + L + M)	–	
O. Net financial indebtedness (J + N)	12,221	

The information in the table above is unaudited financial information of the Group and has been extracted from internal management accounting records as at 31 October 2010 and has not been reported on by an accountant.

## 8. Working capital

The Company is of the opinion that, taking into account the proceeds of the exercise of the Manager Warrants, the working capital available to the Group is sufficient for its present requirements (that is, for at least the next 12 months from the date of this document).

PR (Ann III) 3.1  
LR 6.1.16

## 9. Analysis of portfolio of investments

As at 9 November 2010 (being the latest practicable date prior to the publication of this document), the Group's portfolio comprised of 83 investments with an aggregate unaudited value, calculated in accordance with the Group's accounting policies, of £110.6 million. The following tables show the distribution of the portfolio by region, sector, asset class, currency and category of listing as at 9 November 2010.

PR (Ann I) 6.1.1  
CESR 27

By region	%
UK	84.9
Papua New Guinea	4.4
Canada	3.3
Denmark	2.0
Cyprus	1.9
Australia	1.4
Netherlands	1.2
USA	0.9
	<u>100.0</u>



<i>By sector</i>	%
Oil & gas producers	38.7
Financial services	9.4
Food producers	8.9
General retailers	8.3
Real estate investment & Services	4.1
Equity investment instruments	2.0
Aerospace & defence	4.3
Industrial engineering	1.3
Mining	3.3
Electronic & electrical equipment	1.1
Health care equipment & services	2.6
Software & computer services	2.4
Pharmaceuticals & biotechnology	1.3
Travel & leisure	2.6
Non-equity Investment instruments	1.8
Household goods	1.2
Nonlife insurance	1.0
Media	1.4
Industrial transportation	0.8
Support services	2.5
Technology hardware & equipment	1.0
	<hr/>
	100.0
	<hr/>

<i>By asset class</i>	%
Equity	98.8
Preference shares & fixed interest	1.2
	<hr/>
	100.0
	<hr/>

<i>By currency</i>	%
Sterling	80.4
Euro	1.2
US dollar	11.8
Australian Dollar	1.4
Danish Kroner	2.0
Canadian Dollar	3.2
	<hr/>
	100.0
	<hr/>

<i>By category of listing</i>	
Listed on regulated market	35.0%
Unlisted	
Unregulated market (including AIM)	37.2%
Unquoted/other	27.8%
	<hr/>
	100%
	<hr/>

The Group's 30 largest holdings, as at 9 November 2010, were as follows:

<i>Investee Company</i>	<i>Sector</i>	<i>Valuation £000</i>	<i>% of portfolio</i>
Vostok Energy plc	Oil & gas producers	9,921	9.0
Hurricane Exploration plc	Oil & gas producers	6,667	6.1
New Britain Palm Oil	Food Producers	4,860	4.4
Salamander Energy plc	Oil & gas producers	4,467	4.1
Ideal Shopping Direct	General retailers	3,800	3.4
R.E.A. Holdings plc	Food producers	3,407	3.1
Cove Energy plc	Oil & gas producers	2,746	2.4
Reaction Engines	Aerospace & defence	2,500	2.3
Exillon Energy	Oil & gas producers	2,292	2.1
Ashmore Group plc	Financial services	2,289	2.1
<b>Ten largest investments</b>		<b>42,949</b>	<b>39.0</b>
Lynton Holding Asia	Aerospace & defence	2,263	2.0
City of London Investments Group plc	Financial services	2,236	2.0
Providence Resources	Oil & gas producers	2,134	1.9
Betfair	Travel & leisure	2,123	1.9
Buried Hill Energy (Cyprus)	Oil & gas producers	2,068	1.8
Geiger Counter	Non-equity instrument investments	2,018	1.8
The Hut Group	General retailers	2,000	1.8
Valiant Petroleum	Oil & gas producers	1,843	1.7
IGAS Energy	Oil & gas producers	1,815	1.7
Ithaca Energy	Oil & gas producers	1,789	1.6
<b>Twenty largest investments</b>		<b>63,238</b>	<b>57.2</b>
Africa Oil	Oil & gas producers	1,757	1.6
H&T Group plc	Financial services	1,675	1.5
NewRiver Retail	Real estate investment & services	1,654	1.5
Asian Plantations	Food producers	1,606	1.4
Transaction Solutions International	Support services	1,589	1.4
Macau Property Opportunities	Real estate investment & services	1,562	1.4
Caretech Holdings	Healthcare equipment & services	1,543	1.4
EMIS Group	Software & computer services	1,430	1.3
Rotork	Industrial engineering	1,414	1.3
President Petroleum	Oil & Gas producers	1,389	1.3
<b>Thirty largest investments</b>		<b>78,855</b>	<b>71.3</b>

The information in this paragraph 9 is unaudited information on the Group, which has been extracted from internal management accounting records held by the Group and has not been reported on by an accountant.

Investments in the Group's portfolio have been valued in accordance with the Group's normal accounting policies with listed investments measured at their quoted bid or SETS prices. Unquoted investments are valued at fair value which is determined by the Directors, through discussion with the Investment Manager and with reference to the valuation guidelines issued by the International Private Equity and Venture Capital Valuation Board.

## PART IV – PARTICULARS OF THE SUBSCRIPTION SHARES

Conditional upon the passing of the Resolutions at the General Meeting and satisfaction of the other conditions to implementation of the Proposals, the Subscription Shares are expected to be issued on 10 December 2010 and will carry the rights described below. The Articles will be replaced with the New Articles on the Effective Date to reflect, *inter alia*, these rights.

### 1. Subscription Share Rights

- (a) A registered holder for the time being of a Subscription Share (a “Subscription Shareholder”) shall have a right (but not an obligation) (“Subscription Share Right”) to subscribe in cash on 31 December 2010 and thereafter on 30 June and 31 December in each of the years 2011 to 2017, if any such day is not a Business Day, then on the previous Business Day (each a “Subscription Date”) for all or any of the Ordinary Shares to which his Subscription Shares relate at the price per Ordinary Share to be determined by the Company as being equal to the adjusted Net Asset Value per Ordinary Share (as described below) attributable to one Ordinary Share as at the close of business on 10 December 2010 (following the acquisition of certain of the assets of GGO under the Scheme, the exercise of the Manager Warrants and the issue of the New Ordinary Shares) plus a percentage premium of 10 per cent. rounded up to the nearest whole pence (the “Conversion Price”) payable in full in Sterling on subscription.

It is expected that the Conversion Price will be announced via a Regulatory Information Service on 13 December 2010.

Each Subscription Share relates to one Ordinary Share, but the Conversion Price (and the number of Subscription Shares outstanding) will be subject to adjustment as provided in paragraph 2 below. The Subscription Shares registered in a holder’s name will be evidenced by a Subscription Share certificate issued by the Company and, in the case of Subscription Shares in uncertificated form, by means of any relevant computer-based system enabling title to units of a security to be evidenced and transferred without a written instrument (the “Relevant Electronic System”).

The “Net Asset Value” or “NAV” for the purpose of calculating the Conversion Price means the unaudited value of the Company’s assets as at close of business on 10 December 2010 calculated in accordance with the Company’s accounting policies (including revenue items for the current financial year) minus all prior charges and other creditors at their fair value (including the costs of the Proposals). Prior charges include all loans and overdrafts that are to be used for investment purposes. “Business Day” for this purpose means any day on which banks are open for business in London (excluding Saturdays and Sundays and public holidays).

- (b) In order to exercise the Subscription Share Rights, in whole or in part, which are conferred by any Subscription Shares that are in certificated form, the Subscription Shareholder must lodge the relevant Subscription Share certificate(s) (or such other document as the Company may, in its discretion, accept) at the office of the registrars for the time being of the Company (the “Registrars”) during the period of 28 days ending at 5.00 p.m. on the relevant Subscription Date, having completed the notice of exercise of Subscription Share Rights thereon (or by giving such other notice of exercise of Subscription Share Rights as the Company may, in its discretion, accept), accompanied by a remittance for the aggregate Conversion Price for the Ordinary Shares in respect of which the Subscription Share Rights are exercised. The Directors may (at their sole discretion) accept as valid notices of exercise of Subscription Share Rights which are received after the relevant Subscription Date, provided that they are accompanied by the correct remittance as described above. Once lodged, a notice of exercise of Subscription Share Rights shall be irrevocable save with the consent of the Directors. Compliance must also be made with any statutory and regulatory requirements for the time being applicable.
- (c) The Subscription Share Rights which are conferred by any Subscription Shares that are in uncertificated form on the relevant Subscription Date shall be exercisable, in whole or in part, (and treated by the Company as exercised) on that Subscription Date if (i) an Uncertificated Subscription Notice (as defined below) is received on or within 28 days prior to the relevant Subscription Date (but not later than the latest time for input of the instruction permitted by the Relevant Electronic System on that date) and (ii) a remittance for the aggregate Conversion Price for the Ordinary Shares in respect of which the Subscription Share Rights are being exercised is received by the Company (or by such person as it may require for these purposes) in such form and subject to such terms and conditions as may from time to time be prescribed by the Directors (subject always to the CREST Regulations and the facilities, rules and requirements of the Relevant Electronic System concerned). For these purposes, an “Uncertificated Subscription Notice” shall mean a properly authenticated dematerialised instruction and/or other instruction or notification received by the Company (or by such person as it may require for these purposes) in such form and subject to such terms and conditions as may from time to time be prescribed by the Directors (subject always to the CREST Regulations and the facilities, rules and requirements of the Relevant Electronic System) and that specifies

(in accordance with the form prescribed by the Directors as aforesaid) the number of Ordinary Shares in respect of which the Subscription Share Rights are being exercised. The Directors may, in addition but subject to the CREST Regulations and the facilities, rules and requirements of the Relevant Electronic System, determine when any such properly authenticated dematerialised instruction and/or other instruction or notification and any such remittance is to be treated as received by the Company (or by such person as it may require for these purposes). Without prejudice to the generality of the foregoing, the effect of the Uncertificated Subscription Notice may be such as to divest the holder of the Subscription Shares concerned of the power to transfer such Subscription Shares to another person. Once lodged, an Uncertificated Subscription Notice shall be irrevocable save with the consent of the Directors. Compliance must also be made with any statutory and regulatory requirements for the time being applicable.

- (d) Not later than 30 days before 31 December 2017 (the “Final Subscription Date”), the Company shall give notice in writing to the holders of the outstanding Subscription Shares reminding them of their Subscription Share Rights and, in relation to any Subscription Shares that are in uncertificated form, stating the form of Uncertificated Subscription Notice prescribed by the Directors.
- (e) Ordinary Shares issued pursuant to the exercise of Subscription Share Rights which are conferred by any Subscription Shares that are in certificated form will be allotted not later than 14 days after, and with effect from, the relevant Subscription Date. Certificates in respect of such Ordinary Shares will be despatched (at the risk of the person(s) entitled thereto) not later than 28 days after the relevant Subscription Date to the person(s) in whose name(s) the Subscription Shares are registered at the date of exercise (and, if more than one, to the first-named, which shall be sufficient despatch for all) or (subject as provided by law and to the payment of stamp duty reserve tax or any other tax as may be applicable) to such other persons (not being more than four in number) as may be named in the form of nomination available for the purpose from the Registrars (and, if more than one, to the first-named, which shall be sufficient despatch for all). In the event of partial exercise of the Subscription Share Rights evidenced by a Subscription Share certificate, the Company shall, following such exercise, issue a new Subscription Share certificate in the name of the holder for any balance of that holder’s Subscription Shares.
- (f) Ordinary Shares issued pursuant to the exercise of Subscription Share Rights which are conferred by Subscription Shares that are in uncertificated form will be allotted not later than 14 days after, and with effect from, the relevant Subscription Date. The Company shall procure that the appropriate instructions are given to enable such Ordinary Shares to be evidenced by means of the Relevant Electronic System as a holding of the person(s) in whose name(s) the Subscription Shares in respect of which Subscription Share Rights have been exercised were registered as at the date of such exercise or (subject as provided by law, to the payment of stamp duty reserve tax or any other tax as may be applicable, to such terms and conditions as the Directors may from time to time prescribe for this purpose and to the CREST Regulations and the facilities, rules and requirements of the Relevant Electronic System) to such other person(s) (not being more than four in number) as may be named in the properly authenticated dematerialised instruction and/or other instruction or notification in such form.
- (g) For the avoidance of doubt, unless the Directors otherwise determine or unless the CREST Regulations or the facilities, rules or requirements of the Relevant Electronic System otherwise require, the Ordinary Shares issued on the exercise of any Subscription Share Rights shall be issued in certificated form where such Subscription Share Rights were conferred by Subscription Shares which were held in certificated form or in uncertificated form where such Subscription Share Rights were conferred by Subscription Shares which were held in uncertificated form.
- (h) Ordinary Shares allotted pursuant to the exercise of Subscription Share Rights will not rank for any dividends or other distributions declared, paid or made on the Ordinary Shares by reference to a record date prior to the relevant Subscription Date but, subject thereto, will rank in full for all dividends and other distributions declared, paid or made on the Ordinary Shares and otherwise will rank equally in all other respects with the Ordinary Shares in issue at the relevant Subscription Date.
- (i) For so long as the Ordinary Shares are admitted to the Official List and to trading on the London Stock Exchange’s main market for listed securities, it is the intention of the Company to apply (i) to the UK Listing Authority for the Ordinary Shares allotted pursuant to any exercise of Subscription Share Rights to be admitted to the Official List and (ii) to the London Stock Exchange for such shares to be admitted to trading on the London Stock Exchange’s main market for listed securities, and the Company will use all reasonable endeavours to obtain such admissions as soon as practicable and in any event not later than 28 days after the relevant Subscription Date.
- (j) The exercise of Subscription Share Rights by any Subscription Shareholder who is a US Person or a person in Canada, Australia, Japan, New Zealand or the Republic of South Africa or the right of such a Subscription Shareholder to receive the Ordinary Shares falling to be issued to him following the exercise of his Subscription Share Rights, will be subject to such requirements, conditions, restrictions, limitations or

prohibitions as the Company may at any time impose, in its sole discretion, for the purpose of complying with the securities laws of the United States (including, without limitation, the United States Securities Act of 1933, as amended, the United States Investment Company Act of 1940, as amended, and any rules or regulations promulgated under such Acts) or the laws of Canada, Australia, Japan, New Zealand or the Republic of South Africa. As used herein, "US Person" means any person or entity defined as such in Rule 902 (o) under the United States Securities Act of 1933, as amended and, without limiting the generality of the foregoing, US Person includes a natural person resident in the United States, a corporation or partnership organised or incorporated under the laws of the United States (including any State thereof) and an estate or trust, if any executor, administrator or trustee is a US Person, but shall not include a branch or agency of a US Person located outside the United States if such agency or branch operates for valid business reasons and is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located and United States means the "United States" of America (including the States thereof and the District of Columbia), its territories and possessions.

## **2. Adjustments of Subscription Share Rights**

The Conversion Price (and the number of Subscription Shares outstanding) shall from time to time be adjusted in accordance with the provisions of this paragraph 2.

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

If and whenever there shall be an alteration on a date (or by reference to a date) on or before the Final Subscription Date to the nominal amount of the Ordinary Shares as a result of a consolidation or sub-division, the Conversion Price in force immediately prior to such alteration shall be adjusted by multiplying it by a fraction of which the numerator shall be the nominal amount of one such Ordinary Share immediately after such alteration and the denominator shall be the nominal amount of one such Ordinary Share immediately prior to such alteration, and such adjustment shall become effective on the date the alteration takes effect.

### **(b) Capitalisation issue**

If and whenever the Company shall allot to holders of Ordinary Shares any Ordinary Shares credited as fully paid by way of capitalisation of reserves or profits (other than Ordinary Shares paid up out of distributable reserves and issued in lieu of a cash dividend) on a date (or by reference to a date) on or before the Final Subscription Date, the Conversion Price in force immediately prior to such allotment shall be adjusted by multiplying it by a fraction of which the numerator shall be the aggregate nominal amount of the issued Ordinary Shares immediately before such allotment and the denominator shall be the aggregate nominal amount of the issued and allotted Ordinary Shares immediately after such allotment and such adjustment shall become effective as at the date of allotment of such Ordinary Shares.

### **(c) Securities offer**

If on a date (or by reference to a record date) on or before the Final Subscription Date (i) the Company makes any offer or invitation (whether by way of rights issue or otherwise but not being an offer made in connection with scrip dividend arrangements) to the holders of the Ordinary Shares, or (ii) any offer or invitation (not being an offer to which paragraph 3(g) below applies) is made to such holders otherwise than by the Company, then the Company shall, so far as it is able, procure that at the same time the same offer or invitation is made to the then Subscription Shareholders as if their Subscription Share Rights had been exercised on the date immediately preceding the record date for such offer or invitation on the terms (subject to any adjustment made previously pursuant to paragraphs 2(a) to (f)) on which the same could have been exercised on that date, provided that, if the Directors so resolve in the case of any such offer or invitation made by the Company, the Company shall not be required to procure that the same offer or invitation is made to the then Subscription Shareholders but the Conversion Price shall be adjusted:

- (i) in the case of an offer of new Ordinary Shares for subscription by way of a rights issue at a price less than the market price at the date of announcement of the terms of the offer, by multiplying the Conversion Price for the relevant Subscription Date by a fraction of which the numerator is the number of Ordinary Shares in issue on the date of such announcement plus the number of Ordinary Shares which the aggregate amount payable for the total number of new Ordinary Shares comprised in such rights issue would purchase at such market price and the denominator is the number of Ordinary Shares in issue on the date of such announcement plus the aggregate number of Ordinary Shares offered for subscription; and
- (ii) in any other case, in such manner as the independent financial advisers appointed by the Board shall report in writing to be fair and reasonable.

Any such adjustments shall become effective, in the case of (i) above, as at the date of allotment of the new Ordinary Shares which are the subject of the offer or invitation and, in the case of (ii) above, as at the date determined by the independent financial advisers appointed by the Board. For the purposes of this paragraph “market price” shall mean the average of the middle market quotations (as derived from the Official List) for one Ordinary Share for the five consecutive dealing days ending on the dealing day immediately preceding the day on which the market price is to be ascertained.

- (d) No adjustment will be made to the Conversion Price pursuant to paragraphs 2(a), (b) or (c) above (other than by reason of a consolidation of Ordinary Shares as referred to in paragraph 2(a) above) if it would result in an increase in the Conversion Price and, in any event, no adjustment will be made if such adjustment would (taken together with the amount of any adjustment carried forward under the provisions of this paragraph 2(d)) be less than 1 per cent. of the Conversion Price then in force and on any adjustment the adjusted Conversion Price will be rounded down to the nearest whole penny. Any adjustment not so made and any amount by which the Conversion Price is rounded down will be carried forward and taken into account in any subsequent adjustment.
- (e) Whenever the Conversion Price is adjusted as provided in accordance with paragraphs 2(a) to (d) above (other than by reason of a consolidation of Ordinary Shares as referred to in paragraph 2(a) above), the Company shall issue, for no payment, additional Subscription Shares to each Subscription Shareholder at the same time as such adjustment takes effect and the nominal value of such shares shall be paid up in full in accordance with paragraph 8(i)(v). The number of additional Subscription Shares to which a holder of Subscription Shares will be entitled shall be the number of existing Subscription Shares held by him multiplied by the following fraction:

$$\frac{(X - Y)}{Y}$$

where:

X = the relevant Conversion Price immediately before the adjustment; and

Y = the relevant Conversion Price immediately after the adjustment.

Fractions of Subscription Shares will not be allotted to holders of Subscription Shares but all such fractions will be aggregated and, if practicable, sold in the market. The net proceeds will be paid to the Subscription Shareholders entitled thereto at the risk of such persons, save that amounts of less than £5.00 will be retained for the benefit of the Company. Subscription Share certificates relating to such additional Subscription Shares will be issued within 28 days of the said adjustment taking effect or the Company will procure that appropriate instructions are given to enable the adjustment to be made to the Subscription Shareholder's holding of Subscription Shares in the Relevant Electronic System.

- (f) Whenever the Conversion Price is adjusted in accordance with paragraph 2(a) above to reflect a consolidation of Ordinary Shares, the number of Ordinary Shares into which each holder of Subscription Shares is entitled to convert such Subscription Shares will be reduced accordingly.
- (g) The Company shall give notice to holders of Subscription Shares within 28 days of any adjustment made pursuant to paragraphs 2(a) to (f) above and, if appropriate, within such period despatch Subscription Share certificates (at the risk of the persons entitled thereto) to the holders of any additional Subscription Shares.

(h) *Takeover offer*

If a holder of Subscription Shares shall become entitled to exercise his Subscription Share Rights pursuant to paragraph 3(g) below, the Conversion Price payable on such exercise (but not otherwise) shall be reduced by an amount determined by the independent financial advisers appointed by the Board in accordance with the following formula:

$$A = (B+C) - D$$

where:

A = the reduction in the Conversion Price;

B = the Conversion Price which would, but for the provisions of this paragraph 2(h), be applicable (subject to any adjustments previously made pursuant to paragraphs 2(a) to (f) above) on the date on which the Company shall become aware as provided in paragraph 3(g) below;

C = the average of the middle market quotations (as derived from the Official List) for one Subscription Share for the 5 consecutive dealing days ending on the dealing day immediately preceding the date of



the announcement of the offer referred to in paragraph 3(g) below (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made; and

D = the average of the middle market quotations (as derived from the Official List) for one Ordinary Share for the 5 consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of the offer referred to in paragraph 3(g) below (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made,

provided that:

- (i) the Conversion Price shall not be reduced so as to cause the Company to be obliged to issue Ordinary Shares at a discount to nominal value and, if the application of the above formula would, in the absence of this proviso (i), have reduced the Conversion Price to below the nominal value of an Ordinary Share, the number of Ordinary Shares into which a Subscription Share may convert pursuant to paragraph 3(g) below shall be adjusted in such manner as the independent financial advisers appointed by the Board shall report to be appropriate to achieve the same economic result for the Subscription Shareholders as if the Conversion Price had been reduced without regard to this proviso (i); and
- (ii) no adjustment shall be made to the Conversion Price where the value of D exceeds the aggregate value of B and C in the above formula.

The notice required to be given by the Company under paragraph 3(g) below shall give details of any reduction in the Conversion Price pursuant to this paragraph 2(h).

- (i) For the purpose of determining whether paragraph 3(i) below shall apply and accordingly whether each holder of a Subscription Share is to be treated as if his Subscription Share Rights had been exercised as therein provided, the Conversion Price which would have been payable on such exercise shall be reduced by an amount determined by the independent financial advisers appointed by the Board in accordance with the following formula:

$$A = (B+C) - D$$

where:

A = the reduction in the Conversion Price;

B = the Conversion Price which would, but for the provisions of this paragraph 2(i), be applicable (subject to any adjustments previously made pursuant to paragraphs 2(a) to (f) above) on the date on which the effective resolution referred to in that paragraph shall be passed (as the case may be);

C = the average of the middle market quotations (as derived from the Official List) for one Subscription Share for the 5 consecutive dealing days ending on the dealing day immediately preceding the date of the presentation of the petition for such order or of the notice convening the meeting at which such resolution shall be passed (as the case may be) or, if applicable and earlier, the date of the first announcement of the presentation of such petition or the convening of such meeting (as the case may be) or that the same is proposed; and

D = the amount (as determined by the independent financial advisers appointed by the Board) of the assets available for distribution in the liquidation of the Company in respect of each Ordinary Share, taking into account for this purpose the Ordinary Shares which would arise on exercise of all the Subscription Share Rights and the Conversion Price which would be payable on the exercise of such Subscription Share Rights (subject to any adjustments previously made pursuant to paragraphs 2(a) to (f) above but ignoring any adjustment to be made pursuant to this paragraph 2(i)),

provided that no adjustment shall be made to the Conversion Price where the value of D exceeds the aggregate value of B and C in the above formula.

- (j) Where an event which gives or may give rise to an adjustment to the Conversion Price occurs whether in such proximity in time to another such event or otherwise in circumstances such that the Company in its absolute discretion determines that the foregoing provisions need to be operated subject to some modification in order to give a result which is fair and reasonable in all the circumstances, such modification shall be made in the operation of the foregoing provisions as may be advised by the independent financial advisers appointed by the Board to be in their opinion appropriate in order to give such a result.

### 3. Other provisions

So long as any Subscription Share Rights remain capable of exercise:

- (a) the Company shall not (except with the sanction of a special resolution of the Subscription Shareholders):
  - (i) make any distribution of capital profits or capital reserves except by means of a capitalisation issue in the form of fully paid Ordinary Shares;
  - (ii) issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares issued to the holders of its Ordinary Shares or the issue of further Subscription Shares to the Subscription Shareholders in accordance with the rights attaching to the Subscription Shares; or
  - (iii) on or by reference to a record date falling within the period of six weeks ending on the Final Subscription Date, make any such allotment as is referred to in paragraph 2(b) above or any such offer or invitation as is referred to in paragraph 2(c) above (except by extending to the Subscription Shareholders any such offer or invitation as may be made by a third party);
- (b) the Company shall not (except with the sanction of a special resolution of the Subscription Shareholders) in any way modify the rights attached to its existing Ordinary Shares as a class, or create or issue any new class of equity share capital (as defined in section 548 of the Companies Act 2006 as applicable) except for shares which carry, as compared with the rights attached to the existing Ordinary Shares, rights which are not more advantageous as regards voting, dividend or return of capital, provided that nothing herein shall restrict the right of the Company to increase, consolidate or sub-divide its share capital;
- (c) the Company shall not issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves nor make any such offer as is referred to in paragraph 2(c) if, in either case, the Company would on any subsequent exercise of the Subscription Share Rights be obliged to issue Ordinary Shares at a discount to nominal value;
- (d) subject to paragraph 3(j) below, the Company shall not (except with the sanction of a special resolution of the holders of the Subscription Shares or for a reduction not involving any payment to Shareholders) reduce any of its share capital or any uncalled or unpaid liability in respect of any of its share capital;
- (e) the Company shall ensure that the Directors have sufficient authority, pursuant to section 551 of the Companies Act 2006, at each Subscription Date to satisfy in full all Subscription Share Rights remaining exercisable;
- (f) the Company shall not grant (or agree to grant) any option in respect of, or create any rights of conversion for, any Ordinary Shares, the nominal amount of which, together with the aggregate nominal amount of any Ordinary Shares over which options or rights of conversion (including those of the Subscription Shares) shall be subsisting at the date of such grant or creation, would exceed in the aggregate 20 per cent. of the nominal amount of the Ordinary Shares (excluding any treasury shares) then in issue, nor (except with the sanction of a special resolution of the Subscription Shareholders) will the Company grant (or offer or agree to grant) any such option in respect of, or create any such rights of conversion for, or issue any securities or loan capital carrying rights of conversion into, Ordinary Shares if the price at which any such option or right is exercisable is lower than the Conversion Price for the time being;
- (g) subject as provided in paragraph 3(h) below, if at any time an offer is made to all Shareholders (or all such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of the Company and the Company becomes aware on or before the Final Subscription Date that as a result of such offer the right to cast a majority of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such companies or persons as aforesaid, the Company shall give notice to the Subscription Shareholders of such vesting or pending vesting within 14 days of its becoming so aware, and each such Subscription Shareholder shall be entitled, at any time within the period of 30 days immediately following the date of such notice, to exercise his Subscription Share Rights on the terms (subject to any adjustments pursuant to paragraphs 2(a) to (f) and subject to paragraph 2(h) above) on which the same could have been exercised if they had been exercised on the date on which the Company shall become aware as aforesaid. The publication of a scheme of arrangement under sections 895 to 901 of the Companies Act 2006 providing for the acquisition by any person of the whole or any part of the issued ordinary share capital of the Company shall be deemed to be the making of an offer for the purposes of this paragraph 3(g) and reference herein to such an offer shall be read and construed accordingly;
- (h) if under any offer as referred to in paragraph 3(g) above the consideration shall consist solely of the issue of ordinary shares of the offeror and the offeror shall make available an offer of securities to subscribe for ordinary shares in the offeror in exchange for the Subscription Shares, which offer the financial advisers to the Company (acting as experts and not as arbitrators) shall consider to be fair and reasonable (having

regard to the terms of the offer and any other circumstances which may appear to such financial advisers to be relevant), then a Subscription Shareholder shall not have the right to exercise his Subscription Share Rights on the basis referred to in paragraph 3(g) above and, subject to the offer as referred to in paragraph 3(g) above becoming or being declared wholly unconditional and the offeror being in a position to acquire compulsorily the whole of the then issued ordinary share capital of the Company not already owned by it or its associates (as defined in section 988 of the Companies Act 2006), any Director shall be irrevocably authorised as attorney for the holders of Subscription Shares who have not accepted the offer of securities to subscribe for ordinary shares in the offeror in exchange for the Subscription Shares:

- (i) to execute a transfer of the Subscription Shares held by such holders in favour of the offeror in consideration of the issue of securities to subscribe for ordinary shares in the offeror as aforesaid whereupon all the Subscription Shares shall lapse; and
  - (ii) to do such acts and things as may be necessary or appropriate in connection therewith;
- (i) if (i) an order is made or an effective resolution is passed for winding up the Company (except for the purpose of reconstruction, amalgamation or unitisation on terms sanctioned by a special resolution of the Subscription Shareholders); and (ii) in such winding up and on the basis that all Subscription Share Rights then unexercised had been exercised in full and the Conversion Price therefor at the relevant Subscription Date had been received in full by the Company there shall be a surplus available for distribution amongst the holders of the Ordinary Shares, including for this purpose the Ordinary Shares which would arise on exercise of all the Subscription Share Rights (taking into account any adjustments pursuant to paragraphs 2(a) to (f) and 2(i) above), which surplus would, on such basis, exceed in respect of each Ordinary Share a sum equal to such Conversion Price, each Subscription Shareholder shall be treated as if immediately before the date of such order or resolution (as the case may be) his Subscription Share Rights had been exercised in full on the terms (subject to any adjustments pursuant to paragraphs 2(a) to (f) and 2(i) above) on which the same could have been exercised and had been exercised immediately before the date of such order or resolution (as the case may be), and shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of the Ordinary Shares such sum as he would have received had he been the holder of the Ordinary Shares to which he would have become entitled by virtue of such subscription after deducting a sum per Ordinary Share equal to the Conversion Price (subject to any adjustments pursuant to paragraphs 2(a) to (f) and 2(i) above). Subject to the foregoing, all Subscription Share Rights shall lapse on liquidation of the Company; and
- (j) notwithstanding paragraphs 3(a) to (i) above, the Company may, without the sanction of special resolution of the Subscription Shareholders:
- (i) purchase any of its own equity share capital (including Subscription Shares) (whether by tender, by private treaty or through the market);
  - (ii) hold its Ordinary Shares in treasury (for the purposes of The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003) and sell any such Ordinary Shares held in treasury; and
  - (iii) effect a reduction in its share premium account or capital redemption reserve.

#### 4. Issue of C Shares

- (a) Notwithstanding the provisions of paragraph 3 above, a Qualifying C Share Issue (as defined in paragraph 4(b) below) shall not constitute an alteration or abrogation of the rights attached to the Subscription Shares (and shall not require the sanction of a special resolution of the Subscription Shareholders) even though it may involve modification of the rights attached to the existing Ordinary Shares or the creation or issue of a new class of equity share capital if the Directors are of the opinion (having regard to all the circumstances) that such issue should not have any material dilutive effect on the Net Asset Value per Ordinary Share.
- (b) For this purpose, a “Qualifying C Share Issue” means an issue by the Company of shares which will, within one year of the date of issue thereof, be converted into Ordinary Shares ranking *pari passu* in all respects with the Ordinary Shares then in issue (other than, if the case requires, as regards dividends or other distributions declared, paid or made in respect of the financial year in which the conversion takes place) and may include the issue in connection therewith of Subscription Shares or warrants (whether on the same terms and conditions as the Subscription Shares or otherwise) and any matters reasonably incidental to the process by which such shares are converted into Ordinary Shares, including but not limited to the creation, issue, sub-division, consolidation, redesignation, purchase, redemption or cancellation of any share capital of the Company, including share capital with preferred or deferred rights.

## 5. Modification of Rights

All or any of the rights for the time being attached to the Subscription Shares and any of these terms and conditions may from time to time (whether or not the Company is being wound up) be altered or abrogated with the sanction of a special resolution of the Subscription Shareholders.

## 6. Purchase

Subject to the provisions of the Companies Act 2006, the Company and its subsidiaries shall have the right to purchase Subscription Shares in the market, by tender or by private treaty but:

- (a) such purchases will be limited to a maximum price per Subscription Share which, in the case of purchases through the market, will not exceed the higher of (i) 5 per cent. above the average of the middle market quotations (as derived from the Official List) for the 5 consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made and (ii) the value of a Subscription Share calculated on the basis of the higher of the price quoted for (a) the last independent trade of, or (b) the highest current independent bid for, any number of Subscription Shares on the trading venue where the purchase is carried out; and
- (b) if such purchases are by tender, such tender will be available to all Subscription Shareholders alike.

All Subscription Shares so purchased shall forthwith be cancelled and shall not be available for re-issue or resale.

## 7. Transfer

Each Subscription Share will be in registered form and will be transferable:

- (a) in the case of Subscription Shares held in certificated form, by an instrument of transfer in any usual or common form, or in any other form which may be approved by the Directors; and
- (b) in the case of Subscription Shares held in uncertificated form, by giving the appropriate instructions for transfer by means of the Relevant Electronic System.

No transfer of a fraction of a Subscription Share may be effected.

## 8. General

- (a) The Company will, concurrently with the issue of the same to the holders of the Ordinary Shares, send to each Subscription Shareholder (or, in the case of joint holders, to the first named) a copy of each published annual report and accounts of the Company (or such abbreviated or summary financial statement sent to holders of Ordinary Shares in lieu thereof), together with all documents required by law to be annexed thereto, and a copy of every other statement, notice or circular issued by the Company to holders of Ordinary Shares.
- (b) For the purposes of the rights attaching to the Subscription Shares, a "special resolution of the Subscription Shareholders" means a resolution proposed at a meeting of the Subscription Shareholders duly convened and passed by a majority consisting of not less than three-fourths of the votes cast, whether on a show of hands or on a poll.
- (c) Any determination or adjustment made pursuant to the rights attaching to the Subscription Shares by the independent financial advisers appointed by the Board shall be made by them as experts and not as arbitrators and any such determination or adjustment made by them shall be final and binding on the Company and each of the Subscription Shareholders.
- (d) Any references in the rights attaching to the Subscription Shares to a statutory provision shall include that provision as from time to time modified or re-enacted.
- (e) Subject and without prejudice to paragraph 3(i) above, Subscription Shares carry no right to any dividend or other distribution by the Company and (save to the extent that the Directors elect in connection with an exercise of Subscription Share Rights as provided in paragraph 8(i) below) no right to be redeemed (although the Company may elect to purchase Subscription Shares pursuant to paragraph 6). Subscription Shareholders are not entitled to attend or vote at meetings of Ordinary Shareholders and have no right to share in any surplus in the event of liquidation beyond the right to be repaid the sum of one pence, being the nominal value of each Subscription Share (in respect of which conversion rights have not been exercised) held (which right ranks immediately after the right of the Ordinary Shareholders to be repaid the nominal value of 1p for each Ordinary Share (but subject to paragraph 3(i) above)).
- (f) If, immediately after any Subscription Date (other than the Final Subscription Date) and after taking account of any Subscription Share Rights exercised on that date, Subscription Share Rights shall have been exercised or cancelled in respect of 75 per cent. or more of the Subscription Shares originally issued (subject

to the adjustment of the number of Subscription Shares in accordance with paragraph 2 of this Part IV (excluding any Subscription Shares purchased by the Company or any of its subsidiaries but including any further Subscription Shares issued in accordance with the Articles)), the Company shall be entitled at any time within the next following 14 days to serve notice in writing on the holders of the Subscription Shares then outstanding of its intention to appoint a trustee for the purposes set out in this paragraph 8(f) the “Early Subscription Trustee” upon the expiry of 21 days from the date of such notice (the “Notice Period”) and for this purpose the Notice Period shall expire at 3.00 p.m. on the 21st day. Such notice shall set out the Final Subscription Date and will include all necessary details and instructions to enable the exercise of the Subscription Share Rights. Forthwith after the expiry of the Notice Period, the Company shall appoint the Early Subscription Trustee who, provided that in such trustee’s opinion the net proceeds of sale after deduction of all costs and expenses incurred by such trustee will exceed the costs of exercising the Subscription Share Rights, shall within the period of 14 days following the expiry of the Notice Period either:

- (i) exercise the Subscription Share Rights which shall not have been exercised on the terms on which the same could have been exercised immediately prior to the expiry of the Notice Period and had been exercised and sell in the market the Ordinary Shares resulting from such exercise; or
- (ii) (if it appears to the Early Subscription Trustee that doing so is likely to realise greater net proceeds for Subscription Shareholders) accept any offer available to Subscription Shareholders for the purchase of the outstanding Subscription Shares.

The Early Subscription Trustee shall distribute *pro rata* the proceeds of any such sale or acceptance of any such offer less, in either case, such costs of exercising the Subscription Share Rights and such other costs and expenses to the persons entitled thereto at the risk of such persons as soon as practicable after such sale and in any event within 28 days after the expiry of the Notice Period, provided that entitlements of under £5.00 shall be retained for the benefit of the Company. Following the expiry of the Notice Period, if the Early Subscription Trustee shall not exercise the Subscription Share Rights then outstanding within the period of 14 days following such expiry as set out in this paragraph 8(f) (and such trustee’s decision in respect thereof shall be final and binding on all holders of the outstanding Subscription Shares), all Subscription Share Rights shall lapse.

- (g) Within seven days following the Final Subscription Date the Company shall appoint a trustee (the “Final Subscription Trustee”) who, provided that in such trustee’s opinion the net proceeds of sale after deduction of all costs and expenses incurred by such trustee will exceed the costs of exercising the Subscription Share Rights, shall within the period of 14 days following the Final Subscription Date, either:
  - (i) exercise all the Subscription Share Rights which shall not have been exercised on the terms on which the same could have been exercised on the Final Subscription Date and sell in the market the Ordinary Shares resulting from such exercise; or
  - (ii) (if it appears to the Final Subscription Trustee that doing so is likely to realise greater net proceeds for Subscription Shareholders) accept any offer available to Subscription Shareholders for the purchase of the outstanding Subscription Shares.

The Final Subscription Trustee shall distribute *pro rata* the proceeds of any such sale or acceptance of any such offer less, in either case, such costs of exercising the Subscription Share Rights and such other costs and expenses to the persons entitled thereto at the risk of such persons within 56 days of the Final Subscription Date, provided that entitlements of under £5.00 shall be retained for the benefit of the Company. If the Final Subscription Trustee shall not exercise the Subscription Share Rights within the period of 14 days following the Final Subscription Date as set out in this paragraph 8(g) (and such trustee’s decision in respect thereof shall be final and binding on all holders of the outstanding Subscription Shares), all Subscription Share Rights shall lapse.

- (h) The Early Subscription Trustee or the Final Subscription Trustee (as appropriate) shall have no liability of any nature whatsoever where such trustee has acted honestly and reasonably and shall have no responsibility for the safe custody of, or to earn any interest on, any unpaid or unclaimed money.
- (i) The exercise of the Subscription Share Rights shall be effected in accordance with this paragraph 8(i) or in such manner as may be authorised by law. For the purposes of this paragraph 8(i) the “Relevant Shares” shall mean those Subscription Shares in respect of which Subscription Share Rights are exercised.
  - (i) To enable such subscription to be effected, the Directors may determine to redeem at par the Relevant Shares on any Subscription Date out of profits of the Company which would otherwise be available for dividend. In the event that the Directors determine to redeem the same at par out of such profits, a Relevant Share shall confer upon the holder thereof the right to subscribe for, and shall authorise the secretary of the Company (or any other person appointed for the purpose by the Directors) to subscribe as agent on such holder’s behalf for, one Ordinary Share at such price as shall represent the aggregate of:



(A) the Conversion Price; and

(B) the amount of the redemption moneys to which the holder is entitled;

and in any such case, the Subscription Notice given by such holder shall be deemed irrevocably to authorise and instruct such agent to apply the redemption moneys payable to such holder in subscribing for such Ordinary Shares at such price.

- (ii) To enable such subscription to be effected, the Directors may determine to redeem at par the Relevant Shares on any Subscription Date out of the proceeds of a fresh issue of Ordinary Shares. In the event that the Directors determine to redeem the same at par out of such proceeds, a Relevant Share shall confer upon the holder thereof the right to subscribe for, and shall authorise the secretary of the Company (or any other person appointed for the purpose by the Directors) to subscribe as agent on such holder's behalf for, one Ordinary Share at such price as shall represent the aggregate of:

(A) the Conversion Price; and

(B) the amount of the redemption moneys to which the holder is entitled;

and in any such case, the Subscription Notice given by such holder shall be deemed irrevocably to authorise and instruct such agent to apply the redemption moneys payable to such holder in subscribing for such Ordinary Shares at such price.

- (iii) To enable such subscription to be effected, the Directors may determine to effect such subscription by means of a consolidation and sub-division of the Relevant Shares. In such case, the requisite consolidation and sub-division shall be effected pursuant to the authority given by the resolution adopting the New Articles by consolidating into one share all the Relevant Shares held by any holder or joint holders and in respect of which a Subscription Notice shall have been given in respect of the relevant Subscription Date (treating holdings of the same holders or joint holders in certificated form and uncertificated form as separate holdings, unless the Directors otherwise determine) and, if the Directors so determine, any shares allotted to such holder or joint holder pursuant to paragraph 8(i)(v) and converting (and, if necessary, sub-dividing) such consolidated share into shares of 1p each (or such other nominal amount as may be appropriate as a result of any consolidation or sub-division of Ordinary Shares) of which one share for every complete 1p (or such other nominal amount as may be appropriate as a result of any consolidation or sub-division of Ordinary Shares) of the nominal amount of the consolidated share shall be Ordinary Shares (fractional entitlements to an Ordinary Share being disregarded) and the balance (if any) of such consolidated share shall be deferred shares which shall carry the limited rights set out in the Articles but in particular will be capable of being redeemed by the Company without further authorisation.

- (iv) In relation to any Relevant Shares that are to be redeemed in accordance with paragraph 8(i)(i) or 8(i)(ii) and that are, on the Subscription Date concerned, in uncertificated form, the Directors shall be entitled in their absolute discretion to determine the procedures for the redemption of such Relevant Shares (subject always to the CREST Regulations and the facilities, rules and requirements of the Relevant Electronic System). Without prejudice to the generality of the foregoing, the procedures for the redemption of any such Relevant Shares may involve or include the sending by the Company or by any person on its behalf of an issuer instruction to the operator of the Relevant Electronic System requesting or requiring the deletion of any computer based entries in the relevant system concerned that relate to the holding of the Relevant Shares concerned, and/or the Company may, if the Directors so determine (by notice in writing to the holder concerned), require the holder of the Relevant Shares concerned to change the form of the Relevant Shares from uncertificated form to certificated form prior to the Subscription Date concerned (and in each case the Directors shall determine the procedure for such redemption).

- (v) To enable any subscription to be effected in accordance with paragraph 8(i)(i) or the issue of any additional Subscription Shares pursuant to paragraph 2(e) above the resolution adopting the New Articles will authorise the Directors to capitalise any part of the amount then standing to the credit of any of the Company's reserve accounts (whether or not the same would lawfully be distributable by way of cash dividend) or to the credit of the share premium account, capital redemption reserve, profit and loss account or otherwise available for the purpose and the same shall be applied in paying up in full at par shares to be allotted and issued, credited as fully paid, to and amongst the holders of the Subscription Shares exercising their Subscription Share Rights in accordance with their respective entitlements or otherwise to the holders of Subscription Shares in accordance with paragraph 2(e). The restrictions and limitations in the New Articles relating to capitalisation issues generally shall not apply to any capitalisation or creation or issue of shares pursuant to paragraph 8(i) or paragraph 2(e) which shall instead be effected pursuant to the authority given by the resolution adopting the New Articles.



## PART V – SUMMARY OF ARTICLES OF ASSOCIATION

Set out below is a summary of the provisions of the current Articles of Association of the Company (as adopted on 8 September 2010). If the Resolutions are passed at the General Meeting the New Articles, which contain the rights attaching to the Subscription Shares and the updated continuation vote provisions (as described in the paragraph headed “Continuation vote” in Part I of this document), will be adopted. The only other change to be made to the current Articles of Association if the New Articles are adopted is to increase the maximum fees payable to Directors as explained in section 7.3 of this Part V below. The rights attaching to the Subscription Shares are set out in Part IV of this document.

### 1. Rights attaching to the Ordinary Shares

1.1. The Ordinary Shares (which at the date of this document are the only class of share in issue in the Company) have attached thereto the respective rights and privileges and are subject to the respective limitations and restrictions set out in this paragraph 1.

#### 1.2. As to dividends:

The Company in general meeting may by ordinary resolution declare dividends, but only on the recommendation of the Board and no dividend shall be exceed the amount recommended by the Board. The Board may also from time to time pay such interim dividends as appear to them to be justified by the financial position of the Company. Any such dividend so declared shall be paid proportionately to the amounts paid up on the member's shares in the accounting period in respect of which the dividend is paid. The Company may pay dividends of specific assets (rather than cash) where this is recommended by the Board and approved by ordinary resolution of the members.

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

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

In the event that a restriction notice (as detailed in paragraph 1.4(b) below) has been served, and the person holding the restricted shares holds at least 0.25 per cent. in number or nominal value of the shares in the Company, the Board may withhold the payment of all or part of any dividend (including shares issued in lieu of dividends) due on those restricted shares.

#### 1.3. As to liquidation rights:

The Company may be wound up (voluntarily or by the Court). The liquidator may, with the authority of a special resolution, divide among the members in kind the whole or any part of the assets of the Company, and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds. The liquidator may, with the authority of a special resolution, vest any part of the assets in trustees upon such trusts for the benefit of contributories as the liquidator shall think fit, but so that no contributor shall be compelled to accept any shares or other property in respect of which there is a liability.

#### 1.4. As to voting:

##### (a) General voting rights

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

##### (b) Restrictions on voting

If a holder of shares or any person appearing to be interested in those shares, is served with a statutory notice by the Company under the 2006 Act (which notice demands the disclosure of certain information regarding the recipient's interest in the shares) but defaults in supplying to the Company the information thereby required within 14 days of the service of such notice then the Directors may serve on the holder of those shares a further notice (a “restriction notice”) the effect of which is, *inter alia*, to prevent the holder from voting at any general meeting or class meeting of the Company in respect of those shares.

### 1.5. As to redemption rights:

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

## 2. Transfer of shares

The Articles provide that shares may be transferred on the following basis, subject to any specific restrictions set out in the Articles (including those detailed below) which may be applicable:

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

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

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

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

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

The Directors may in addition decline, subject to the Uncertificated Securities Regulations 2001 (as amended), to register the transfer of a share subject to a restriction notice (as detailed in paragraph 1.4(b) above) where the person holding the restricted shares holds at least 0.25 per cent in number or nominal value of the shares in the Company. This restriction cannot be applied where the transfer is pursuant to an "arm's length sale".

## 3. Variation of rights

All or any of the rights for the time being attached to any class of shares in issue may (whether or not the Company is being wound up) be varied either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. All the provisions of the Articles as to general meetings of the Company (described at section 10 below) shall, *mutatis mutandis*, apply to any such separate general meeting, but so that the necessary quorum shall be two persons present holding or representing by proxy not less than one-third in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares), (but so that at any adjourned meeting one holder present in person or by proxy (whatever the number of shares held by him) shall be a quorum), that every holder of shares of the class present in person or by proxy (excluding any shares of that class held as treasury shares) shall be entitled on a poll to one vote for every share of the class held by him (subject to any rights or restrictions attached to any class of shares) and that any holder of shares of the class present in person or by proxy may demand a poll. The foregoing provisions shall apply to the variation of any special rights which only attach to certain shares of a particular class as if the shares carrying such special rights formed a separate class.

#### **4. Untraced Shareholders**

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

#### **5. Capital reserve**

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

#### **6. Borrowing powers**

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

The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure (but as regards subsidiary undertakings only in so far as by the exercise of the rights or powers of control the Board can secure) that the aggregate principal amount from time to time outstanding of all borrowings by the Group (exclusive of borrowings owing by one member of the Group to another member of the Group) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to twenty five per cent. of the amount paid up on the issued share capital of the Company and the amount standing to the credit of the reserves (including any share premium account, capital redemption reserve and special reserve arising through the reduction or cancellation of share premium account) and any credit balance on the profit and loss account, all as shown by the then latest audited consolidated balance sheet but after:

- (i) deducting from the aggregate any debit balance on profit and loss account subsisting at the date of that audited consolidated balance sheet except to the extent that a deduction has already been made on that account; and
- (ii) making such adjustments as may be deemed appropriate by the Auditors to reflect any variation in the amount of the paid up share capital, share premium account, capital redemption reserve or special reserve arising through the reduction or cancellation of share premium account since the date of the audited consolidated balance sheet.

The term “borrowings” includes not only borrowings but also the following except in so far as otherwise taken into account:

- (i) the nominal amount of any issued and paid up share capital (other than equity share capital) of any subsidiary undertaking beneficially owned otherwise than by a member of the Group;
- (ii) the nominal amount of any other issued and paid up share capital and the principal amount of any debentures or borrowed moneys which is not for the time being beneficially owned by a member of the Group, the redemption or repayment of which is the subject of a guarantee or indemnity by a member of the Group or which any member of the Group may be required to purchase;
- (iii) the outstanding amount raised by acceptances by any bank or accepting house under any acceptance credit opened on behalf of and in favour of any member of the Group;
- (iv) the principal amount of any debenture (whether secured or unsecured) of a member of the Group beneficially owned otherwise than by a member of the Group; and
- (v) any fixed or minimum premium payable by a member of the Group on final repayment of any borrowing or deemed borrowing;

but do not include:

- (vi) borrowings incurred by any member of the Group for the purpose of repaying within six months of the borrowing the whole or any part (with or without premium) of any borrowings of that or any other member of the Group for the time being outstanding, pending their application for that purpose within that period.

## **7. Directors**

### **7.1. Number of Directors**

The minimum number of Directors is two and the maximum number of Directors is eight.

### **7.2. Appointment and removal of Directors**

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

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

The Company may remove a Director at any time by special resolution. The office of Director shall also be vacated if:

- (i) he resigns his office by notice in writing; or
- (ii) by notice in writing he offers to resign and the Board resolves to accept such offer; or
- (iii) by notice in writing his resignation is requested by all of the other Directors and all of the other Directors are not less than three in number; or
- (iv) a registered medical practitioner who is treating that Director gives a written opinion to the Company stating that the Director has become physically or mentally incapable of acting as a director and may remain so for more than three months; or
- (v) by reason of a Director's mental health, a court makes an order which wholly or partly prevents that Director from personally exercising any powers or rights which that Director would otherwise have; or
- (vi) he is absent without the permission of the Board from meetings of the Board (whether or not an alternate director appointed by him attends) for six consecutive months and the Board resolves that his office is vacated; or
- (vii) he becomes bankrupt or compounds with his creditors generally; or
- (viii) he is prohibited by law from being a Director; or
- (ix) he ceases to be a Director by virtue of company law or is removed from office pursuant to the Articles.

### **7.3. Directors' fees, expenses and remuneration**

The fees paid to Directors for their services as Directors shall not exceed £150,000 in aggregate or such higher amount as the Company may by ordinary resolution determine (this limit shall be increased to £200,000 if the New Articles are adopted). A Director may also be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board (or any committee thereof) and any other meeting that he is entitled to attend and all other costs and expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties. A Director who is appointed to any executive office or who performs services which, in the opinion of the Board, go beyond the ordinary duties of a Director may be paid such extra remuneration as the Board (or any committee thereof) may think fit.

### **7.4. Directors' interests**

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

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

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

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

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

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

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

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

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

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

#### **7.5. Voting and quorum**

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

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

#### **8. Winding up**

On a winding up of the Company (whether the liquidation is voluntary or by the Court), the liquidator may, with the authority of a special resolution of the Company, divide among the members in specie or kind the whole or any part of the assets of the Company. Further details are given at paragraph 1.3 above.

#### **9. General meetings**

Annual general meetings shall be convened by not less than 21 clear days' notice in writing. All other general meeting shall be called by not less than 14 clear days' notice in writing. The notice shall specify the place, day and time of the meeting, and the general nature of the business to be transacted. Notice of every general meeting shall be given to all members other than any who, under the provisions of the Articles or the terms of issue of the Shares they hold, are not entitled to receive such notices from the Company, and also to the Auditors.

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

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



## PART VI – GENERAL INFORMATION

### 1. Incorporation and general

- 1.1. The Company was incorporated and registered in England on 22 January 1931 as a private company limited by shares under the Companies Act 1929 with the name M.K.J. Trust Limited and the registered number 00253644. The Company was renamed MKJ Investment Company Limited on 21 August 1990. On 7 October 1998, the Company re-registered as a public company limited by shares and was renamed Piccadilly Growth Trust plc. Since 29 August 2003 the registered name of the Company has been Artemis Alpha Trust plc. The Company operates under that name. The Company is domiciled in England. Its registered office is Cassini House, 57 St. James's Street, London SW1A 1LD (Telephone number: 020 7399 6200).
- 1.2. The principal legislation under which the Company operates and under which the New Ordinary Shares and the Subscription Shares will be created is the 2006 Act. The Company also complies with the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules. The Company is not authorised or regulated by the Financial Services Authority.
- 1.3. The objects of the Company are unrestricted.
- 1.4. The Investment Manager is a limited liability partnership and was established in England and Wales under the Limited Liability Partnerships Act 2000 on 13 April 2010 with registered number OC354068. The Investment Manager operates under the Limited Liability Partnerships Act 2000. Its registered office is at Cassini House, 57 St. James's Street, London SW1A 1LD and principal place of business is 42 Melville Street, Edinburgh EH3 7HA (Telephone number: 020 7399 6200). The Investment Manager is domiciled in the United Kingdom. The Investment Manager is authorised and regulated by the Financial Services Authority and has significant experience of providing investment management services.
- 1.5. JPMorgan Chase Bank, National Association, London Branch acts as custodian to the Company. The Custodian is a banking association organised under the laws of USA with limited liability. Its main office is situated at 1111 Polaris Parkway, Columbus Ohio, 43240. It has a branch registered in England and Wales, branch no. BR000746 with a registered branch office at 125 London Wall, London EC2Y 5AJ. The Branch is authorised and regulated by the Financial Services Authority.

### 2. Share capital

- 2.1. The 2006 Act abolished the requirement for a company to have an authorised share capital. At the annual general meeting of the Company held on 8 September 2010 the Company adopted new articles of association reflecting this abolition and no longer has authorised share capital. The share capital of the Company comprises an unlimited number of shares of 1p each. The issued share capital of the Company (all of which will be fully paid) as at the date of this document and immediately following the implementation of the Proposals (and on the basis of the assumptions noted below) will be as follows:

	<b>Issued</b>	
	<i>No. of Shares</i>	<i>Nominal</i>
<b>As at the date of this document</b>		
Ordinary Shares	29,991,203	1.00p
<b>Immediately following the Proposals</b>		
Ordinary Shares	48,024,243	1.00p
Subscription Shares	6,860,606	1.00p

#### Notes:

This table assumes that the maximum level of elections for the Cash Option are made, 11,499,058 New Ordinary Shares are issued to GGO Shareholders pursuant to the Scheme, 6,533,982 New Ordinary Shares are issued on exercise of the Manager Warrants and 6,860,606 Subscription Shares are issued pursuant to the Bonus Issue. The details of the issued share capital of the Company (both at the date of this document and immediately following the implementation of the Proposals) excludes the 551,500 Ordinary Shares held in treasury.

- 2.2. As at the date of this document, there are 6,533,982 Manager Warrants in issue in respect of 6,533,982 Ordinary Shares. Each Manager Warrant entitles a holder to subscribe for an Ordinary Share in the Company at specific subscription dates (being the last Business Day in March and September up to and including September 2013) and on the occurrence of certain events. All of the Manager Warrants will be exercised as part of the Proposals.
- 2.3. As at 1 May 2007, the first day covered by the historical financial information incorporated by reference into this document, 33,233,488 Ordinary Shares were in issue fully paid or credited as fully paid (excluding treasury shares) and 6,671,697 Manager Warrants were outstanding in respect of 6,671,697 Ordinary Shares. Since 1 May 2007, there have been the following changes in the share capital of the Company:
  - (i) during the year ended 30 April 2008, 565,000 Ordinary Shares were bought back into treasury by the Company;



- (ii) during the year ended 30 April 2009, 2,263,500 Ordinary Shares were bought back into treasury by the Company;
- (iii) during the year ended 30 April 2009, 690,000 Ordinary Shares held in treasury by the Company were cancelled;
- (iv) during the year ended 30 April 2010, 414,500 Ordinary Shares were bought back into treasury by the Company;
- (v) during the year ended 30 April 2010, 2,263,500 Ordinary Shares held in treasury by the Company were cancelled;
- (vi) during the year ended 30 April 2010, 102,715 Ordinary Shares were issued in respect of an exercise of Manager Warrants;
- (vii) at 30 April 2010 (being the date of the last audited balance sheet of the Company published prior to the date of this document), the issued share capital of the Company was £300,932.03 divided into 30,093,203 Ordinary Shares (excluding 414,500 held by the Company in treasury). The Ordinary Shares were listed on the Official List and were admitted to trading on the London Stock Exchange's Main Market on 16 October 1998; and
- (viii) during the period from 1 May 2007 to 30 April 2010, 3,243,000 Ordinary Shares were bought back into treasury by the Company.

As at 1 May 2007, the Company had in issue 33,233,488 Ordinary Shares (excluding treasury shares) and, as at 30 April 2010, the Company had in issue 30,093,203 Ordinary Shares (excluding treasury shares). The total issued share capital at the date of this document is £299,912.03 divided into 29,991,203 Ordinary Shares (excluding treasury shares).

- 2.4. No share or loan capital of the Company has been issued or agreed to be issued or, save in connection with the Issue and pursuant to the Manager Warrants, is now proposed to be issued, for cash or any other consideration and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital.
- 2.5. Save for 6,533,982 Ordinary Shares which are the subject of the Manager Warrants, no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 2.6. In order for the Company to issue the New Ordinary Shares and the Subscription Shares, at the General Meeting shareholders will be asked to pass resolutions in relation to the Company's share capital to:
  - (i) authorise the Directors to allot New Ordinary Shares in connection with the Proposals without regard to statutory pre-emption rights;
  - (ii) authorise the Directors to allot Subscription Shares pursuant to the Bonus Issue;
  - (iii) authorise the Directors to make market purchases of Subscription Shares up to 14.99 per cent. of the issued Subscription Share capital following Admission;
  - (iv) (in substitution for the authority granted at the 2010 AGM), authorise the Company to make market purchases of the Ordinary Shares up to 14.99 per cent. of the issued Ordinary Share capital immediately following Admission;
  - (v) in substitution for the authority granted at the 2010 AGM to authorise the Directors to allot or sell from treasury Ordinary Shares (without regard to statutory pre-emption rights) with a maximum nominal amount of £60,000 or, if less 10 per cent. of the total ordinary share capital in issue immediately following Admission becoming effective;
  - (vi) authorise the Company to cancel the amount standing to the credit of the share premium account attributable to the Issue; and
  - (vii) adopt the New Articles to, *inter alia*, provide for the rights attaching to the Subscription Shares.
- 2.7. Subject to the 2006 Act, any equity shares issued by the Company for cash must first be offered to existing shareholders in proportion to their holding of Shares. Both the 2006 Act and the Listing Rules allow for disapplication of pre-emption rights which may be waived by special resolution of the Shareholders either generally or specifically, for a maximum period not exceeding five years. The pre-emption rights have currently been disappplied in respect of certain issues of Shares or sales of Shares out of treasury pursuant to a resolution passed at the 2010 AGM and it is proposed that they be disappplied in respect of the Subscription Shares as referred to in paragraph 2.6 of this Part VI.
- 2.8. The Company has authority to make market purchases of up to 14.99 per cent. of the Ordinary Shares in issue at 8 September 2010 (the date on which the buy back authority was granted by special resolution of the Company) and it is proposed that this authority is renewed and an equivalent authority granted in respect of the Subscription Shares as referred to in paragraph 2.6 of this Part VI.

- 2.9. It is expected that the New Ordinary Shares and the Subscription Shares will be issued pursuant to a resolution of the Board on or around 10 December 2010 conditional upon admission of those shares to the Official List and to trading on the Main Market of the London Stock Exchange. All of the Ordinary Shares are admitted to trading on the main market of the London Stock Exchange.
- 2.10. Under the Issue, the New Ordinary Shares and the Subscription Shares will be issued fully paid and in registered form and may be held in either certificated or uncertificated form. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instruments. The Articles permit the holding of New Ordinary Shares under the CREST system. CREST is a voluntary system and holders of New Shares who wish to receive and retain share certificates will be able to do so. Temporary documents of title will not be issued in respect of New Ordinary Shares and the Subscription Shares issued in certificated form under the Issue. Definitive certificates for such New Ordinary Shares and the Subscription Shares are expected to be despatched in during the week commencing 20 December 2010.
- 2.11. Subject to any restrictions contained in the Articles, the New Ordinary Shares and the Subscription Shares are freely transferable. However, any restrictions contained in the Articles will not prevent dealings in the New Ordinary Shares and the Subscription Shares on an open and proper basis.

### 3. Articles of Association and the New Articles

- 3.1. A summary of certain provisions of the Articles is set out in Part V of this document.
- 3.2. Conditional upon the passing of the Resolutions at the General Meeting and satisfaction of the other conditions to implementation of the Proposals, the Subscription Shares are expected to be issued on 10 December 2010 and will carry the rights described in Part IV of this document. The Articles will be replaced with the New Articles on the Effective Date to reflect, *inter alia*, these rights. The only other changes to the Company's current Articles of Association are as follows:
- under the New Articles, a continuation vote is to be proposed at the annual general meeting of the Company in 2018 (after the last date for exercise of the Subscription Share Rights) (as described in the section entitled "Continuation Vote" in Part I of this document); and
  - under the current Articles of Association, the fees to, and benefits in kind received by, the Directors for their services in the office of director shall not exceed in aggregate £150,000 per annum (exclusive of value added tax, if applicable) or such higher amount as the Company may from time to time by ordinary resolution determine. Under the New Articles, this aggregate limit is increased to £200,000 per annum (exclusive of value added, tax if applicable). Although the Company has no current intention to increase the fees and benefits of individual Directors, it is proposed to increase this aggregate limit so as to give the Board flexibility to increase the number of Directors to six following implementation of the Proposals if they believe it is in the best interests of the Company to do so.

### 4. Directors, Proposed Director and their interests

- 4.1. The aggregate of the remuneration paid (including any contingent or deferred compensation) and benefits in kind granted to the Directors by the Company in respect of the last completed financial year of the Company ended 30 April 2010 was £108,000. The Directors who served the Company during the year ended 30 April 2010 received the said aggregate remuneration in the form of the following fees:

Name	Year ended 30 April 2010
Mr Miller (Chairman)	£26,000
Mr Barron	£22,000*
Mr Cross Brown	£20,000
Mr Dalrymple	£20,000
Mr Peel	£20,000

\* Mr Barron's fees are paid to nominated charities.

It is proposed that Ian Dighé will be paid £20,000 per annum in respect of his appointment as a non-executive director of the Company.

It is estimated that the aggregate remuneration to be paid and benefits in kind granted to the Directors by the Company for the current financial period will not exceed £108,000. Save as set out in this paragraph 4.1, the total fees receivable by the Directors will not be varied as a result of the Proposals. None of the Directors are eligible for bonuses, pensions, retirement or other similar benefits or share options.

- 4.2. Each of Mr Miller, Mr Barron, Mr Cross Brown, Mr Dalrymple and Mr Peel has entered into a letter of appointment with the Company dated 16 July 2003, 17 February 2005, 7 April 2006, 17 March 2004 and 16 July 2003 respectively. The current period of service for Mr Dalrymple expires at the annual general meeting

of the Company to be held following the year ended 30 April 2013, subject to renewal at that time. The current period of service for each of Mr Miller and Mr Barron expires at the next annual general meeting of the Company, subject to renewal at that time. The current period of service for Mr Cross Brown expires at the annual general meeting of the Company to be held following the year ended 30 April 2012, subject to renewal at that time. Mr Peel has agreed to retire as a Director upon the Proposals becoming effective. The Company has the right to terminate each appointment without compensation if the relevant Director is required to vacate his office in accordance with the Articles and, subject thereto, the letters of appointment do not contain any contractual provisions regarding the compensation which would be payable upon early termination by the Company. Ian Dighé a director of GGO, will become a Director and enter into a letter of appointment with the Company if the Proposals become effective. Mr Dighé will resign and stand for re-election at the annual general meeting of the Company held in 2011, being the first annual general meeting of the Company after he joins the Board. The fees payable to the Directors are set out in paragraph 4.1 above. The fees will be reviewed annually and may be increased in line with usual market rates. Save as set out in this paragraph 4.2, there are no existing or proposed service contracts or letters of engagement between any of the Directors and the Company.

- 4.3. No Director has or has had any direct or indirect interest in any transaction that is or was unusual in its nature or conditions or which is or was significant to the business of the Company and that was effected by the Company since the date of its incorporation.
- 4.4. No loan or guarantee has been granted or provided by the Company for the benefit of any Director or the Proposed Director.
- 4.5. (i) As at the date of this document, the Directors and the Proposed Director, or their immediate families and related trusts, had the following interests in the issued share capital of the Company (all of which are beneficial unless otherwise stated) and will, if the Bonus Issue is approved and the Proposals are implemented, have the following interests (all of which will be beneficial unless otherwise stated) immediately following the implementation of the Proposals (based on the assumptions set out below): (a) which are required to be notified to the Company pursuant to the Disclosure and Transparency Rules; or (b) being interests of a person connected (within the meaning given in the Disclosure and Transparency Rules) with the Director or the Proposed Director which would, if such connected person were a Director or a Proposed Director be required to be disclosed under (a) above and the existence of which was known to or could, with reasonable diligence, be ascertained by the Director or the Proposed Director.

<i>Name</i>	<i>No. of Ordinary Shares currently held</i>	<i>Percentage of current issued Ordinary Shares<sup>(1)</sup></i>	<i>No. of New Ordinary Shares<sup>(2)</sup></i>	<i>Percentage of enlarged issued Ordinary Share capital<sup>(2)</sup></i>	<i>No. of Subscription Shares to be issued under Bonus Issue</i>	<i>Percentage of Subscription Share capital</i>
Mr Miller ( <i>Chairman</i> )	10,000	0.03	Nil	0.02	1,428	0.02
Mr Barron	5,000	0.02	Nil	0.01	714	0.01
Mr Cross Brown	44,321	0.15	Nil	0.09	6,331	0.09
Mr Dalrymple <sup>(3)</sup>	18,000	0.06	Nil	0.04	2,571	0.04
Mr Peel	100,000	0.33	Nil	0.21	14,285	0.21
Mr Dighé	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

- (1) The percentages shown above are calculated after excluding the 551,500 Ordinary Shares held by the Company in treasury.
- (2) In compiling the above table of interests it has been assumed that (i) the maximum level of elections for the Cash Option are made (ii) each of the GGO Shareholders who elects or is deemed to elect for the Rollover Option is issued 1.6723 New Ordinary Shares for each GGO Share held by him and (iii) all of the Manager Warrants are exercised and 6,533,982 New Ordinary Shares issued on the exercise thereof. In these circumstances, 1,499,058 New Ordinary Shares and 6,860,606 Subscription Shares would be issued pursuant to the Proposals.
- (3) 20,000 of these Ordinary Shares belong to Mr Dalrymple's parents. Mr Dalrymple has voting discretion over these shares.
- (ii) As at 9 November 2010 (being the latest practicable date prior to the publication of this document), none of the Directors or the Proposed Director had any options over the share capital of the Company.
- (iii) As at 9 November 2010 (being the latest practicable date prior to the publication of this document), the Proposed Director is not interested in any GGO Shares, and has no options over any GGO Shares.

- 4.6. Details of those companies (other than the Company) and partnerships of which the Directors and the Proposed Director have been a member of the administrative, management or supervisory body or a partner at any time during the five years preceding the date of this document are as follows:

<i>Director</i>	<i>Current appointments</i>	<i>Previous appointments</i>
Mr Miller	Dunedin Capital Partners Limited Dunedin Capital Holdings Limited Dunedin Enterprise Investment Trust plc Dunedin Capital Group Limited Dunedin Capital Partners (G.P) Limited Dunedin Founder Partners (G.P.) Limited Alpha Securities Trading Limited JPMorgan Elect plc Amati VCT plc Brewin Dolphin Holdings plc Bruce Stevenson Limited Practice Plan Holdings Limited etc Venues Group Limited ETC Venues ESOP Trustee Limited Scoban plc Scottish Friendly Assurance Society Limited Lt Dougie Dalzell MC Memorial Trust	Adam & Company Investment Management Limited Adam & Company Group Public Limited Company Adam & Company Public Limited Company Bonhams Scotland Limited Bonhams UK Limited The Wemyss Development Company Ltd. Practice Plan Holdings 2007 Limited Capula Group Limited Dunedin Enterprise Limited Greenrock Energy Services Company Limited JPMorgan Fleming Managed Income plc
Mr Barron	The Association of Investment Companies Alpha Securities Trading Limited	DMWS 504 Limited Intelli Dealing Company Limited Intelli Investments Limited
Mr Cross Brown	Heathfield School ISLIP Consulting Limited Phoenix Group Holdings Pearl Group Holdings (No. 2) Limited The Heathfield School Foundation Alpha Securities Trading Limited Just Retirement Limited Just Retirement Solutions Limited Just Retirement (Holdings) Limited BlueBay Asset Management plc Phoenix Life Holdings Limited Aethra Asset Management BV	Artemis Strategic Asset Management Limited Bank of America (GSS) Limited London Life Limited National Provident Life Limited NPI Limited Pearl Assurance Limited Quintain Estates and Development plc Quintain Services Limited P.A.T. (Pensions) Limited Ignis Fund Managers Limited Ignis Investment Services Limited Ignis Asset Management Limited
Mr Dalrymple	Alpha Securities Trading Limited Aubrey Capital Management Limited	DMWS 504 Limited Intelli Dealing Company Limited Intelli Investments Limited
Mr Peel	Strathtay Investments Limited Alpha Securities Trading Limited Heli Air Limited Ingenious Music VCT plc Weight To Go Limited The Mercantile Investment Trust plc Physic Place Management Limited Wellington Boots Limited CLF Properties Limited Lower Silton Farm Limited Inside Track Productions LLP Inside Track 3 LLP Inside Track 2 LLP Helicopter Aircraft Holdings Limited	Starnevesse Limited Mackintosh Limited Mercantile Management Limited Skyline 2000 Limited Ingenius Film Partners LLP

<i>Director</i>	<i>Current appointments</i>	<i>Previous appointments</i>
Mr Dighé	Matterley Holdings LLP Hopkins & Jones Limited New Wine Resources Limited New Wine Trust McKenna & Partners Limited Independent Port Handling Limited Westminster Theological Centre Cruise and Passenger Services Limited Pathfinder Personnel Limited Southampton Cargo Handling Limited Strategic Equity Capital plc Gartmore GO Dealing Limited Gartmore Growth Opportunities plc	Silverwind Securities Limited Bionostics Limited Bridgewell Group Limited Bridgewell Limited Silverwind Securities Limited Insurecom Limited Bridgewell Advisers Limited Bridgewell Corporate Holdings Limited Bridgewell Investment Management Limited Bridgewell Investments Limited Bridgewell Nominees Limited Bridgewell Partners Limited Bridgewell Ventures Limited Gilbert Elliott & Company Limited Bridgewell Corporate Finance Limited Bridgewell Securities Nominees Limited Matterley Management Services Limited Matterley Holdings LLP

Further details of each Director's and the Proposed Director's relevant experience can be found under the Section entitled "Directors and Proposed Director" in Part I of this document.

4.7. Save as disclosed in paragraph 4.6 above none of the Directors or the Proposed Director:

- (i) has been a member of any administrative, management or supervisory body or partner of any company or partnership at any time during the five years preceding the date of this document;
- (ii) has had any convictions in relation to fraudulent offences in the five years preceding the date of this document;
- (iii) has been associated with any bankruptcies, receiverships or liquidations when acting in the capacity of a member of the administrative, management or supervisory body or a partner of any company and/or partnership referred to in paragraph 4.6 above other than:
  - (a) Mr Barron and Mr Dalrymple who were directors of DMWS 504 Limited, Intelli Dealing, Company Limited and Intelli Investments Limited at the time they were placed into members voluntary liquidation on 9 September 2010;
  - (b) Mr Dighé who was designated member of Matterley Holdings LLP when it was dissolved on 26 October 2010;
  - (c) Mr Miller who was a director of JPMorgan Fleming Managed Income plc at the time it was dissolved on 10 February 2006; and
  - (d) Mr Dighé is a director of McKenna & Partners Limited which was placed into members' voluntary liquidation on 29 March 2010.
- (iv) has been the subject of any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) and has not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years (for this purpose, "issuer" has the meaning ascribed to it by Appendix I to the Prospectus Rules).

4.8. There are no potential conflicts of interest between any duties of the Directors, the Proposed Director and the Company and their private interests and/or other duties. There are no arrangements or understandings with any major shareholders, customers, suppliers or others pursuant to which any of the Directors and/or the Proposed Director were selected as a Director or a member of any committee of the Board. All of the Directors and the Proposed Director are independent of the Investment Manager and any other company in the same group of companies as the Investment Manager.

## 5. Subsidiary undertakings

The Company is the holding company of the Group. The company has two subsidiary undertakings, details of which are set out below. DMWS 504 Limited was placed into liquidation on 9 September 2010.

<i>Name</i>	<i>Place of incorporation</i>	<i>Business activity</i>	<i>Shares owned</i>	<i>Percentage of share capital owned</i>
Alpha Securities Trading Limited	England	Investment dealing	2 ordinary shares of £1 each	100
DMWS 504 Limited	Scotland	Dormant	640,000 ordinary shares of £1 each	100

The Company holds the full voting power in the subsidiary undertakings.

## 6. Substantial share interests

- 6.1. As at the close of business on 9 November 2010 (being the latest practicable date prior to the publication of this document), the following persons were known to be directly or indirectly interested in 3 per cent. or more of the Company's issued share capital:

<i>Name of Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Ordinary Shares in issue with voting rights</i>	<i>Number of Ordinary Shares issuable pursuant to exercise of Manager Warrants</i>
Rathbone Investment Management	1,945,698	6.49	0
Murray Asset Management	1,594,354	5.32	0
Rensburg Sheppards Investment Management	1,556,968	5.19	0
Troy Asset Management	1,545,504	5.15	0
Brewin Dolphin Limited	1,496,606	4.99	0
Legal & General Investment Management Limited	1,187,507	3.96	0
Charles Stanley	1,021,179	3.40	0
John Dodd	1,017,812	3.39	1,493,143

- 6.2. As at the close of business on 9 November 2010 (being the latest practicable date prior to the publication of this document), the Directors were not aware of any person or persons who will or could, directly or indirectly, jointly or severally, exercise control over the Company.

- 6.3. None of the Company's Shareholders have different voting rights.

## 7. Material contracts

Save as disclosed in this paragraph 7, neither the Company nor any member of the Group has entered, other than in the ordinary course of business, into (a) any contract which is or may be material to the Group within the two years immediately preceding the publication of this document or (b) any contract containing provisions under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

- (i) By a Management Agreement dated 3 June 2003 between the Company and Artemis Strategic Asset Management Limited (and novated from Artemis Strategic Asset Management Limited to the Investment Manager with effect from 1 October 2010), the Investment Manager has agreed to act as investment manager to the Company for a management fee.

Under the terms of the Management Agreement, the Investment Manager is entitled to receive an investment management fee at the rate of 0.75 per cent. per annum of the market capitalisation of the Company payable quarterly in arrears.

The Management Agreement will continue unless and until terminated by either party giving to the other not less than twelve months' written notice. In the event of the Company terminating the Management Agreement by giving less than twelve months' notice, the Investment Manager is entitled to an amount in lieu of notice in respect of the unexpired notice period equivalent to 0.75 per cent. of the market capitalisation of the Company on the date of termination. The Management Agreement can, in addition, be terminated forthwith by either party where, *inter alia*, the other has committed a material breach of the Management Agreement which has not been remedied (if capable of remedy) within 30



days of notification of such breach; if certain insolvency events occur in relation to the other party; or the Investment Manager ceases to be authorised by the Financial Services Authority and so is not able to discharge its functions lawfully. In the event of such termination, the Manager shall be entitled to receive all fees and other monies accrued due up to the date of such termination.

The Investment Manager also provides secretarial and administrative services to the Company.

- (ii) By a supplemental investment management agreement entered into between the Company and the Investment Manager on 11 November 2010, subject to and with effect from the implementation of the Proposals, the Management Agreement will be amended to provide for a performance fee to be payable to the Investment Manager on 30 April each year commencing on 30 April 2012 and as described in the section entitled “the new fee proposal” in Part I of this document.

A “high water mark” applies to the performance fee such that it will only be payable if the Company’s share price ends the relevant measurement period higher than at the start and is higher than the last share price level (on a total return basis) at which a performance fee was last paid. The performance fee payable each year cannot exceed 2.5 per cent. of the Company’s market capitalisation at the end of the measurement period (calculated as the average market capitalisation of the Company over the last 10 Business Days of such period).

- (iii) By an agreement dated 11 November 2010, the Investment Manager has agreed to make a cost contribution towards the costs and expenses incurred or to be incurred by the Company in connection with the Proposals. The amount of the cost contribution is linked to, and increased proportionately with, the aggregate value of Elections made for the Rollover Option. As a minimum, the Investment Manager will meet any costs and expenses incurred, or to be incurred, by the Company in connection with the Proposals not offset by the value transfer under the Scheme.
- (iv) By a letter of undertaking dated 11 November 2010 from the Company to GGO, the Company has irrevocably undertaken, in connection with the GGO Scheme, to enter into an agreement (the “Transfer Agreement”) between the Company, the GGO Liquidators (in their personal capacity and on behalf of GGO) and Gartmore Investment Limited on the Effective Date or as soon as is practicable thereafter, pursuant to which part of the assets and undertaking of GGO will be transferred to the Company in consideration for the issue of New Ordinary Shares to the GGO Shareholders who elect or are deemed to have elected to roll-over their investment into New Ordinary Shares (other than the Company if it holds GGO Shares) and a payment in cash to GGO (or such person as the GGO Liquidator may direct). Each of the parties to the Transfer Agreement has undertaken to use its or his respective reasonable endeavours to implement the GGO Scheme, provided that the conditions to the Transfer Agreement have been fulfilled.
- (v) By an agreement between the Company and the Custodian dated 30 June 2010, the Custodian was appointed to provide custodian, settlement and other associated services to the Company. The Custodian charges fees as may be agreed with the Company from time to time. The agreement may only be terminated by the Company on giving the Custodian 30 days’ written notice; by the Custodian giving the Company 180 days’ written notice, or with immediate effect, by one party where the other has acted negligently, fraudulently or is in wilful default in carrying out its obligations under the agreement or an insolvency event has occurred in respect of that party. By an agreement between the Company and HSBC Bank plc (“HSBC”) dated 6 March 2006, HSBC previously acted as the Company’s custodian. Following the appointment of the Custodian, most of the Company’s assets have been transferred by HSBC to the Custodian. However, HSBC continues to act as custodian in respect of a small number of assets on behalf of the Company (principally unquoted investments or those with restrictions on transfer).
- (vi) By an agreement between the Company and The Royal Bank of Scotland plc dated 15 December 2009 and 23 December 2009 (as amended), The Royal Bank of Scotland plc provides an £11.5 million committed multi-currency revolving credit facility expiring on 30 November 2011. Interest is charged at a rate equal to 2.5 per cent. above the British Bankers’ Association Interest Settlement Rate as agreed at the time of draw down and is payable at the maturity date of each advance.
- (vii) By a commitment letter from RBS to the Company dated 11 November 2010, RBS has offered, subject to the terms and conditions of the commitment letter including the entering into of a facility agreement and related documentation in a form and substance satisfactory to RBS, to provide a £15 million multi currency revolving credit facility to the Company. The facility would be available for a period of one year following the entering into of the facility agreement. It is intended that this facility agreement will be entered into prior to the Effective Date. The facility would be used to fund in part elections for the Cash Option and otherwise in accordance with the investment policy of the Company from time to time. Interest would be charged at a rate which is the aggregate of a margin of 1.55 per cent. per annum, LIBOR and mandatory costs. An arrangement fee of 0.6 per cent. of the amount of the facility is payable on the Effective Date.

- (viii) By an agreement between the Company and JPMorgan Chase Bank, National Association, London Branch dated 11 November 2010, JPMorgan Chase Bank also provides an overdraft facility of £2.5 million to the Company.
- (ix) By agreements between the Company and the Investment Manager dated 2 September 2003, 7 September 2004 and 8 February 2006 the Company agreed to issue warrants to subscribe for Ordinary Shares to the Investment Manager (or its nominees). Certain persons associated with the Investment Manager (being partners of the Investment Manager (including the fund managers with principal responsibility for the Company's investment portfolio), members of their families and a former employee of the Investment Manager) hold Manager Warrants to subscribe for in aggregate 6,533,982 Ordinary Shares. The terms of the Manager Warrants set out the price at which, and the terms on which, the holders of Manager Warrants can subscribe for such Ordinary Shares. Pursuant to deed polls dated 11 November 2010, the terms of the Manager Warrants have, been amended, conditional upon the GGO Scheme becoming effective and the passing of Resolutions been amended to allow all of the 6,533,982 outstanding Manager Warrants to be exercised conditional upon the implementation of the Proposals, raising subscription proceeds of approximately £7.9 million. Further details of the Manager Warrants are set out in the section entitled "Exercise of Manager Warrants" in Part I of this document.

## **8. Mandatory bids, squeeze-out and sell-out rules**

### **8.1. *Mandatory bids***

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

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

### **8.2. *Squeeze-out and sell-out rules***

Other than as provided by the 2006 Act, there are no rules or provisions relating to squeeze-out and sell-out rules in relation to the Ordinary Shares or the Subscription Shares.

## **9. Investment restrictions**

9.1. The Company will manage its assets in accordance with its published investment policy as set out in Part I of this document. In accordance with the requirements of the UK Listing Authority, the Company will also comply with the following policies:

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

9.2. As an investment trust, the Company complies with Chapter 4 of Part 24 of the Corporation Tax Act 2010 which requires that the Company's income is derived wholly or mainly from shares or securities and, in general, that no holding in a company, other than another investment trust, represents more than 15 per cent. by value of the Company's investments.

- 9.3. In accordance with the requirements of the UK Listing Authority, the Company will not make any material change to its published investment policy without the approval of its Ordinary Shareholders by ordinary resolution. Such an alteration would be announced by the Company through a Regulatory Information Service.
- 9.4. In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company by an announcement issued through a Regulatory Information Service approved by the UK Listing Authority.

## 10. Taxation

### 10.1. General

The information contained in this document relating to taxation is a summary of the taxation matters which the Directors consider should be brought to the attention of the Shareholders. The information relates to UK taxation applicable to the Company and to Shareholders who are resident or ordinarily resident in the UK for tax purposes (and who, if individuals, are domiciled in the UK). It assumes that a Shareholder holds the beneficial interest in Shares as an investment (and not as securities to be realised in the course of a trade). The information is based on existing UK law and the Director's understanding of current HMRC practice and is, therefore, subject to any subsequent changes.

The information set out below does not address the tax consequences for persons who become Shareholders by electing for the Rollover Option under the GGO Scheme. These are discussed in the circular from GGO to GGO Shareholders dated 11 November 2010 which includes details of the GGO Scheme.

The information is given by way of general guidance only and is not intended to provide, and should not be relied upon as, legal or tax advice to any Shareholders or others. Any current or prospective Shareholder should consult their own professional advisors on the potential tax consequences of acquiring, holding or selling Shares in the Company.

### 10.2. The Company

The Directors have to date conducted the affairs of the Company so as to allow it to seek approval as an investment trust (currently under Chapter 4 of Part 24 of the Corporation Tax Act 2010 and previously under section 842 of the Income and Corporation Taxes Act 1988) for each year and has received approval in this regard for the year ended 30 April 2009. The Directors consider that the Company has conducted its affairs in relation to the Company's financial year to 30 April 2010 and the Company's current financial year so as to enable the Company to seek that approval for those periods. The Directors intend to conduct the affairs of the Company so as to enable it to continue to seek approval as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010 each year.

Under current legislation, the Company will be exempt from UK corporation tax on chargeable gains realised during each accounting period for which approval is obtained. The Company will, however, be liable to UK corporation tax on its taxable income after relief for all available expenses of management. UK or overseas dividends received by the Company will not be taxable provided that the dividends qualify as exempt under Part 9A of the Corporation Tax Act 2009.

The Directors have been advised that implementation of the Proposals will not prejudice or otherwise affect the ability of the Company to comply with the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 in any of the Company's accounting periods.

### 10.3. Shareholders

#### (i) *Capital gains tax*

Individual and corporate Shareholders may, depending upon their circumstances, be subject to UK capital gains tax or, in the case of corporations, corporation tax on chargeable gains arising from the sale or other disposal (which includes disposal upon a winding up) of their Shares or be eligible for relief in respect of any capital losses realised.

#### (ii) *Dividends*

Under current legislation no withholding tax will be deducted from any dividends paid by the Company to UK resident Shareholders.

Individuals resident in the UK for taxation purposes are generally liable to income tax on the aggregate amount of a dividend and a tax credit equal to one-ninth of the dividend. For example, on a dividend of £90, the tax credit would be £10, and an individual would be liable to income tax on £100. No further income tax is payable in respect of the dividend by UK resident individuals who are not liable to income tax at the higher rate or additional rates.

UK resident individuals who are subject to tax at the higher rate (currently 40 per cent.) will have an additional liability of 25 per cent. of the net distribution. For example, on a dividend of £90 such a taxpayer would have to pay additional tax of £22.50 (25 per cent. of the net dividend of £90). For this purpose, dividends are treated as the top slice of an individual's income.

An additional rate of income tax of 50 per cent. applies with effect from 6 April 2010 to UK resident individuals with taxable income in excess of £150,000 per annum. Accordingly, an additional rate taxpayer will have an additional liability of 36.11 per cent. of the net distribution. For example, on a dividend of £90 such a taxpayer would have to pay additional tax of £32.50 (36.11 per cent. of the net dividend of £90).

No repayment of the tax credit in respect of dividends can be claimed by a UK resident Shareholder.

UK resident corporate Shareholders (other than dealers and certain insurance companies) are not liable to corporation tax or income tax in respect of UK dividends provided that the dividends are exempt under Part 9A of the Corporation Tax Act 2009.

(iii) *Stamp duty and stamp duty reserve tax*

An agreement to transfer Shares will normally be subject to stamp duty reserve tax at the rate of 0.5 per cent. or, if the transferee is a person to whom the depositary receipt or clearance service charge to stamp duty reserve tax may apply, at the rate of 1.5 per cent. of the value of the consideration paid. If an instrument of transfer of the Shares is subsequently executed (if the Shares are not transferred through CREST) it will generally be subject to stamp duty at the rate of 0.5 per cent. or if the transferee is a person to whom the depositary receipt or clearance service charge to stamp duty may apply, at the rate of 1.5 per cent. of the value of the consideration paid, in either case rounded up to the nearest multiple of £5. When such an instrument of transfer is duly stamped and stamp duty is paid within specified time limits, the stamp duty reserve tax charge will be cancelled and any stamp duty reserve tax already paid will be refunded.

Following a recent European Court of Justice judgment, HMRC have confirmed that they will no longer seek to apply the 1.5 per cent. stamp duty or SDRT charge on the issue of shares into a clearance service or depositary receipt scheme within the European Union, on the basis that the charge is not compatible with EU law. However, the judgment may have broader application than HMRC currently accept. Accordingly, specific professional advice should be sought before paying the 1.5 per cent. stamp duty or SDRT charge in any circumstances.

When Shares are transferred in CREST, there will be no charge to stamp duty reserve tax on the transfer (unless made for a consideration, in which case stamp duty reserve tax will be payable at the rate of 0.5 per cent. of the actual consideration paid).

Liability to pay stamp duty or stamp duty reserve tax is normally that of the transferee or purchaser.

No liability to stamp duty or to stamp duty reserve tax will arise on a conversion of Subscription Shares into new Ordinary Shares.

(iv) *ISAs*

The composition of the Company's portfolio is currently such that the Ordinary Shares qualify and, when issued, the New Ordinary Shares will qualify for inclusion within the stocks and shares component of an ISA.

The Directors intend to manage the Company's portfolio so that the Ordinary Shares and the New Ordinary Shares continue to qualify for inclusion within an ISA.

The information in this paragraph 10 is given by way of a general guidance only and does not constitute legal or tax advice to any Shareholder or prospective Shareholder.

## **11. General**

11.1. Assuming that the Proposals become unconditional, the estimated aggregate costs and expenses to be incurred by the Company in connection with the Proposals will be approximately £995,000 (including VAT and stamp duty). These costs will be offset by the value transfer under the Scheme and the cost contribution to be made by the Investment Manager (as described in more detail in the section entitled "Costs and expenses of the Proposals" in Part II of this document).

11.2. Neither the Company nor any member of the Group is or has been engaged in any governmental, legal or arbitration proceedings and, in so far as the Directors are aware, there are no governmental, legal or arbitration proceedings pending or threatened by or against the Company or any member of the Group which may have, or have had in the previous 12 months, a significant effect on the Group's financial position or profitability.

11.3. Canaccord Genuity Limited has given and not withdrawn its written consent to the issue of this document with the inclusion herein of its name in the form and context in which they are included.

- 11.4. The unaudited basic Net Asset Value per Ordinary Share as at 9 November 2010 was 293.28p (diluted) and 330.71p (undiluted). The unaudited basic Net Asset Value per Ordinary Share (including current year revenue) as at 9 November 2010 was 294.76p (diluted cum income) and 332.51p (undiluted cum income).
- 11.5. As at 9 November 2010, the Company had total assets of £112.8 million of which £0.2 million is held in cash, £0.3 million is held in cash equivalents and £79.9 million is held in quoted investments. The Company will also raise proceeds of approximately £7.9 million on completion of the exercise of the Manager Warrants. The Company has a £11.5 million multi-currency revolving credit facility with The Royal Bank of Scotland plc expiring on 30 November 2011 which is fully drawn down. In connection with the Proposals, The Royal Bank of Scotland plc has offered to provide a new 12 month revolving credit facility to the Company of up to £15 million (further details of which are set out in paragraph 7 (vii) of Part VI of this document). The Company also has a £2.5 million overdraft facility with JPMorgan Chase Bank, National Association, London Branch.
- 11.6. Where information contained in this document has been sourced from a third party, the Company confirmed that such information has been accurately reproduced, the source of such information has been identified and, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **12. Related party transactions**

Save as disclosed below, no member of the Group was a party to, nor had any interest in, any related party transaction (as defined in the standards adopted according to the Regulation (EC) No 1606/2002) at any time during the three financial years ended 30 April 2010 in respect of which the Company has published statutory accounts or during the period from 30 April 2010 to the date of this document:

- 12.1. the Company is a party to the Management Agreement;
- 12.2. a supplemental investment management agreement was entered into between the Company and the Investment Manager on 11 November 2010 (further details of which are set out in paragraph 7(ii) of this Part VI);
- 12.3. by agreements between the Company and the Investment Manager dated 2 September 2003, 7 September 2004 and 8 February 2006 the Company has agreed to issue warrants to subscribe for Ordinary Shares to the Investment Manager (or its nominees) (further details of which are set out in paragraph 7(ix) of this Part VI). By deed polls dated 11 November 2010, the terms of the Manager Warrants have been amended to allow all of the 6,533,982 outstanding Manager Warrants to be exercised conditional upon the implementation of the Proposals raising subscription proceeds of approximately £7.9 million; and
- 12.4. by an agreement dated 11 November 2010, the Investment Manager has agreed to make a cost contribution towards the costs and expenses incurred or to be incurred by the Company in connection with the Proposals.

## **13. Disclosure requirements and notification of interests in shares**

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

- 13.1. reaches, exceeds or falls below three per cent. and each one per cent. threshold above three per cent.; or
- 13.2. reaches, exceeds or falls below an applicable threshold in paragraph 13.1 of this Part VI above as a result of events changing the breakdown of voting rights and on the basis of the total voting rights notified to the market by the Company.

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

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

## **14. Documents available for inspection**

Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document at the offices of Canaccord Genuity Limited, 7th Floor, 80 Victoria Street, London SW1E 5JL, up to and including the close of business on 13

December 2010, and at the venue for the General Meeting for at least 15 minutes prior to and during the General Meeting:

- (i) this document;
- (ii) the Circular;
- (iii) the circular sent to GGO Shareholders dated 11 November 2010 containing full details of the GGO Scheme;
- (iv) the Articles and the New Articles;
- (v) the audited report and accounts of the Company for the financial years ended 30 April 2008, 30 April 2009 and 30 April 2010; and
- (vi) the letter of consent referred to at paragraph 11.3 of this Part VI.

#### **15. Availability of Prospectus**

Copies of the Prospectus are available for inspection [www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do) and, until 13 December 2010, are available for collection, free of charge, from the offices of Canaccord Genuity Limited, 7th Floor, 80 Victoria Street, London SW1E 5JL and from the registered office of the Company, Cassini House, 57 St. James's Street, London SE1A 1LD.

11 November 2010