

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you are recommended to seek your own advice immediately from a stockbroker, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom, or from another appropriately authorised independent financial adviser in a territory outside the United Kingdom. Where in this document a summary is provided in respect of certain financial information, Shareholders should read the whole document and not rely solely on the summarised financial information.**

If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document, together with the enclosed Proxy Form, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. Such documents should not however be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred only part of your holding of Ordinary Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

This document does not constitute an offer or invitation to any person to subscribe for or purchase any securities in Liontrust Asset Management Plc.

This document has been prepared for the purposes of complying with English law and regulation and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England.

Singer Capital Markets, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for the Company and for no one else in connection with the Proposed Acquisition. Apart from the responsibilities and liabilities, if any, which may be imposed on Singer Capital Markets, by FSMA or the regulatory regimes established thereunder, Singer Capital Markets accepts no responsibility to any person other than the Company for providing the protections afforded to customers of Singer Capital Markets or for providing advice in relation to the Proposed Acquisition, the contents of this document or any transaction, arrangement or other matter referred to in this document.

**No application has been or will be made by the Company to any recognised investment exchange situated or operating in the United Kingdom or elsewhere for permission to deal in or for an official or other listing in respect of the Convertible Unsecured Loan Stock described in this document.**

**This document should be read in conjunction with the enclosed Proxy Form and the definitions set out in Part 8 of this document. The whole of this document should be read and, in particular, your attention is drawn to the letter from the Chairman of the Company set out in Part 1 of this document which contains the unanimous recommendation by the Directors to Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting.**

---

## **Liontrust Asset Management PLC**

*(incorporated in England and Wales under number 2954692)*

### **PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF WALKER CRIPS ASSET MANAGERS LIMITED AND AMENDMENTS TO ARTICLES**

#### **AND**

#### **NOTICE OF GENERAL MEETING**

---

A notice convening the General Meeting of the Company to be held at 10 a.m. on 5 April 2012 in the Pinafore Room at The Savoy, Strand, London WC2R 0EU, is set out in Part 8 of this document.

Whether or not you propose to attend the General Meeting, please complete, sign and return the accompanying Proxy Form in accordance with the instructions printed on it as soon as possible. The Proxy Form must be received by the Company's registrars, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Kent BR3 4TU, not less than 48 hours before the time of the holding of the General Meeting. As an alternative to completing the hard copy Proxy Form, Shareholders can appoint proxies electronically via [www.capitashareportal.com](http://www.capitashareportal.com) so that it is received by Capita Registrars by no later than 10 a.m. on 3 April 2012 (being 48 hours before the time appointed for the holding of the General Meeting). CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by Capita Registrars (under CREST participant RA10) by no later than 10 a.m. on 3 April 2012. The time of receipt will be taken to be the time from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. Completion and return of a Proxy Form or transmitting a CREST electronic Proxy Instruction will not prevent you from attending and voting at the General Meeting in person should you wish.

This document contains forward-looking statements which are subject to assumptions, risks and uncertainties. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, there can be no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by those forward-looking statements. Each forward-looking statement is correct only as of the date of the particular statement. The Company does not undertake any obligation publicly to update or revise any forward-looking statement as a result of new information, future events or other information, although such forward-looking statements will be publicly updated if required by the Listing Rules, the Disclosure and Transparency Rules, the rules of the London Stock Exchange or by law.

## CONTENTS

	<b>PAGE</b>
Expected timetable of principal events	2
Corporate Details and Advisers	3
<b>Part 1</b> Letter from the Chairman of Liontrust Asset Management Plc	4
<b>Part 2</b> Risk Factors	15
<b>Part 3</b> Historical Financial Information on WCAM	18
<b>Part 4</b> Unaudited Pro Forma Statement of Net Assets for the Enlarged Group	33
<b>Part 5</b> Principal terms of the Proposed Acquisition	38
<b>Part 6</b> Additional Information	54
<b>Part 7</b> Definitions	63
<b>Part 8</b> Notice of General Meeting	69

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>2012</i>
Last time and date for receipt of Proxy Form for the General Meeting	10 a.m. on 3 April
Last time and date for receipt of CREST Proxy Instructions	10 a.m. on 3 April
Last time and date for registration in the Register	6 p.m. on 3 April
General Meeting	10 a.m. on 5 April
Expected completion date of the Proposed Acquisition	during April
Admission of Consideration Shares to trading and commencement of dealings	during April
<b>Notes</b>	
1.	Reference to times are to London times unless otherwise stated.
2.	The dates and times given in this document are based on the Company's current expectations and may be subject to change.
3.	Any changes to the timetable set out above will be announced via a Regulatory Information Service.

## **CORPORATE DETAILS AND ADVISERS**

<b>Directors</b>	Adrian Collins (Chairman) John Ions (Chief Executive) Vinay Abrol (Chief Financial Officer & Chief Operating Officer) Jonathan Hughes-Morgan (Executive Director) Alastair Barbour (Non-executive Director) Michael Bishop (Non-executive Director) Glyn Hirsch (Non-executive Director)  all of 2 Savoy Court, London WC2R 0EZ
<b>Company secretary</b>	Mark Jackson Tower Bridge House St Katharine's Way London E1W 1DD
<b>Registered office</b>	2 Savoy Court London WC2R 0EZ
<b>Financial adviser and sponsor to the Company</b>	Singer Capital Markets Limited One Hanover Street London W1S 1YZ
<b>Legal adviser to the Company</b>	Macfarlanes LLP 20 Cursitor Street London EC4A 1LT
<b>Registrars</b>	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
<b>Auditors &amp; Reporting Accountants</b>	PricewaterhouseCoopers LLP Erskine House 68-73 Queen Street Edinburgh EH2 4NH

## PART 1

### LETTER FROM THE CHAIRMAN OF LIONTRUST ASSET MANAGEMENT PLC

*(incorporated in England and Wales with registered number 2954692)*

**Registered Office:**

2 Savoy Court  
London WC2R 0EZ

**Directors**

Adrian Collins (*Chairman*)  
John Ions (*Chief Executive*)  
Vinay Abrol (*Chief Financial Officer and Chief Operating Officer*)  
Jonathan Hughes-Morgan (*Executive Director*)  
Alastair Barbour (*Non-executive independent Director*)  
Michael Bishop (*Non-executive independent Director*)  
Glyn Hirsch (*Non-executive independent Director*)

16 March 2012

*To Shareholders and, for information only, to participants in the Liontrust Share Option Schemes*

**Proposed acquisition of the entire issued share capital of Walker Crips Asset Managers Limited and  
Notice of General Meeting**

Dear Shareholder,

**1 Introduction and summary**

On 13 March 2012, the Company announced that agreement had been reached with the directors of Walker Crips on the terms of a recommended acquisition by the Company of the entire issued share capital of WCAM (the “**Proposed Acquisition**”). The principal terms of the Proposed Acquisition, including details relating to the Consideration, are set out in paragraph 3 of this letter and in Part 5 of this document.

As a result of its size in relation to the Company, the Proposed Acquisition constitutes a Class 1 transaction for the Company under the Listing Rules. Completion of the Proposed Acquisition is therefore conditional, amongst other matters, upon Shareholder approval. Shareholder approval will be sought at a General Meeting of the Company to be held at 10 a.m. on 5 April 2012 in the Pinafore Room at The Savoy, Strand, London WC2R 0EU, formal notice of which meeting, and of the resolutions to be considered at it, are set out in Part 8 of this document. Further explanation of the Resolutions, and of the procedures in respect of the General Meeting, are set out in paragraph 9 of this Part 1 and in paragraph B of Part 5 of this document.

In addition, the Proposed Acquisition constitutes a Class 1 transaction for Walker Crips under the Listing Rules and is, therefore, conditional, among other matters, upon the approval of Walker Crips Shareholders voting in favour of it. Approval of the Walker Crips Shareholders will be sought

at the Walker Crips General Meeting, which is being convened for the same date as the General Meeting by means of a circular to Walker Crips Shareholders dated 13 March 2012, at which Walker Crips Shareholders will be invited to consider and, if thought fit, vote in favour of the Walker Crips Resolution.

As the Proposed Acquisition requires the approval of Shareholders, the Board is taking the opportunity to make certain minor amendments to the Articles to reflect the implementation of the remaining substantive provisions of the 2006 Act in August and October 2009. Further explanation of these amendments, and of the Resolutions proposed to effect them, is set out in paragraph B of Part 5 of this document.

I am therefore writing to you to:

- provide you with information about the background to and reasons for the Proposed Acquisition (including further details on the proposed terms relating thereto);
- explain why the Board considers the Proposed Acquisition to be in the best interests of the Company and its Shareholders as a whole and, accordingly, why they unanimously recommend that Shareholders vote in favour of the Resolutions; and
- give notice of the General Meeting for the Shareholders to vote on the Resolutions.

If the Resolutions are passed at the General Meeting, subject to the satisfaction of the other conditions to the Proposed Acquisition, Completion is expected to take place during April 2012.

## **2 Background to and reasons for the Proposed Acquisition**

Liontrust has been growing its business operations since 2010. Over the past 21 months, Liontrust has restructured its business, initiated a marketing campaign to develop the Company's brand, raised awareness of Liontrust's strong fund performance and broadened its client base. In October 2011, Liontrust successfully expanded into the fast growing Asia and Emerging Markets asset classes through its acquisition of the fund management business of Occam. The Proposed Acquisition will further expand Liontrust's capabilities, bringing to Liontrust a number of top-rated products and investment managers that will complement Liontrust's existing fund management capability.

As at 29 February 2012, Liontrust's total AuM stood at £1,489.4 million; the first time since June 2009 that Liontrust's AuM has exceeded £1,400 million. For the financial year ended 31 March 2011, Liontrust achieved net sales of £81 million. This was the first time that Liontrust had been in a net positive sales position since the financial year ended 31 March 2004. This positive net sales position has continued into the current financial year with net sales of £106 million to 29 February 2012. Individual funds have made significant contributions. Liontrust Special Situations Fund, for example, has grown in value from £14 million in June 2010 to over £280 million as at 29 February 2012. The fund was named the Best UK Growth Fund at the Investment Week Fund Manager of the Year Awards 2011 and on 26 January 2012 was added to the Citywire Selection list, which comprises the 128 funds most highly rated by Citywire. Liontrust European Growth Fund has recently been granted an A rating by OBSR, joining Liontrust Special Situations Fund and Liontrust UK Smaller Companies Fund which also enjoy this rating.

It is anticipated that Stephen Bailey and Jan Luthman, the senior fund managers of WCAM, will join the existing Liontrust fund management teams, which currently comprise four principal teams: the Economic Advantage team (managed by Anthony Cross and Julian Fosh and which invests in UK equities); the Cashflow Solution team (managed by James Inglis-Jones and Gary West and which invests in UK Income and European long only and long/short equities); the Emerging Markets team (managed by Eoghan Flanagan and James Mellersh); and the Asia team (managed by Mark Williams).

As at 29 February 2012, WCAM AuM was £603.7 million. Combined with the AuM of the Liontrust Group (which at 29 February 2012 was £1,489.4 million), the Directors expect revenues for the Enlarged Group to increase accordingly. In addition to increasing the Liontrust Group's AuM, the acquisition of WCAM presents a further valuable opportunity for the Company, which the Directors expect to enhance significantly Liontrust Group's earnings (before costs of the Proposed Acquisition, costs related to the reorganisation of WCAM within the Liontrust Group, inducement payments to the Senior Executives and the amortisation of the Proposed Acquisition related intangible asset) in the financial year ending 31 March 2013 and also in subsequent financial years (before the amortisation of the Proposed Acquisition related intangible asset). Further details of the costs of the Proposed Acquisition, the inducement payments to the Senior Executives and the Proposed Acquisition related intangible asset are set out in paragraph A4(i) and A4(ii) of Part 4 of this document.

The fund management team at WCAM headed by Stephen Bailey and Jan Luthman has an excellent pedigree and the funds they manage have strong and consistent records. Jan Luthman joined WCAM in 2000, having worked at Hambros Bank and subsequently at Invesco Perpetual. Stephen Bailey joined Walker Crips in 1987, is the Investment Director of WCAM and has been, with the support of Jan Luthman, instrumental in WCAM's development.

CF Walker Crips Equity Income and UK Growth funds are both A rated by OBSR and on the Citywire Selection list. The CF Walker Crips Equity Income Fund is on the Hargreaves Wealth 150 list, was judged the Best UK Equity Income Fund over five years by Lipper in 2011 and has outperformed the FTSE All-Share index in seven out of the eight calendar years since its launch on 31 October 2003. Stephen Bailey and Jan Luthman have both been rated Alpha Managers by Financial Express for each of the past four successive years.

The quartile rankings over various time periods of the funds that Stephen Bailey and Jan Luthman manage are detailed below:

<b>Funds</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>Since Launch or Manager Inception</b>	<b>Launch date or Manager Inception</b>
CF Walker Crips UK Growth Fund	1	2	1	1	05/03/2002
CF Walker Crips Equity Income Fund	3	2	1	1	31/10/2003
CF Walker Crips UK High Alpha Fund	3	3	1	1	27/10/2006
CF UK Fund	1	-	-	1	17/02/2010

Source: WCAM. Quartile rankings to 29 February 2012. Excludes CF Walker Crips Corporate Bond Fund, which is currently managed by Stephen Bailey and Jan Luthman, as the investment management responsibilities for this fund are being retained by Walker Crips. **Past performance is not a guide to the future; the value of investments and the income from them can fall as well as rise. Investors may not get back the amount originally subscribed.**

The Directors anticipate that implementation of the Proposed Acquisition will cause little, if any, disruption for investors in those WCAM funds that Stephen Bailey and Jan Luthman will continue to manage. Not only does the Company have no current intention to change the way any of these funds are managed, but importantly Liontrust wants to support Stephen Bailey and Jan Luthman in managing their funds according to their own investment process and market views. The Directors believe that it will be possible for WCAM's and Liontrust's UK equity income and UK growth funds to operate side by side and for the Enlarged Group to retain all of these funds, preserving the different investment processes and styles which characterise each of them.

The Proposed Acquisition will also allow the Enlarged Group to leverage Liontrust's existing sales and marketing capability. Liontrust's sales team comprises nine experienced professionals who are engaged with market participants across UK retail, UK institutional, international institutional and hedge fund buyers. This existing sales team and its capabilities will be strengthened and enhanced by the addition of two sales specialists from WCAM. In addition, the Proposed Acquisition will enable Stephen Bailey and Jan Luthman to capitalise on the high regard in which they are both held amongst fund buyers by increasing significantly the amount of assets in the funds they manage.

In increasing the AuM of the Enlarged Group through the Proposed Acquisition, the Directors believe that value will be added to the current Liontrust offering. The existing WCAM fund management team will enjoy greater resources and enhanced infrastructure through being part of a larger organisation, while the combination of the WCAM fund managers with Liontrust's existing teams will, the Directors believe, provide current WCAM investors with a wider choice of asset classes and investment products.

Finally, the Proposed Acquisition will add further client diversity to the existing Liontrust business. Although Liontrust already maintains a diverse portfolio of business in the UK, the addition of WCAM's client base will contribute a number of new key client relationships. In particular, the Proposed Acquisition will increase Liontrust's number of institutional segregated accounts from ten to twelve and the number of institutional segregated account relationships from six to eight.

### **3 Principal terms of and conditions to the Proposed Acquisition**

The principal agreement governing the Proposed Acquisition is the Share Purchase Agreement. Under the terms of the Share Purchase Agreement, the Company has conditionally agreed to acquire the entire issued share capital of WCAM for the following Consideration:

- £6 million, payable in cash on Completion (subject to an adjustment relating to WCAM AuM following Completion described below);
- £4 million, to be satisfied by the allotment and issue to Walker Crips of £4,000,000 in nominal value of Convertible Unsecured Loan Stock at Completion (or at the time otherwise specified in paragraph A2(a) of Part 5) (the Stock converting on the basis of 1 Ordinary Share for each £1 in nominal value of Stock);
- 1,851,719 new Ordinary Shares (being the Consideration Shares), to be allotted and issued to Walker Crips at Completion (or at the time otherwise specified in paragraph A2(a) of Part 5); and



- an amount payable in cash equal to the net asset value of WCAM as at Completion (on a pound-for-pound basis, subject to a cap of £1 million).

One of the assumptions in calculating the Consideration is that WCAM AuM at Completion is between £455 million and £685 million. Accordingly, if WCAM AuM is less or more than these amounts (as applicable), the Share Purchase Agreement legislates for a variation to the Consideration (up or down) by £500,000, as further described in paragraph A2(c) of Part 5 of this document.

For illustrative purposes only, the terms of the Proposed Acquisition value the entire issued share capital of WCAM at £12.348 million, based on the following assumptions:

- new shares issued of £1.898 million (being 1,851,719 Ordinary Shares at 102.5 pence per share being the Closing Price on 12 March 2012 (being the last practicable date prior to the announcement of the Proposed Acquisition));
- estimated WCAM net assets of £450,000; and
- that the value of WCAM AuM at Completion did not exceed £685 million nor amount to less than £455 million.

On the basis of these assumptions, the maximum consideration payable would have been £12.848 million (if the value of WCAM AuM at Completion had exceeded £685 million). Correspondingly, the minimum consideration payable would have been £11.848 million (if the value of WCAM AuM at Completion had been of an amount lower than £455 million). Further details of these calculations and the assumptions are set out in paragraph A4(i) of Part 4 of this document.

The Company's estimated fees and expenses in connection with the Proposed Acquisition are £770,000 and the cost of inducement payments to the Senior Executives and other WCAM personnel is £1.367 million. Further details on management incentives are set out in paragraph A2(h) of Part 5 of this document. The costs of the Proposed Acquisition and the management incentives will be recognised as an expense in the consolidated income statement of Liontrust in that financial year in which they occur.

The Share Purchase Agreement, and therefore the Proposed Acquisition, is subject to the satisfaction of certain conditions including:

- each of the Resolutions and the Walker Crips Resolution being passed (without amendment) at, respectively and as applicable, the General Meeting and the Walker Crips General Meeting, and not at any adjournments thereof; and
- the consent of the FSA to the change of control occasioned by the Proposed Acquisition having been obtained.

In addition, the Share Purchase Agreement contains certain rights of termination, including if, at any time prior to Completion any of the warranties (given by Walker Crips) or the reverse warranties (given by Liontrust) in each case contained in the Share Purchase Agreement are not



true and accurate in all respects and not misleading in any respect on and as of the date of that agreement and immediately prior to the Completion Date and the same would be reasonably likely to give rise to a loss of £2,000,000 or more.

Accordingly, if any of the conditions are not satisfied, or if the Company or Walker Crips exercises a right to terminate the Share Purchase Agreement prior to Completion, the Proposed Acquisition will not proceed.

Under the Share Purchase Agreement, Walker Crips has agreed to certain customary behavioural undertakings in relation to the business and operations of the Company. In addition, prior to Completion, Walker Crips has agreed to make arrangements to distribute excess cash out of WCAM, provided that following such dividend, WCAM's net asset value is not less than £447,853.

Further details of the Proposed Acquisition, including of the Share Purchase Agreement and Convertible Unsecured Loan Stock, are set out in Part 5 of this document.

#### **4 Financial effects of the Proposed Acquisition**

An unaudited pro forma statement of net assets illustrating the effect of the Proposed Acquisition on Liontrust's net assets as at 30 September 2011, as if the Proposed Acquisition had become effective at this date, is set out in paragraph A of Part 4 of this document. This information has been prepared for illustrative purposes only. It shows that the Proposed Acquisition would lead to a pro forma movement in net assets from £17.0 million to £17.2 million as at 30 September 2011. More detailed information on the expected impact of the Proposed Acquisition on the assets and liabilities of Liontrust is set out in paragraph A of Part 4 of this document.

#### **5 Information on WCAM**

WCAM is an established discretionary portfolio manager of unit trusts, OEIC and segregated accounts, which are predominantly marketed to clients, institutional investors and intermediaries in the United Kingdom. WCAM is incorporated, and has its registered office, in the UK. It is a wholly owned subsidiary of London York Fund Managers Limited, itself a wholly-owned subsidiary of G&E Investment Services Limited, which in turn is wholly owned by Walker Crips. Walker Crips' shares are listed on the Official List with a premium listing and admitted to trading on the London Stock Exchange's main market for listed securities.

WCAM AuM totalled £603.7 million as at 29 February 2012, and was broken down as follows:

<b>Portfolio</b>	<b>Total (£m)</b>	<b>Institutional (£m)</b>	<b>Retail (£m)</b>
CF Walker Crips UK Growth Fund	179.6	-	179.6
CF Walker Crips Equity Income Fund	244.9	-	244.9
CF Walker Crips UK High Alpha Fund	12.6	-	12.6
CF UK Fund	3.9	-	3.9
Institutional segregated accounts	162.7	162.7	-
<b>Total</b>	<b>603.7</b>	<b>162.7</b>	<b>441.0</b>

In addition to the funds listed above, WCAM is also investment manager of the Administration Funds. At Completion, WCAM will delegate its investment management responsibilities for the Administration Funds to an appropriately authorised company within the Walker Crips Corporate Group. The AuM for the Administration Funds is therefore not included in WCAM AuM. The principal reason for Walker Crips retaining these investment management responsibilities is the high level of the Walker Crips clients that are invested in these funds. WCAM also provided certain administration services to the Offshore Administration Funds. In February 2012, Walker Crips announced that the manager of the Offshore Administration Funds had decided to move the administration from WCAM and therefore the Offshore Administration Funds will not form part of the Proposed Acquisition. Historically, WCAM managed a stockbroking business, which was transferred out of WCAM in 2010, and an investment advisory business, which will be transferred out of WCAM prior to Completion and does not form part of the Proposed Acquisition. WCAM also receives fund dealing commissions in relation to dealings by the funds managed by WCAM from Walker Crips Stockbrokers Limited. As WCAM will not receive these revenues or incur the related administration expenses after Completion, they are therefore not included in the Proposed Acquisition.

As further described in paragraph B of Part 3 of this document, WCAM reported revenue of £5.0 million (2010: £3.8 million) and profit before income tax of £2.4 million (2010: £1.7 million) for the year ended 31 March 2011.

However, as set out in the Walker Crips Circular of 13 March 2012 (convening a general meeting to approve the disposal of WCAM), after taking account of Walker Crips' retention of (i) the investment management responsibilities for the Administration Funds; and (ii) the Offshore Administration Funds; (iii) the stockbroking and investment advisory business; and (iv) fund dealing commissions, which are not part of the Proposed Acquisition, for the year ended 31 March 2011 the reduction in revenues for Walker Crips is £3.6 million (2010: £2.7 million) and the reduction in profit before income tax is £1.9 million (2010: £1.3 million). Such revenues and profit before income tax include (iv) (as referred above), which Walker Crips will no longer have the benefit of after Completion but to which Liontrust will also not have the benefit (further details of the financial information in relation to the reduction in revenues and profit before income tax for Walker Crips pursuant to the Proposed Acquisition is set out in the columns headed "WCAM AuM" and "Fund dealing commissions" in note 4.3 of paragraph B of Part 3 of this document).

The impact of excluding (i), (ii), (iii) and (iv) (as referred to above) would have been to reduce WCAM's revenues to £2.4 million (2010: £1.8 million) and profit before income tax to £1.1 million (2010: £0.8 million) for the year ended 31 March 2011 (further details of financial information in relation to (i), (ii), (iii) and (iv) are set out in Note 4 of paragraph B of Part 3 of this document).

Stephen Bailey and Jan Luthman are supported in their current roles at WCAM by three individuals, including the sales and distribution team. All of these individuals will transfer to Liontrust with effect from Completion.

## 6 Information on the Liontrust Group

The Liontrust Group is an established equity asset management business, whose UK unit trusts, Dublin UCITS3 funds, Cayman Islands domiciled hedge funds, Guernsey domiciled offshore funds and institutional segregated accounts are distributed to clients in the United Kingdom, continental Europe and internationally. Liontrust is incorporated and has its registered office, in the United Kingdom and its shares have been listed on the Official List (now with a premium listing) and admitted to trading on the London Stock Exchange's main market for listed securities since July 1999.

The Liontrust Group reported consolidated gross profit of £9.8 million (2010: £13.1 million) and consolidated loss before tax of £5.1 million (2010: £1.0 million) for the year ended 31 March 2011. Adjusted loss before tax was £1.7 million after adding back expenses for cost reduction and restructuring, depreciation and intangible asset amortisation, severance compensation, expenses related to share incentivisation and the Financial Services Compensation Scheme Interim Levy (2010: Adjusted profit before income tax of £0.8 million). At that date, the Liontrust Group had consolidated net assets of £15.3 million (2010: £21.4 million). More recently, Liontrust reported consolidated profit before income tax of £1.7 million for the six months ended 30 September 2011 and adjusted profit before income tax of £22,000.

As at 29 February 2012, Liontrust had AuM of £1,489.4 million and were broken down by type and process as follows:

Process	Total (£m)	Institutional (£m)	Retail (£m)	Offshore funds (£m)
Cashflow Solution	861.2	406.4	421.8	33.0
Economic Advantage	549.2	0.0	549.2	0.0
Asia	13.0	0.0	0.0	13.0
Emerging Markets	12.5	0.0	0.0	12.5
Indexed	53.5	0.0	53.5	0.0
<b>Total</b>	<b>1,489.4</b>	<b>406.4</b>	<b>1,024.5</b>	<b>58.5</b>

## 7 Current trading and future prospects of the Liontrust Group

On 1 February 2012, the Liontrust Group issued its interim management statement for the period 1 October 2011 to 31 December 2011. This statement is incorporated by reference into this document. During the period 31 December 2011 to 29 February 2012, Liontrust's AuM has increased by 9.2 per cent. to £1,489.4 million and Liontrust recorded positive net sales of £32 million.

Since launch or the managers were appointed, five out of six of Liontrust's actively managed unit trusts are in the first quartile of their respective sectors. Over five years, four out of five funds are in the first quartile:

<b>Retail Funds</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>Since Launch or Manager Inception</b>	<b>Launch date or Manager Inception</b>
Liontrust Income Fund	3	2	4	1	25/03/2009
Liontrust UK Growth Fund	1	1	1	1	25/03/2009
Liontrust Special Situations Fund	1	1	1	1	11/11/2005
Liontrust UK Smaller Companies Fund	1	2	1	1	06/01/1998
Liontrust European Absolute Return Fund	1	-	-	4	09/07/2009
Liontrust European Growth Fund	1	1	1	1	15/11/2006

Source: Financial Express, total return, bid to bid, to 29 February 2012. The above funds are all UK authorised unit trusts (retail share class). **Past performance is not a guide to the future; the value of investments and the income from them can fall as well as rise. Investors may not get back the amount originally subscribed.**

## **8 Risk factors**

Shareholders should consider fully and carefully the risk factors associated with the Proposed Acquisition and the operations of the Enlarged Group. Your attention is drawn to the risk factors set out in Part 2 of this document.

## **9 General Meeting**

Implementation of the Proposed Acquisition requires the consent of the Shareholders voting in favour of the Resolutions at the General Meeting. Accordingly, there is set out in Part 8 of this document a notice convening the General Meeting to be held at 10 a.m. on 5 April 2012 in the Pinafore Room at The Savoy, Strand, London WC2R 0EU. This contains the Resolutions to be proposed at the General Meeting, the passing of which will require more than 50 per cent. of the votes cast voting in favour of the Resolutions numbered 1 and 2, and not less than 75 per cent. of the votes cast voting in favour of the Resolution numbered 3.

In addition to the Resolutions numbered 1, 2 and 3, which relate specifically to the Proposed Acquisition, Shareholders will also be asked to approve a number of amendments to the Articles pursuant to the Resolutions numbered 4 and 5, primarily to reflect the implementation of the remaining substantive provisions of the 2006 Act in August and October 2009. An explanation of the principal changes to be made to the Articles is set out in Part 5 of this document. The passing of these Resolutions will require not less than 75 per cent. of the votes cast voting in favour of the Resolutions numbered 4 and 5.

By way of summary, the Resolutions propose that:

- the Proposed Acquisition is approved and the Directors are authorised to implement the Proposed Acquisition for the purposes of paragraph 10.5.1(2)R of the Listing Rules (Resolution 1);

- the Directors are authorised for the purposes of section 551 of the 2006 Act to allot and issue Ordinary Shares (being the Consideration Shares) up to an aggregate nominal amount of £18,518 (representing, as at the date of this document, 4.99 per cent. of the Company's issued share capital) in connection with the Proposed Acquisition. This authority shall expire on 5 April 2017 (Resolution 2);
- the Directors of the Company are authorised to constitute the Convertible Unsecured Loan Stock and for the purposes of section 551 of the 2006 Act, to allot to Walker Crips up to £4,000,000 in nominal value thereof (such authority to expire on 5 April 2017), and in connection with any subsequent allotment of Ordinary Shares pursuant to the exercise (in full) of conversion rights in respect of the Stock (which number of Ordinary Shares allotted pursuant to the exercise of such conversion rights shall be no greater than £40,000 in aggregate nominal value), to approve the disapplication of statutory pre-emption rights in respect thereof (Resolution 3); and
- Shareholders approve certain amendments to the Articles to reflect the remaining substantive provisions of the 2006 Act which became effective on 3 August and 1 October 2009 (Resolutions 4 and 5).

Please note that the Proposed Acquisition is conditional (amongst other matters) upon the passing of the Resolutions numbered 1, 2 and 3. Detailed explanation of each of the Resolutions is set out in paragraph B1 of Part 5 of this document.

## **10 Irrevocable Undertakings and letters of intent**

As at the date of this document, the Company had received Irrevocable Undertakings representing, in aggregate, 9.63 per cent. of the issued share capital of the Company from the Directors.

The Company has also received letters of intent from other Shareholders, stating that they intend to vote in favour of the Resolutions, representing in aggregate 31.45 per cent. of the issued share capital of the Company.

## **11 Action to be taken**

You are invited to attend the General Meeting of the Company to be held at 10 a.m. on 5 April 2012 in the Pinafore Room at The Savoy, Strand, London WC2R 0EU.

If you would like to vote on the Resolutions but cannot attend the General Meeting in person, please fill in the Proxy Form accompanying this document and return it to Capita Registrars as soon as possible. They must receive it by 10 a.m. on 3 April 2012.

As an alternative to completing the hard copy Proxy Form, you can appoint proxies electronically via [www.capitashareportal.com](http://www.capitashareportal.com) to be received by Capita Registrars by no later than 10 a.m. on 3 April 2012. CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by Capita Registrars (under CREST

participant RA10) by no later than 10 a.m. on 3 April 2012. The time of receipt will be taken to be the time from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Appointment of a proxy will not prevent you from attending the General Meeting and voting in person should you wish to do so.

Further explanation of the procedures in respect of the General Meeting are set out in paragraph B2 of Part 5 of this document.

## **12 Recommendation**

**The Board, which has been so advised by Singer Capital Markets, considers the Proposed Acquisition and the Resolutions to be in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board unanimously recommends that the Shareholders vote in favour of such Resolutions as they intend to do in respect of their beneficial holdings, amounting, in aggregate, to 3,572,767 Ordinary Shares (which includes 1,763,710 Ordinary Shares owned by Occam Asset Management LLP, in which Jonathan Hughes-Morgan holds the majority of voting rights). This represents approximately 9.63 per cent. of the issued share capital of the Company at the date of this document. In providing its advice to the Board, Singer Capital Markets has taken into account the commercial assessment of the Board.**

Yours sincerely,

**Adrian Collins**  
*Chairman*

## PART 2

# RISK FACTORS

### 1 Risk factors relating to the Proposed Acquisition

#### ***The Proposed Acquisition does not proceed***

- 1.1 The Proposed Acquisition is subject to the satisfaction of a number of conditions, including, amongst others, the approval of the Proposed Acquisition by Shareholders in the General Meeting. There is no guarantee that these conditions will be satisfied, in which case the Proposed Acquisition will not complete.

The Directors believe that the Proposed Acquisition is in the best interests of Shareholders taken as a whole in particular because of the opportunities it may provide in the future to deliver increased value for Shareholders. If the Proposed Acquisition does not complete, the Liontrust Group's ability to deliver shareholder value may be prejudiced.

#### ***The Enlarged Group's revenues might decline materially following completion of the Proposed Acquisition***

- 1.2 The benefits of the Proposed Acquisition for the Liontrust Group will depend upon the level of net management fee revenue retained by WCAM and the prospects for future growth in WCAM's business, together with the Liontrust Group's ability to manage costs in line with revenues maintained. Any significant withdrawal of assets by WCAM's clients following completion of the Proposed Acquisition, over and above normal commercial flows, could lead to a substantial reduction in expected revenues from which the Enlarged Group does not have any ongoing protection.

In addition, existing clients of the Liontrust Group might perceive the disruption caused to the Liontrust Group's investment platform and investment culture by the integration of WCAM as detrimental to the performance of the funds in which they are invested. This also could result in existing clients withdrawing their funds, consequently reducing the Liontrust Group's revenues.

#### ***Cost savings and synergies expected to result from the Proposed Acquisition may not be achieved***

- 1.3 Statements of estimated cost savings arising from the Proposed Acquisition and one-off costs for achieving them relate to future actions and circumstances that, by their nature, involve risks and uncertainties and other factors. Because of this, the cost savings anticipated by the integration of WCAM and the Liontrust Group may not be achieved, or those achieved could be materially different from those estimated and the one-off costs of achieving them could prove higher than currently expected.



***Assumptions about the integration of WCAM may prove to be unrealistic***

- 1.4 The Liontrust Group has made a number of assumptions in its plan to integrate the Liontrust Group and WCAM that have a bearing on the overall cohesiveness and culture of the Enlarged Group. Such assumptions include the retention of key WCAM staff and the mechanics involved in migrating WCAM's funds on to the Liontrust Group's outsourced administration platforms. As these assumptions relate to future actions and circumstances that, by their nature, involve risks, uncertainties and other factors, the expected outcomes may prove to be unrealistic.

**2 General risk factors relating to the Liontrust Group, WCAM and/or the Enlarged Group**

Risks set out in this paragraph are relevant to the Liontrust Group, the Enlarged Group and/or WCAM. Accordingly, references to risks that apply to the Liontrust Group in this section should also be deemed to apply equally to the Enlarged Group and WCAM.

***The Liontrust Group may be unable to attract and retain its senior managers and principal investment professionals***

- 2.1 The loss of any member of the senior management team or one of the Liontrust Group's principal investment professionals (including the Senior Executives) or distribution personnel may have a material adverse effect on the future growth of the business and its ability to implement its strategy effectively. In particular, if the Liontrust Group loses any of its principal investment managers, there is a risk that it may subsequently experience outflows from its funds, lose client mandates and may fail to win new business.

The Liontrust Group's continued success depends on its ability to attract, motivate and retain high quality investment managers (including the Senior Executives) and sales, marketing, support and other personnel. As a result, the Liontrust Group's inability to attract, motivate and/or retain the necessary highly skilled personnel could have a material adverse effect on the Liontrust Group.

***Investment performance of the Liontrust Group's funds may be unsatisfactory***

- 2.2 The Liontrust Group is exposed to investment performance risk. This is the risk that the investment performance of the Liontrust Group's funds (including those the subject of the Proposed Acquisition) and other products proves to be unsatisfactory, which may cause existing clients to decide to reduce or redeem their investments or transfer mandates to other asset managers. In addition, the Liontrust Group may be unable to win new asset management business. The consequent reduction in AuM could have an adverse impact on the Liontrust Group's profitability due to an overall reduction in management fees.

***Substantial future sales of Ordinary Shares (including on conversion of Convertible Unsecured Loan Stock) could impact the market price of Ordinary Shares***

- 2.3 The Directors cannot predict what effect, if any, future sales of Ordinary Shares, or the availability of Ordinary Shares, will have on the market price of Ordinary Shares. Sales of substantial numbers of Ordinary Shares in the public market following Completion or

following the conversion of Convertible Unsecured Loan Stock into Ordinary Shares, or the perception or any announcement that such sales may occur, could have a material adverse effect on the market price of Ordinary Shares and may make it more difficult for Shareholders to sell their Ordinary Shares at a time and price which they deem appropriate.

***Risks connected with the health and performance of the global financial markets, and in particular the Eurozone***

2.4 The Liontrust Group's performance depends to a significant extent on a number of macroeconomic factors, all of which are outside its control and which are difficult to predict with any certainty. Since the start of the global financial crisis in 2008, the global economy has experienced a significant period of turbulence. Although a number of economies in Europe and elsewhere experienced a degree of recovery in 2010 and the first half of 2011, volatility increased in the second half of 2011. As 2012 begins, there is continuing uncertainty regarding the ability of certain EU member states, including Greece, Spain, Portugal, Italy and Ireland, to service their sovereign debt obligations. In addition, significant concerns surround the stability of the euro currency and the solvency of numerous European banks. The recent downgrades by Standard & Poor's Ratings Service of a number of major European economies (including the United States of America in 2011) have also fuelled significant investor concern. It is impossible to predict how the current global financial slowdown and the currency instability of certain economic blocs will impact upon the short or long term financial performance of the Liontrust Group. If current volatile market conditions in the UK, continental Europe and globally persist or worsen, the Liontrust Group's business and the performance of the investments held within its fund portfolios (including AuM acquired pursuant to the Proposed Acquisition) could be materially and adversely impacted.

***Future litigation may result in loss to the Liontrust Group***

2.5 The extent and complexity of the legal and regulatory environment in which the Liontrust Group operates (and WCAM operated prior to Completion) and the products and services it offers mean that many aspects of the Liontrust Group's business involve substantial risks of liability. There have been an increasing number of incidents of litigation involving the financial services industry and any litigation brought in the future could have a material adverse effect on the Liontrust Group. The Liontrust Group's insurance policies may not necessarily cover claims that investors or others have brought or may bring against it or may not be adequate to protect it against all liability that may be imposed. Such lack of cover or insufficiency could have a material adverse effect on its financial condition, results of operations and prospects.

## PART 3

# HISTORICAL FINANCIAL INFORMATION ON WCAM

### A Accountants' Report on the Historical Financial Information on Walker Crips Asset Managers Limited



The Directors  
Liontrust Asset Management Plc  
2 Savoy Court  
London  
WC2R 0EZ

Singer Capital Markets Limited ("the **Sponsor**")  
1 Hanover Street  
London  
W1S 1YZ

16 March 2012

Dear Sirs

#### ***Historical Financial Information on Walker Crips Asset Managers Limited ("WCAM")***

We report on the financial information set out in paragraph B below (the "**Historical Financial Information Table**"). The Historical Financial Information Table has been prepared for inclusion in the circular dated 16 March 2012 (the "**Document**") of Liontrust Asset Management Plc (the "**Company**") on the basis of the accounting policies set out in note 2 paragraph B below. This report is required by item 13.5.21R of the Listing Rules and is given for the purpose of complying with that item and for no other purpose.

#### **Responsibilities**

The Directors of the Company are responsible for preparing the Historical Financial Information Table in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the Historical Financial Information Table gives a true and fair view, for the purposes of the Document and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Document, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Document.



### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information Table. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the Historical Financial Information Table and whether the accounting policies are appropriate to WCAM's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information Table is free from material misstatement whether caused by fraud or other irregularity or error.

### **Opinion**

In our opinion, the Historical Financial Information Table gives, for the purposes of the Document, a true and fair view of the state of affairs of WCAM as at the dates stated and of its statement of comprehensive income, balance sheet, statement of cash flows and statement of changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union and has been prepared in a form that is consistent with the accounting policies adopted in the Company's latest annual accounts.

Yours faithfully

PricewaterhouseCoopers LLP  
Chartered Accountants

---

*PricewaterhouseCoopers LLP, Erskine House, 68-73 Queen Street, Edinburgh, EH24NH*  
*T: +44 (0)131 226 4488, F: +44 (0) 131 260 4033, [www.pwc.co.uk](http://www.pwc.co.uk)*

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Services Authority for designated investment business.

## B Historical Financial Information

### Statement of Comprehensive Income for the three years ended 31 March 2011, 31 March 2010 and 31 March 2009

	Notes	Year ended 31-Mar-11 £'000	Year ended 31-Mar-10 £'000	Year ended 31-Mar-09 £'000
<b>Continuing operations</b>				
Revenue	4, 5	4,981	3,800	4,513
Cost of sales		(6)	(15)	(56)
<b>Gross profit</b>		<b>4,975</b>	<b>3,785</b>	<b>4,457</b>
Administration expenses	4, 6	(2,585)	(2,128)	(2,613)
<b>Operating profit</b>	4, 8	<b>2,390</b>	<b>1,657</b>	<b>1,844</b>
Finance income	9	9	3	13
Finance cost		-	(2)	-
<b>Profit before income tax</b>		<b>2,399</b>	<b>1,658</b>	<b>1,857</b>
Income tax expense	10	(678)	(471)	(520)
<b>Profit for the year</b>		<b>1,721</b>	<b>1,187</b>	<b>1,337</b>
<b>Other comprehensive income:</b>				
Other comprehensive income for the year net of tax		-	-	-
<b>Total comprehensive income for the year attributable to the equity holders of the company</b>		<b>1,721</b>	<b>1,187</b>	<b>1,337</b>

(Notes on pages 24 to 32 are an integral part of this historical financial information. See note 4 in this paragraph B of Part 3 of this document for details of revenues, administration expenses, finance income and profit before income tax that are not part of the Proposed Acquisition).

Balance sheet as at 31 March 2011, 31 March 2010 and 31 March 2009

	Notes	31-Mar-11 £'000	31-Mar-10 £'000	31-Mar-09 £'000
<b>Assets</b>				
<b>Current assets</b>				
Trade and other receivables	12	986	816	771
Cash and cash equivalents		404	668	252
<b>Total current assets</b>		<b>1,390</b>	<b>1,484</b>	<b>1,023</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	13	(37)	(130)	(13)
Corporation tax		(432)	(249)	(274)
Accruals		(301)	(306)	(296)
<b>Total current liabilities</b>		<b>(770)</b>	<b>(685)</b>	<b>(583)</b>
<b>Net current assets</b>		<b>620</b>	<b>799</b>	<b>440</b>
<b>Net assets</b>		<b>620</b>	<b>799</b>	<b>440</b>
<b>Shareholders' equity attributable to owners of the parent</b>				
Ordinary shares	14	350	350	108
Retained earnings	15	270	449	332
<b>Total equity</b>	16	<b>620</b>	<b>799</b>	<b>440</b>

(Notes on pages 24 to 32 are an integral part of this historical financial information).

**Statement of cash flows for the three years ended 31 March 2011, 31 March 2010 and 31 March 2009**

	<b>31-Mar-11</b>	<b>31-Mar-10</b>	<b>31-Mar-09</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cash flows from operating activities</b>			
Cash inflows from operations	4,884	3,927	4,404
Cash outflows from operations	(2,761)	(2,188)	(2,805)
Net cash from operations	2,123	1,739	1,599
Interest earned	9	1	13
Tax paid	(496)	(496)	(624)
Net cash used in operating activities	1,636	1,244	988
<b>Cash flows from financing activities</b>			
Issue of new shares	-	242	-
Dividends paid	(1,900)	(1,070)	(1,455)
Net cash used in financing activities	(1,900)	(828)	(1,455)
<b>Net increase/(decrease) in cash</b>	<b>(264)</b>	<b>416</b>	<b>(467)</b>
Opening cash and cash equivalents	668	252	719
<b>Closing cash and cash equivalents</b>	<b>404</b>	<b>668</b>	<b>252</b>

Notes on pages 24 to 32 are an integral part of this historical financial information.

**Statement of changes in equity for the three years ended 31 March 2009, 31 March 2010 and 31 March 2011**

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April 2008 brought forward</b>	<b>108</b>	<b>450</b>	<b>558</b>
Profit for the year	-	1,337	1,337
Total comprehensive income for the year	-	1,337	1,337
Dividends paid	-	(1,455)	(1,455)
<b>Balance at 31 March 2009 carried forward</b>	<b>108</b>	<b>332</b>	<b>440</b>



**Statement of changes in equity for the three years ended 31 March 2009, 31 March 2010 and 31 March 2011 (continued)**

	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 April 2009 brought forward</b>	<b>108</b>	<b>332</b>	<b>440</b>
Profit for the year	-	1,187	1,187
Total comprehensive income for the year	-	1,187	1,187
Issue of new shares	242	-	242
Dividends paid	-	(1,070)	(1,070)
<b>Balance at 31 March 2010 carried forward</b>	<b>350</b>	<b>449</b>	<b>799</b>

	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 April 2010 brought forward</b>	<b>350</b>	<b>449</b>	<b>799</b>
Profit for the year	-	1,721	1,721
Total comprehensive income for the year	-	1,721	1,721
Issue of new shares	-	-	-
Dividends paid	-	(1,900)	(1,900)
<b>Balance at 31 March 2011 carried forward</b>	<b>350</b>	<b>270</b>	<b>620</b>

(Notes on pages 24 to 32 are an integral part of this historical financial information).

**Notes to the Historical Financial Statements for the three years ended 31 March 2011, 31 March 2010 and 31 March 2009**

**1. Reporting entity and general information**

---

Walker Crips Asset Managers Limited was incorporated on 16 June 1999.

The financial information comprises the statements of comprehensive income, statements of cash flows and statements of changes in equity for each of the years ended 31 March 2011, 31 March 2010 and 31 March 2009; balance sheet positions as at 31 March 2011, 31 March 2010 and 31 March 2009; significant accounting policies and notes to the financial statements.

WCAM is an established discretionary portfolio manager of unit trusts, OEIC and segregated accounts. WCAM is incorporated, and has its registered office, in the UK. WCAM is a wholly owned subsidiary of London York Fund Managers Limited, itself a wholly owned subsidiary of G&E Investment Services Limited, which in turn is owned by Walker Crips. Walker Crips' shares are listed on the Official List with a premium listing and admitted to trading on the London Stock Exchange's main market for listed securities.

**2. Significant accounting policies, accounting estimates and financial risk management**

---

**Basis of accounting**

The financial information has been prepared for the purposes of this document in accordance with the requirements of the Listing Rules and this basis of preparation. The financial information of WCAM has been presented in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations, as applicable to companies reporting. The financial information has been prepared on a going concern basis.

IFRS1 'First-time adoption of International Financial Reporting Standards' sets out how a company should apply IFRS at transition. The standard requires a company to use accounting policies that comply with each IFRS effective at the reporting date for its first IFRS financial statements and apply those policies retrospectively to all periods presented in those statements. The accounting policies set out below have been used to prepare the financial information. The transition to IFRS has not led to any numerical changes in the financial information, but has led to a re-presentation of the information in IFRS format and to the presentation of additional information: a cash flow statement; a Statement of Changes in Equity; a note disclosing dividend per share; and a note disclosing average employee numbers.

There are no differences between the balance sheet at 1 April 2008 under UK GAAP or IFRS. The following accounting policies are consistent with the accounting policies disclosed in Liontrust's financial statements for the years ended 31 March 2009, 31 March 2010 and 31 March 2011 which were prepared in accordance with IFRS.

Note 4 of the historical financial information provides details of activities of WCAM which are not part of the Proposed Acquisition and will cease on Completion or which ceased during the period.

**Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Under IFRS, cash and cash equivalents are included in the cash flow statement.

**Income and expenses**

Income and expenses are accounted for on an accruals basis when they become receivable or payable. Investment management fees and investment advisory fees are accrued over the period for which the service is provided.

**Accounting estimates and judgements**

Estimates and judgements used in preparing the financial statements are periodically evaluated and are based on historical experience and other factors. The only estimate or judgement that has a material impact on the financial information is the possible impairment of trade receivables which are assessed regularly for recoverability and adjustment made if required.

**Revenue**

Revenue represents amounts receivable in respect of commissions earned and fees charged for advice and fund management given during the period excluding value added tax. Revenues are accounted for on an accruals basis when they become receivable and are accrued over the period for which the service is provided.

**Taxation**

Current tax, including UK Corporation Tax is recorded at amounts expected to be recovered or paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Financial assets**

WCAM holds receivables which are non-derivative financial assets with fixed or determinable payments that are not quoted in any active market. They are included in current assets. WCAM's receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

**Financial risk management**

WCAM's activities expose it to financial risks primarily and liquidity risk. Credit risk arises from cash and cash equivalents as well as credit exposure to its clients including outstanding receivables. Performance of banks and financial institutions is regularly monitored. For receivables the company regularly monitors the age of receivables and pursues collection as appropriate. WCAM manages liquidity risk by monitoring cash resources.

**3. Capital Management**

---

WCAM's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital. Management review capital regularly to ensure that minimum requirements are met and may adjust the capital structure via issue of new shares or restriction of dividends if required.

WCAM is regulated by the FSA and during the period it has complied with its capital requirements.

#### **4. WCAM activities remaining with Walker Crips or not part of the Proposed Acquisition**

---

During the three year period to 31 March 2011, WCAM undertook certain asset management, administration, stockbroking and investment advisory activities which will either not form part of the Proposed Acquisition or will cease upon Completion. The table below sets out an analysis of the financial results of the activities being acquired and those which will cease upon Completion.

##### **4.1 WCAM activities remaining with Walker Crips and part of the Proposed Acquisition**

The Administration Funds are two multi-manager funds and a corporate bond fund managed by WCAM during the years ended 31 March 2011, 31 March 2010 and 31 March 2009. The investment management responsibilities for the Administration Funds are remaining with Walker Crips. However, WCAM will continue to receive revenues in relation to the Administration Funds and will pay a sub-investment management fee to an appropriately authorised subsidiary of Walker Crips (further details of these arrangements are set out in paragraph A2(i) of Part 5 of this document). There is no balance sheet impact arising from Walker Crips retaining the investment management responsibilities for the Administration Funds.

##### **4.2 WCAM activities not part of the Proposed Acquisition**

The Offshore Administration Funds are a range of offshore funds administered by WCAM during the years ended 31 March 2011, 31 March 2010 and 31 March 2009. In February 2012 Walker Crips announced that the manager of the Offshore Administration Funds has decided to move the administration from WCAM and therefore the Offshore Administration Funds will not form part of the Proposed Acquisition. There is no balance sheet impact arising from the move of the administration of the Offshore Administration Funds from WCAM.

The stockbroking, which was transferred out of WCAM in 2010, and investment advisory business, which will be transferred out of WCAM prior to Completion, were managed by WCAM during the years ended 31 March 2011, 31 March 2010 and 31 March 2009, and do not form part of the Proposed Acquisition. There is no balance sheet impact arising from transfer of the stockbroking and investment advisory business from WCAM.

Fund dealing commissions are revenues and administration expenses relating to dealings by funds managed by WCAM and were received from Walker Crips Stockbrokers Limited during the years ended 31 March 2011, 31 March 2010 and 31 March 2009. As Liontrust will not receive these revenues or incur the related administration expenses, they are, therefore not part of the Proposed Acquisition. There is no balance sheet impact of the fund dealing commissions not being part of the Proposed Acquisition.

##### **4.3 Analysis of historical financial information part of and not part of the Proposed Acquisition**

Details of the revenues, costs of sales, gross profit, administration expenses, operating profit, finance income/expense and profit before income tax relating to WCAM AuM, Offshore Administration Funds, Administration Funds, the stockbroking and investment advisory business, and fund dealing commissions, are included in comprehensive income statement on page 20 and are detailed below:

4.3 Analysis of historical financial information part of and not part of the Proposed Acquisition (continued)

	WCAM AuM £'000	Administration Funds £'000	Total for activities part of the Proposed Acquisition £'000	Offshore Administration Funds £'000	Stockbroking & Investment Advisory Business £'000	Fund dealing commissions £'000	Total for activities not part of the Proposed Acquisition £'000	Total £'000
<b><u>Year ended 31 March 2011</u></b>								
Revenues	2,416	341	2,757	615	408	1,201	2,224	4,981
Cost of sales	-	-	-	-	(6)	-	(6)	(6)
Gross profit	2,416	341	2,757	615	402	1,201	2,218	4,975
Administration expenses	(1,292)	(166)	(1,458)	(334)	(331)	(462)	(1,127)	(2,585)
Operating profit	1,124	175	1,299	281	71	739	1,091	2,390
Finance income/(expense)	2	-	2	-	7	-	7	9
<b>Profit before income tax</b>	<b>1,126</b>	<b>175</b>	<b>1,301</b>	<b>281</b>	<b>78</b>	<b>739</b>	<b>1,098</b>	<b>2,399</b>
<b><u>Year ended 31 March 2010</u></b>								
Revenues	1,831	338	2,169	431	316	884	1,631	3,800
Cost of sales	-	-	-	-	(15)	-	(15)	(15)
Gross profit	1,831	338	2,169	431	301	884	1,616	3,785
Administration expenses	(1,002)	(137)	(1,139)	(320)	(273)	(396)	(989)	(2,128)
Operating profit	829	201	1,030	111	28	488	627	1,657
Finance income/(expense)	(2)	-	(2)	-	3	-	3	1
<b>Profit before income tax</b>	<b>827</b>	<b>201</b>	<b>1,028</b>	<b>111</b>	<b>31</b>	<b>488</b>	<b>630</b>	<b>1,658</b>
<b><u>Year ended 31 March 2009</u></b>								
Revenues	1,389	253	1,642	551	958	1,362	2,871	4,513
Cost of sales	-	-	-	-	(56)	-	(56)	(56)
Gross profit	1,389	253	1,642	551	902	1,362	2,815	4,457
Administration expenses	(790)	(106)	(896)	(429)	(853)	(435)	(1,717)	(2,613)
Operating profit	599	147	746	122	49	927	1,098	1,844
Finance income/(expense)	-	-	-	-	13	-	13	13
<b>Profit before income tax</b>	<b>599</b>	<b>147</b>	<b>746</b>	<b>122</b>	<b>62</b>	<b>927</b>	<b>1,111</b>	<b>1,857</b>

## 5. Revenue

The total revenue of WCAM for each year has been derived from its principal activity wholly undertaken in the United Kingdom.

## 6. Administration expenses

	Year ended 31-Mar-11 £'000	Year ended 31-Mar-10 £'000	Year ended 31-Mar-09 £'000
Employee costs	1,881	1,552	1,964
Share incentivisation expense	6	3	-
Other administrative expenses	698	573	649
Administration expenses	2,585	2,128	2,613

The average number of employees, excluding non-executive directors, in the year ended 31 March 2011 was 12 (2010: 11, 2009: 18).

The average number of employees, excluding non-executive directors, employees relating to the Offshore Administration Funds, the Administration Funds and the stockbroking and investment advice business of WCAM in the year ended 31 March 2011 was 4 (2010: 4, 2009: 4).

## 7. Directors' emoluments

	Year ended 31-Mar-11 £'000	Year ended 31-Mar-10 £'000	Year ended 31-Mar-09 £'000
Aggregate emoluments	1,052	896	978
Pension contributions of 4 Directors (2010: 4 Directors, 2009: 5 Directors)	22	30	29
Directors' emoluments	1,074	926	1,007

The key management are the Directors of WCAM. The emoluments of the highest paid director for the year to 31 March 2011 amounted to £528,000 (year to 31 March 2010: £462,000, year to 31 March 2009: £396,000). Pension contributions for the year to 31 March 2011 amounted to £10,000 (year to 31 March 2010: £20,000, year to 31 March 2009: £10,000) and were made in respect of this Director. This Director has not exercised any options during the period (2010: 75,000 exercised, 2009: no options exercised)

## 8. Operating profit

Certain administrative expenses (including the audit fee) are borne by London York Fund Managers Limited, the immediate parent company, and Walker Crips Stockbrokers Limited, a subsidiary of Walker Crips and recharged to WCAM by way of a management charge, which amounted to £404,008 in the year ended 31 March 2011 (2010: £334,570, 2009: £917,133).

Auditor's remuneration for audit services for the year ended 31 March 2011 amounted to £12,378 (2010: £14,444, 2009: £13,005).

## 9. Finance income

	Year ended 31-Mar-11 £'000	Year ended 31-Mar-10 £'000	Year ended 31-Mar-09 £'000
Bank Interest	9	3	13

## 10. Income tax expense

	Year ended 31-Mar-11 £'000	Year ended 31-Mar-10 £'000	Year ended 31-Mar-09 £'000
<b>Current tax</b>			
UK Corporation Tax	678	471	526
Adjustments in respect of prior years	-	-	(6)
Current tax charge	678	471	520
<b>Factors affecting the tax charge for the year</b>			
Profits on ordinary activities before taxation	2,399	1,658	1,857
Profits on ordinary activities before taxation multiplied by standard rate of UK Corporation Tax of 28% (2010: 28%, 2009: 28%)	672	464	520
Effects of non-deductible expenses	6	7	6
Prior year adjustments	-	-	(6)
Current tax charge	678	471	520

No deferred taxation has arisen during the years ending 31 March 2011, 31 March 2010 and 31 March 2009.



## 11. Dividends

	Year ended 31-Mar-11 £'000	Year ended 31-Mar-10 £'000	Year ended 31-Mar-09 £'000
Ordinary interim paid	1,900	1,070	1,455

The dividend per share for the year ended 31 March 2011 was 542.86 pence per share (2010: 305.71 pence per share, 2009: 1,351.77 pence per share).

## 12. Trade and other receivables

	Year ended 31-Mar-11 £'000	Year ended 31-Mar-10 £'000	Year ended 31-Mar-09 £'000
Trade receivables	887	752	751
Amounts due from parent, subsidiary and fellow parent subsidiary undertakings	12	18	3
Other receivables	86	46	17
Corporation tax	1	-	-
Total	986	816	771

## 13. Trade and other payables

	Year ended 31-Mar-11 £'000	Year ended 31-Mar-10 £'000	Year ended 31-Mar-09 £'000
Amounts owed to parent, subsidiary and fellow parent subsidiary undertakings	28	128	12
Other taxes and social security costs	9	2	1
Total	37	130	13

**14. Share capital**

	<b>31-Mar-11</b>	<b>31-Mar-10</b>	<b>31-Mar-09</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Allotted, called up and fully paid</b>			
Balance brought forward of Ordinary shares of £1 each	350	108	108
242,363 £1 Ordinary shares issued on 30 November 2009	-	242	-
Balance carried forward of Ordinary shares of £1 each	350	350	108

**15. Retained earnings**

	<b>31-Mar-11</b>	<b>31-Mar-10</b>	<b>31-Mar-09</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Opening balance	449	332	450
Profit for the year	1,721	1,187	1,337
Dividends paid	(1,900)	(1,070)	(1,455)
Closing balance	270	449	332

**16. Reconciliation in movement in shareholders' funds**

	<b>31-Mar-11</b>	<b>31-Mar-10</b>	<b>31-Mar-09</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Profit for the year	1,721	1,187	1,337
Dividends	(1,900)	(1,070)	(1,455)
New share increase capital subscribed	-	242	-
Net (reduction)/increase to shareholders' funds	(179)	359	(118)
Opening shareholders' funds	799	440	558
Closing shareholders' funds	620	799	440

## **17. Related party transactions**

---

During the year ended 31 March 2011 WCAM received £1.646 million (2010: £1.228 million; 2009: £2.291 million) from other entities within the Walker Crips Corporate Group in respect of group operations.

During the year ended 31 March 2011 WCAM paid £404,000 (2010: £335,000; 2009: £917,000) from other entities within the Walker Crips Corporate Group in respect of group operations.

As at 31 March 2011 WCAM was due £12,000 (2010: £18,000; 2009: £3,000) from other entities within the Walker Crips Corporate Group. These amounts arose from group operations.

As at 31 March 2011 WCAM owed £28,000 (2010: £128,000; 2009: £12,000) to other group entities. These amounts arose from group operations.

## **18. Subsequent events**

---

Other than the information in note 4 relating to the transfer of the Offshore Administration Funds there have been no subsequent events since the preparation of this financial information which have had a significant effect on the net assets and financial position of WCAM.

## **19. Contingencies and commitments**

---

There were no contingencies or commitments at 31 March 2011, 31 March 2010 or 31 March 2009.

## PART 4

# UNAUDITED PRO FORMA STATEMENT OF NET ASSETS FOR THE ENLARGED GROUP

### A Unaudited Pro Forma Statement of Net assets for the Enlarged Group

The unaudited pro forma statement of net assets set out below has been prepared for illustrative purposes. This illustrates the effect of the Proposed Acquisition on the net assets of Liontrust as if the Proposed Acquisition had occurred on 30 September 2011. The unaudited pro forma statement of net assets by its nature, addresses a hypothetical situation and, therefore, does not represent the actual financial position of the Enlarged Group. The unaudited pro forma statement of net assets has been compiled on the basis set out below in the notes.

	Liontrust 30-Sep-11 £'000 Note 1	Adjustments WCAM 31-Mar-11 £'000 Note 2, 3	Acquisition £'000 Note 4	Pro forma Enlarged Group £'000
<b>Assets</b>				
<b>Non current assets</b>				
Intangible assets	-	-	11,898	11,898
Property, plant and equipment	134	-	-	134
Deferred tax assets	1,985	-	-	1,985
<b>Total non current assets</b>	<b>2,119</b>	<b>-</b>	<b>11,898</b>	<b>14,017</b>
<b>Current assets</b>				
Trade and other receivables	10,800	986	-	11,786
Financial assets	369	-	-	369
Cash and cash equivalents	12,639	404	(8,757)	4,286
<b>Total current assets</b>	<b>23,808</b>	<b>1,390</b>	<b>(8,757)</b>	<b>16,441</b>
<b>Total assets</b>	<b>25,927</b>	<b>1,390</b>	<b>3,141</b>	<b>30,458</b>
<b>Liabilities</b>				
<b>Non current liabilities</b>				
Convertible unsecured loan stock	-	-	(3,521)	(3,521)
<b>Current liabilities</b>				
Trade and other payables	(8,809)	(469)	-	(9,278)
Accruals	(153)	(301)	-	(454)
<b>Total current liabilities</b>	<b>(8,962)</b>	<b>(770)</b>	<b>-</b>	<b>(9,732)</b>
<b>Total liabilities</b>	<b>(8,962)</b>	<b>(770)</b>	<b>(3,521)</b>	<b>(13,253)</b>
<b>Net assets</b>	<b>16,965</b>	<b>620</b>	<b>(380)</b>	<b>17,205</b>

Notes to the unaudited pro forma statement of net assets:

1. Liontrust's statement of net assets as at 30 September 2011 has been extracted without material adjustment from the unaudited half yearly report of Liontrust for the 6 months ended 30 September 2011. The statement of net assets of Liontrust has been presented in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations, as applicable to companies reporting, and is consistent with the accounting policies of Liontrust for the year ended 31 March 2011.
2. WCAM's statement of net assets as at 31 March 2011 has been extracted without material adjustment from paragraph B of Part 3 of this document. The statement of net assets of WCAM has been presented in accordance with IFRS and IFRIC interpretations and is consistent with the accounting policies of Liontrust for the year ended 31 March 2011. Although the presentation of the information has changed, the underlying net assets numerical information has not changed.
3. Prior to Completion it has been agreed that WCAM will distribute excess cash out of WCAM (to the extent permitted by law and regulatory capital requirements), such that, upon Completion the net assets of WCAM will be approximately £450,000, which is £170,000 less than the net assets of WCAM as at 31 March 2011.
4. The unaudited pro forma statement of net assets has been prepared on the basis that the Proposed Acquisition will be accounted for using the acquisition method of accounting. The acquisition accounting is therefore based upon the following:

(i) Consideration

The Consideration of £12.348 million is to be paid by cash of £6.450 million (which is £6 million plus £620,000 of net assets of WCAM as at 31 March 2011 minus £170,000 of excess cash being distributed by WCAM as set out in note 3 above), issue of Convertible Unsecured Loan Stock of £4 million and new Ordinary Shares issued of £1.898 million (being 1,851,719 Ordinary Shares at 102.5 pence per Ordinary Share, being the Closing Price as at 12 March 2012 (being the last practicable date prior to the announcement of the Proposed Acquisition)). The Convertible Unsecured Loan Stock of £4 million may convert into 4 million new Ordinary Shares limited to the total quantity being issued is no more than 4.99% of the number of Ordinary Shares already admitted to trading on a regulated market situated or operated in the United Kingdom at that time in the first year after issuing (no entitlement to convert before 19 November 2012) and no more than 9.99% per year thereafter until the maturity date, being 5 years at the Stockholder's option. The Directors have chosen to present the Stock, in accordance with IAS 32 (Financial Instruments: Presentation), as a financial instrument that contains both a liability and equity component. The liability component has been determined as £3.521 million and is shown as a financial liability; the balance of £0.479 million, being the equity component, is treated as an equity instrument.

The cost of the Proposed Acquisition is £770,000 and cost of the inducement payments to the Senior Executives and other WCAM personnel is £1.367 million, and are shown as deductions from cash.

Excluding the £170,000 that WCAM will distribute prior to Completion (as set out in note 3 above), the total cash requirement of £8.587 million consists of £6.450 million of cash payable as part of the Consideration, £770,000 representing fees and expenses incurred by the Company in connection with the Proposed Acquisition and £1.367 million of inducement payments to the Senior Executives and other WCAM personnel.

(ii) Intangible asset

The intangible asset of £11.898 million arising from Proposed Acquisition has been calculated as the Consideration of £12.348 million less the net assets acquired of £450,000 (which is £620,000 of net assets of WCAM as at 31 March 2011 minus £170,000 of excess cash being distributed by WCAM as set out in note 3 above).

5. No account has been taken in the pro forma statement of net assets for any trading activity or transactions either by Liontrust for the period since 30 September 2011, or WCAM for the period since 31 March 2011, except as noted above.

**B Reporting Accountants' Report on the Unaudited Pro Forma Statement of Net Assets for the Enlarged Group**



The Directors  
Liontrust Asset Management Plc  
2 Savoy Court  
London  
WC2R 0EZ

Singer Capital Markets Limited  
One Hanover Street  
London  
W1S 1YZ

16 March 2012

Dear Sirs

**Acquisition by Liontrust Asset Management Plc (the “Company”) of Walker Crips Asset Managers Limited (“WCAM”) (the “Acquisition”)**

We report on the unaudited pro forma statement of net assets of the Enlarged group (the “**Pro forma statement of net assets**”) set out in paragraph A of Part 4 of the Company’s circular dated 16 March 2012 (the “**Document**”) which has been prepared on the basis described in the notes to the Pro forma statement of net assets, for illustrative purposes only, to provide information about how the Acquisition might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 30 September 2011. This report is required by item 13.3.3R of the Listing Rules of the UK Listing Authority (the “**Listing Rules**”) and is given for the purpose of complying with that Listing Rule and for no other purpose.

**Responsibilities**

It is the responsibility of the directors of the Company to prepare the Pro forma statement of net assets in accordance with item 13.3.3R of the Listing Rules.

It is our responsibility to form an opinion, as required by item 13.3.3R of the Listing Rules as to the proper compilation of the Pro forma statement of net assets and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma statement of net assets, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.



Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Document, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Document.

#### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma statement of net assets with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma statement of net assets has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

#### **Opinion**

In our opinion:

- a) the Pro forma statement of net assets has been properly compiled on the basis stated;  
and
- b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

PricewaterhouseCoopers LLP  
Chartered Accountants

---

*PricewaterhouseCoopers LLP, Erskine House, 68-73 Queen Street, Edinburgh, EH24NH*  
*T: +44 (0)131 226 4488, F: +44 (0) 131 260 4033, [www.pwc.co.uk](http://www.pwc.co.uk)*

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Services Authority for designated investment business.

## PART 5

# PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

### A. The Proposed Acquisition

#### 1 Introduction

On 13 March 2012, the Company announced that agreement had been reached with the directors of Walker Crips on the terms of a recommended acquisition by the Company of the entire issued share capital of WCAM. The principal terms of the Proposed Acquisition, together with the conditions to the completion thereof, are summarised in this Part 5.

Pursuant to the Proposed Acquisition, prior to Completion, Walker Crips has agreed to make arrangements to distribute excess cash out of WCAM (to the extent permitted by law and regulatory capital requirements) such that, upon Completion, WCAM will be the investment manager only of the following specific unit trusts, OEIC and segregated accounts:

- (a) CF Walker Crips Equity Income Fund;
- (b) CF Walker Crips UK Growth Fund;
- (c) CF Walker Crips UK High Alpha Fund;
- (d) CF UK Fund (the funds in paragraphs (a) to this paragraph (d) (inclusive), together being the “**Vendor Funds**”);
- (e) CF Walker Crips Select Income Trust;
- (f) CF Walker Crips Global Growth Trust;
- (g) CF Walker Crips Corporate Bond Fund (the funds in paragraphs (e) to this paragraph (g) (inclusive), together being the “**Administration Funds**”);
- (h) No. 1 segregated account; and
- (i) No. 2 segregated account.

Certain specific arrangements have been made in relation to the Administration Funds, as further described in paragraph A2(i) of this Part 5.

**Completion is conditional (amongst other things) upon the passing of the Resolutions numbered 1, 2 and 3 at the General Meeting, as more particularly described in paragraph B of this Part 5, and your particular attention is, accordingly, drawn to that paragraph.**

In addition, the Proposed Acquisition constitutes a Class 1 transaction under the Listing Rules for Walker Crips and is, therefore, conditional (amongst other things) upon the approval of Walker Crips Shareholders voting in favour of it. Approval of the Walker Crips Shareholders will be sought at the Walker Crips General Meeting, which is being convened for the same date as the General Meeting by means of a circular to Walker Crips Shareholders dated 13 March 2012, at which the Walker Crips Shareholders will be invited to consider and, if thought fit, vote in favour of the Walker Crips Resolution. Accordingly, Completion is also conditional (amongst other things) upon the passing of the Walker Crips Resolution.

## **2    *The Share Purchase Agreement***

The Share Purchase Agreement, being the principal agreement governing the Proposed Acquisition, was entered into on or around the date of this document between the Company (1) and Walker Crips (2).

Under the terms of the Share Purchase Agreement, Walker Crips has conditionally agreed to sell and the Company has agreed to purchase the entire issued share capital of WCAM.

### ***(a)   Conditions and Completion***

The Share Purchase Agreement, and thus Completion, is conditional upon:

- (i) each of the Resolutions numbered 1, 2 and 3 and the Walker Crips Resolution being passed (without amendment) at, respectively and as applicable, the General Meeting and the Walker Crips General Meeting, and not at any adjournments thereof;
- (ii) the consent of the FSA to the change of control occasioned by the Proposed Acquisition having been obtained;
- (iii) trail commission arrangements as at the date of the Share Purchase Agreement with Walker Crips' existing advisers for monies introduced into the WCAM Funds remaining unchanged until Completion; and
- (iv) compliance by Walker Crips with the obligations summarised in paragraph A2(b) of this Part 5.

The Company and Walker Crips have agreed to use their respective reasonable endeavours to procure that, so far as they are able, the conditions to be satisfied by it (either solely or jointly) are satisfied as soon as practicable following the date of the Share Purchase Agreement.

If the conditions are not satisfied or, where applicable, waived (if capable of waiver) prior to 7 June 2012, the Share Purchase Agreement will automatically terminate with immediate effect in which case the Proposed Acquisition will not proceed.

Completion shall take place on the third business day following the date on which the conditions are (or as the case may be, the last of them to be satisfied is) satisfied or waived (if capable of waiver), provided that if for any reason of applicable law or regulation, the Company is prohibited from allotting and/or issuing the Convertible Unsecured Loan Stock on that date and/or the Consideration Shares Walker Crips may, at its election:

- (i) delay Completion until the first Business Day following the day on which that prohibition ceases to apply; or
- (ii) proceed to Completion and receive the cash consideration (described in paragraph A2(c)(i) of this Part 5) on the Completion Date, with the Consideration Shares and the Convertible Unsecured Loan Stock being allotted and issued at such time as the relevant prohibition ceases to apply. In these circumstances, the Company is obliged to pay Walker Crips a cash payment of £65,000 for every month that elapses between the Completion Date and the date on which the Consideration Shares and the Convertible Unsecured Loan Stock are allotted and issued.

If the prohibition arises under the Listing Rules, the Company is obliged to make an application to the FSA to seek a waiver of the prohibition as soon as possible. In addition, subject always to the Directors' statutory duties, the Company is obliged not knowingly to undertake an act prior to the Completion Date which would result in the Company being in a prohibited period (as defined in the Listing Rules).

***(b) Position pending Completion***

Pursuant to the Share Purchase Agreement, Walker Crips is subject to certain customary restrictions in the period up to Completion in relation to the conduct of WCAM's business and operations. These restrictions include, amongst other things, undertakings to procure that:

- (i) the business of WCAM is carried on in the ordinary and usual course and so as to maintain the same as a going concern and with a view to profit;
- (ii) no increase is made in the authorised, allotted or issued share or loan capital of WCAM and that no such share capital is reduced, redeemed or repurchased;
- (iii) no option or other right (whether contingent or otherwise) to (a) acquire shares or (b) an amount by reference to the value of a share is offered or granted by WCAM over the whole or any part of its share capital, whether issued or unissued, and that no agreement to allot securities convertible into the share capital of WCAM is entered into;
- (iv) no agreement is entered into or made to acquire an interest in a corporate body;
- (v) no dividend or other distribution (whether in cash, stock or in kind) of WCAM is declared, authorised, made or paid other than for a pre-Completion dividend to distribute excess cash out of WCAM, provided that following such dividend, WCAM's net asset value is not less than £447,853;

(vi) WCAM does not:

- (aa) change, amend or otherwise vary or terminate any material agreement, arrangement or commitment to which it is a party or enter into any unusual or abnormal contract or commitment;
- (bb) change, amend or otherwise vary the terms of investment or redemption for any investors in the WCAM Funds from such terms as are in force at the date of the Share Purchase Agreement;
- (cc) offer any rebates on certain specified management fees or the performance fees, other than those already offered prior to the date of the Share Purchase Agreement; and/or
- (dd) change, amend or otherwise vary the terms of any constitutional documentation of any of the WCAM Funds;

(vii) WCAM does not incur any material capital expenditure or any material capital commitment or dispose of or realise any material capital asset or any interest in any such asset;

(viii) WCAM does not enter into any transaction with any other member of the Walker Crips Corporate Group other than on arm's length terms and in the ordinary course of business;

(ix) WCAM does not alter the terms of any existing borrowing facilities or arrange any additional borrowing facilities;

(x) WCAM does not increase the remuneration (including pension contributions, bonuses, commissions and benefits in kind) of any director or employee or provide or agree to provide any gratuitous payment or benefit to any such person or any of his dependants and no employee shall be engaged or dismissed or have his terms of employment altered;

(xi) WCAM does not enter into any litigation, arbitration or tribunal proceedings in relation to WCAM other than debt collection in the ordinary course of business; and/or

(xii) WCAM does not do anything which has the intention of causing any material business relationship WCAM has with a third party to come to an end.

**(c) Consideration**

Under the Share Purchase Agreement, the Consideration payable by the Company for the acquisition of WCAM is as follows:

- (i) £6 million, payable in cash on Completion, subject to adjustment as described further below;
- (ii) 1,851,719 new Ordinary Shares (being the Consideration Shares) to be allotted to Walker Crips at Completion (or at the time otherwise specified in paragraph A2(a) of this Part 5). The Consideration Shares will rank parri passu with all existing Ordinary Shares in the capital of the Company;

- (iii) £4 million, to be satisfied by the allotment to Walker Crips of £4,000,000 in nominal value of Convertible Unsecured Loan Stock at Completion (or at the time otherwise specified in paragraph A2(a) of this Part 5) (the Stock converting on the basis of 1 Ordinary Share for each £1 in nominal value of Stock); and
- (iv) an amount payable in cash equal to the net asset value of WCAM as at Completion. £447,853, being an estimate of such net asset value, is payable in cash at Completion, and is to be paid to Walker Crips at Completion, with such amount to be adjusted (upwards or downwards (subject in each case to a cap of £1 million)) and paid within five business days following such net asset value following Completion in accordance with a completion accounts procedure set out in the Share Purchase Agreement.

The cash element of the Consideration referred to in paragraph A2(c)(i) of this Part 5 is based on the assumption that the value of the AuM of the funds listed in paragraphs A1(a) to (d) and (h) to (i) of this Part 5 shall, at Completion, be between £455 million and £685 million (both numbers inclusive). Accordingly, the Share Purchase Agreement provides for a variation of the Consideration (up or down) should the actual value of the Company's assets under management at Completion (the "**Completion AuM**") be less or more (as applicable), as follows:

- (i) if Completion AuM exceeds £685 million, then the Company will pay Walker Crips an additional £500,000 in cash; and
- (ii) if Completion AuM is less than £455 million, then Walker Crips will reimburse the Company £500,000 in cash,

in either case within five business days of the final determination of Completion AuM in accordance with the terms of the Share Purchase Agreement. If Completion AuM is between £455 million and £685 million (both numbers inclusive), there shall be no variation of the Consideration as described in paragraph A2(c) of this Part 5.

Walker Crips has agreed that it will enter into customary orderly market arrangements in an agreed form as regards the disposal of the Consideration Shares and, to the extent that following their allotment and issue to it Walker Crips exercises its right in accordance with the terms of the Convertible Unsecured Loan Stock Instrument to convert Convertible Unsecured Loan Stock into Ordinary Shares, as regards the disposal of the Ordinary Shares allotted and issued on such conversion.

Further details of the Convertible Unsecured Loan Stock are summarised in paragraph A3 of this Part 5.

**(d) Warranties, reverse warranties and indemnities**

The Share Purchase Agreement contains certain customary warranties, subject to certain limitations both as to time and amount, given by Walker Crips to the Company, together with certain specific indemnities (including as to taxation) in relation to WCAM. The Share Purchase Agreement also contains certain customary reverse warranties subject to certain limitations both as to time and amount given by the Company to Walker Crips.

***(e) Termination***

If, at any time prior to Completion:

- (i) Walker Crips fails to comply with any of its material obligations under the Share Purchase Agreement;
- (ii) any of the warranties given by Walker Crips contained in the Share Purchase Agreement are not true and accurate in all respects and as of the date of the Share Purchase Agreement and immediately prior to the Completion Date and the same would be reasonably likely to give rise to a loss of £2,000,000 or more;
- (iii) the Company fails to comply with any of its material obligations under the Share Purchase Agreement; or
- (iv) any of the reverse warranties given by the Company contained in the Share Purchase Agreement are not true and accurate in all respects and not misleading in any respect on and as of the date of the Share Purchase Agreement and the same would be reasonably likely to give rise to a loss of £2,000,000 or more,

the Company (in the case of matters summarised in paragraphs A2(e)(i) and (ii) of this Part 5) and Walker Crips (in the case of matters summarised in paragraphs A2(e)(iii) and (iv) of this Part 5) may either terminate the Share Purchase Agreement with immediate effect by notice in writing to the other party (as applicable) or allow the acquisition of WCAM to proceed subject to compliance with any requirements of the Listing Rules, the London Stock Exchange, the FSA and/or applicable law and regulation.

***(f) Post-Completion restrictive covenants***

Walker Crips will be subject to certain customary restrictive covenants in relation to the business and operations of WCAM and its employees following Completion. In particular, save with the prior written consent of the Company, Walker Crips will not directly or indirectly on its own behalf or on behalf of any other person for a period of 18 months from the date of Completion:

- (a) in competition with the Company provide services to, work on any account of, or be in any way interested in or connected with any business which competes with any business carried on by WCAM at Completion, provided always that Walker Crips shall not be prevented from being interested as a holder or beneficial owner solely for investment purposes of less than three per cent. of any securities of any company whose securities are listed or quoted on any recognised investment exchange in the United Kingdom;
- (b) provide to any person who, at any time during the 12 calendar months prior to the date of the Share Purchase Agreement was a client of WCAM, services which are the same as or similar to any services which were being provided to that client by WCAM or (as the case may be) at the relevant time during such 12 calendar months prior to the date of the Share Purchase Agreement;

- (c) interfere with or seek to interfere with contractual or other trade relations between WCAM and any of its clients;
- (d) solicit the services of, endeavour to entice away from WCAM or knowingly assist in, or procure, the employment by any other person of any director or senior or managerial employee or consultant of WCAM as at the Completion Date (whether or not such person would commit any breach of his contract of employment or engagement by reason of leaving the service of such company);
- (e) save as required by applicable law or regulation, communicate or divulge to any person or make use of and shall use reasonable endeavours to prevent the publication, disclosure or unauthorised use of certain commercial confidential information concerning the business, finances or affairs of WCAM or of any of its clients, suppliers or any investor in each case prior to the Completion Date; and/or
- (f) for so long as it is used by or registered in the name of WCAM or any other member of the Liontrust Group, use or apply to register on any public register any trade, business or domain name or e-mail address used by WCAM during the period of two years preceding the Completion Date (whether alone or in conjunction with other names) or any name similar to those names or addresses or likely to be confused with them.

***(g) Employees***

WCAM has 4 allocated employees and one self-employed sales consultant working in fund management, sales and distribution. On Completion, Stephen Bailey, who is employed by Walker Crips, and Jan Luthman, who is employed by WCAM, will resign as employees and become members of LI Partners. The other allocated employees and the self-employed sales consultant of WCAM will resign their existing arrangements and become members of LFP or members of LI Partners or employees of Liontrust at Completion.

The notice period for retirement from LI Partners for Stephen Bailey and Jan Luthman is 6 months, such notice to expire no earlier than the third anniversary of them joining LI Partners.

***(h) Management incentives***

At Completion, Stephen Bailey and Jan Luthman will resign as employees of WCAM and will become members of LI Partners. They will each receive £670,000 from Liontrust Investment Services as an inducement to join LI Partners. They will also each be entitled to fixed allocations of £150,000 per annum and a variable allocation that is linked to the profitability of LI Partners and the revenues that are receivable in relation to the AuM that they manage.

***(i) The Administration Funds***

As regards the Administration Funds, under the Share Purchase Agreement the Company and Walker Crips have agreed that the investment management of such funds shall, with effect from Completion, be delegated by WCAM to a subsidiary company of Walker Crips (the “**Sub-Investment Manager**”). Following Completion and until such time as Liontrust has re-organised WCAM within its group, the sub-investment management fees paid to the Sub-Investment



Manager shall be equal to the existing investment management fees currently received by WCAM less £5,000 per fund. Upon completion of Liontrust's re-organisation of WCAM within its Group Companies, the Sub-Investment Manager will receive investment management fees on the same basis as were received by WCAM prior to the Proposed Acquisition.

### **3. *The Convertible Loan Stock Instrument and the Convertible Unsecured Loan Stock***

#### **(a) *Introduction***

As noted in paragraph A2(c)(iii) of this Part 5, part of the Consideration for the Proposed Acquisition comprises the allotment and issue of the Convertible Unsecured Loan Stock by the Company to Walker Crips.

The Convertible Loan Stock Instrument is an instrument to be executed, subject to the satisfaction of the conditions to the Proposed Acquisition (as summarised in paragraph A2(a) of this Part 5), by the Company which will constitute the Stock. The Convertible Loan Stock Instrument also prescribes the form of certificate to be issued to Stockholders as the holders of the Stock, together with the notice of conversion Stockholders must deliver in order to convert the Stock to be held by them.

No application has been or will be made to any recognised investment exchange or other stock exchange situated or operating in the United Kingdom or elsewhere for permission to deal in or for an official or other listing in respect of the Stock.

#### **(b) *Principal provisions of the Convertible Loan Stock Instrument***

The Convertible Loan Stock Instrument contains the following principal provisions:

- (i) the Instrument will constitute £4,000,000 in nominal amount of Stock which will be held subject to and with the benefit of the conditions set out in Part III of schedule 1 to the Instrument (the "**Conditions**"). The Stock will be known as the "Convertible Unsecured Loan Stock".
- (ii) The Stock will be direct and unsecured obligations of the Company for the due and punctual payment of the principal and interest and for the performance of all the obligations of the Company, in each case with respect to it. The Stock carries interest at the rate of 6 per cent. per annum of the nominal value of Stock. This interest accrues on a daily basis and is payable quarterly in arrears. If the Company defaults on its payment obligations under the Instrument, it will be required to pay default interest on such unpaid sums at the rate of 4 per cent. per annum above the base rate from time to time of the Bank of England until such time as such default shall have been remedied, such interest being compounded with three monthly rests on the interest payment dates.
- (iii) The Convertible Loan Stock Instrument provides for the conversion of the Stock, on the basis of 1 Ordinary Share for each £1 in nominal value of Stock, on the following terms:
  - (a) in the period from Completion until 19 November 2012, a Stockholder is not entitled to convert the whole or any part of its holding of Stock into fully paid Ordinary Shares;

- (b) in the period from 19 November 2012 until the day following the anniversary of Completion (the “**Anniversary Date**”), a Stockholder will be entitled by notice to the Company (a “**Conversion Notice**”) to convert only such number of Stock as would, when aggregated with all other Stock converted by Stockholders during that period, result in the Stockholders being issued, in aggregate, with 4.99 per cent. or less of the number of Ordinary Shares already admitted to trading on a regulated market situated or operated in the United Kingdom at that time;
- (c) after the Anniversary Date and until the date falling five years from the date of the Convertible Loan Stock Instrument (the “**Maturity Date**”), Stockholders shall be entitled by serving a Conversion Notice to convert only such amount of Stock, over any period of 12 months, as would, when aggregated with all other Stock converted by Stockholders during such 12 month period, result in Stockholders being issued, in aggregate, with 9.99 per cent. or less of the number of Ordinary Shares already admitted to trading on a regulated market situated or operated in the United Kingdom at that time. To the extent that, as at the Maturity Date, Stockholders hold Stock which, if in aggregate all converted on the Maturity Date, would cause such 9.99 per cent. limit to be exceeded, then having reached such 9.99 per cent. limit upon conversion of Stock, any balance of the Stock remaining unconverted shall instead be automatically redeemed for cash,

PROVIDED THAT the restrictions on the conversion rights of the Stockholders described above shall not apply upon the occurrence of an Event of Default (as described in paragraph A3(c)(d) of this Part 5).

In addition to the restrictions on conversion rights of the Stockholders, if the Stock cannot be converted into Ordinary Shares following service of a Conversion Notice as a result of the Company being prohibited by applicable law or regulation from allotting and issuing such Ordinary Shares (or any of them) or making application for such Ordinary Shares to be admitted to trading on a regulated market, then the conversion date for such stock will be the first Business Day following the date on which such prohibition ceases to apply. In such circumstances the Stock the subject of the Conversion Notice shall bear interest in addition to the interest described in paragraph A3(b)(ii) at 4 per cent. above the Bank of England base rate from the date of the Conversion Notice until it is converted into Ordinary Shares.

- (iv) The Convertible Loan Stock Instrument provides for the redemption in full of the Stock, together with accrued interest thereon, on the fifth anniversary of the date of the Instrument (the “**Maturity Date**”) and under the Instrument, the Company undertakes with the Stockholders that it will (upon a redemption of the Stock in accordance with its terms) pay to the Stockholders those amounts.
- (v) In addition, subject to compliance with applicable law and regulation, in advance of a Realisation and to the fullest extent practicable at least 30 business days prior thereto, the Company will notify Stockholders in writing of a proposed Realisation and will consult with Stockholders about the terms of the Realisation and invite Stockholders to convert their Stock into Ordinary Shares in accordance with the Convertible Loan Stock Instrument. If no notice of conversion is served, upon the occurrence of a Realisation, the Company shall be entitled to and shall forthwith redeem the whole of the principal amount of the Stock then outstanding, together with interest accrued up to but excluding the date of redemption. For

these purposes, a “**Realisation**” is the entering into of an agreement or agreements for a sale of any part of the share capital of the Company to any person resulting in that person, together with any other person acting in concert with such person, holding more than 50 per cent. in aggregate of the issued Ordinary Shares, where the agreement or agreements in question either is or are unconditional in all respects or (if originally conditional in any respect) is or are or has or have become unconditional in all respects.

- (vi) The Convertible Loan Stock Instrument contains detailed provisions as to the entitlement of the Stockholders to certificates in respect thereof.
- (vii) Under the Convertible Loan Stock Instrument, Liontrust is obliged to maintain at its registered office an accurate register showing the principal amount of the Stock for the time being issued and the date of issue of such Stock.
- (viii) The Convertible Loan Stock Instrument and the rights of the Stockholders (inter alia) may be modified, abrogated or compromised only with the sanction of an Extraordinary Resolution. An “**Extraordinary Resolution**” means a resolution passed at a meeting of the Stockholders duly convened and held in accordance with the provisions contained in the Convertible Loan Stock Instrument relative to a meeting for passing an Extraordinary Resolution by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or if a poll is duly demanded then by a majority consisting of not less than three-fourths of the votes given on such a poll.
- (ix) The Convertible Loan Stock Instrument and the Stock is governed by, and shall be construed in accordance with, the laws of England.

**(c) The Conditions**

The Stock is held subject to, and with the benefit of, certain conditions (the “**Conditions**”). These Conditions include:

- (a) as to the:
  - (i) conversion or redemption of the Stock, including upon a Realisation (as described in paragraph A3(b)(v) of this Part 5);
  - (ii) mandatory redemption of the Stock on the Maturity Date (as described in paragraph A3(b)(iv) of this Part 5); and
  - (iii) interest payable thereon (as described in paragraph A3(b)(ii) of this Part 5);
- (b) prohibitions on the Company (or any member of the Liontrust Group) purchasing any Stock;
- (c) providing for the cancellation of the Stock upon conversion or redemption by the Company and their unavailability for re-issue;

(d) the occurrence of events that would constitute an event of default (each an “**Event of Default**”) in respect of the Stock. These include:

- (i) the Company not, on the due date, paying all monies due to Stockholders under the Convertible Loan Stock Instrument; or
- (ii) if any petition is presented or resolution passed for the winding up or dissolution of the Company (or any member of the Liontrust Group), save for the purposes of a reorganisation or reconstruction or amalgamation the terms of which have been approved by an Extraordinary Resolution of the Stockholders, or if a petition is presented for the making of an administration order in relation to the Company (or any member of the Liontrust Group); or
- (iii) if a receiver is appointed in respect of any assets of the Company (or any member of the Liontrust Group); or
- (iv) if the Company (or any member of the Liontrust Group) (whether by virtue of a disposal of all or a substantial part of its undertaking or assets or for any other reason) ceases to carry on its business; or
- (v) if any other borrowings of the Company (or any member of the Liontrust Group) are declared or become capable of being declared, prematurely due and payable or are not repaid when due; or
- (vi) if the Ordinary Shares cease to be admitted to trading on a regulated market situated or operated in the United Kingdom;
- (vii) if the Company issues any further stock or equivalent instrument which ranks ahead of the stock on a winding up or dissolution of the Company;
- (viii) if gross profit in the annual accounts of the Company in any financial year is less than £8,000,000 and if either or both of the following events occurs:
  - (i) the Board declares a dividend in that financial year;
  - (ii) any of the Directors is paid a bonus (whether in cash or otherwise) in that financial year; or
- (ix) the Company is in breach of its regulatory capital requirements, as calculated in accordance with the relevant prudential rules in the FSA Handbook and such breach subsists for at least two months.

If an Event of Default occurs, Walker Crips may by notice to the Company declare the Stock to be immediately repayable.

***(d) Provisions as to redemption, registration, transfer, listing and otherwise***

The Stock contains detailed provisions relating to redemption, registration and transfer. Subject to certain exemptions and to compliance with the transfer provisions set out in the Convertible Loan Stock Instrument, the Stock may at any time be transferred to and between members of the Walker Crips Corporate Group provided always that any such member is a Walker Crips Corporation Tax payer, and any other transfer, assignment, charge or dealing shall be void. For these purposes, a “**Walker Crips Corporation Tax payer**” is a member of the Walker Crips Corporate Group which is subject to pay corporation tax. The Instrument also contains compulsory transfer provisions

such that, if any Stock is held by a member of the Walker Crips Corporate Group which ceases to be a Walker Crips Corporation Tax payer, that Walker Crips Corporation Tax non-payer is required forthwith to notify the Company in writing that that event has occurred and, if required to do so by the Company by notice in writing, procure the transfer of all of the Stock held by it to a member of the Walker Crips Corporate Group that is a Walker Crips Corporation Tax payer.

The transfer provisions set out in the Loan Stock Instrument include that the Stock is (subject to certain limitations) transferable by instrument in writing in any form authorised by the Stock Transfer Act 1963 or in any other form which the Directors may approve subject to compliance with the provisions relating to execution and lodging.

In addition, notices may be served on Stockholders and other documents (including any Certificate) may be given to or served on a Stockholder either personally or by sending it by post in a prepaid envelope addressed to a Stockholder at his registered address or (if a Stockholder desires that notices shall be sent to some other person or address) to the person at the address supplied by the Stockholder to the Company for the giving of notices to him. Any notice given or document served by post is deemed to have been given or served on the day following that on which the same is posted. Any notice given or document served by delivery otherwise than by post shall be deemed to have been given or served at the time it is delivered to the address specified in the Convertible Loan Stock Instrument.

## **B The General Meeting and voting information**

### **1 Shareholder approval**

#### *Paragraph 10.5.1(2)R of the Listing Rules*

The Proposed Acquisition constitutes a Class 1 transaction for the Company for the purposes of paragraph 10.5.1(2)R of the Listing Rules and is, therefore, conditional upon the approval of the Company's Shareholders voting in favour of it.

Accordingly, Resolution 1, which is an ordinary resolution, is being proposed at the General Meeting to seek this approval.

#### *Section 551 of the 2006 Act*

As noted in paragraph A2(c)(ii) of this Part 5, part of the Consideration comprises the allotment and issue of 1,851,719 new Ordinary Shares (being the Consideration Shares).

For the purposes of section 551 of the 2006 Act, the allotment of the Consideration Shares comprises the allotment of shares and, accordingly, requires the prior approval of the Shareholders in accordance with that section.

Accordingly, Resolution 2, which is an ordinary resolution, is being proposed at the General Meeting to grant the Directors this authority up to the maximum amount (in nominal value) of £18,518 (representing, as at the date of this document, 4.99 per cent. of the Company's issued capital). This authority, if granted, would last until the fifth anniversary of the date of the passing

of Resolution 2. If, however, the Company makes an offer or enters into an agreement requiring the issue of shares prior to that date, the allotment will be valid even if the allotment occurs after the expiry of this authority.

Please note that the authority sought for the purposes of section 551 of the 2006 Act by means of Resolution 2 is in addition to the general authority to allot relevant securities under section 551 of the 2006 Act which was obtained at the 2011 annual general meeting of the Company.

*The Stock and sections 551, 570 and 573 of the 2006 Act*

Also as noted in paragraph A2(c)(iii) of this Part 5, part of the Consideration comprises the allotment and issue of £4,000,000 in nominal value of Stock.

For the purposes of section 551 of the 2006 Act, the allotment of the Stock comprises the allotment of a right to convert a security into Ordinary Shares and, accordingly, requires the prior approval of the Shareholders in accordance with that section. In addition, unless they are given an appropriate power by Shareholders, if the Directors wish to allot any Ordinary Shares for cash, grant rights over shares or sell treasury shares for cash (other than pursuant to the Share Option Schemes), they must first offer them to existing Shareholders in proportion to their existing holdings. These rights of existing shareholders are known as pre-emption rights and are contained in section 561 of the 2006 Act.

Whilst the allotment of the Stock pursuant to the Proposed Acquisition will be otherwise than for cash (namely, in consideration for the transfer to Liontrust of the entire issued share capital of WCAM), the allotment and issue of Ordinary Shares upon any subsequent exercise of conversion rights in respect of the Stock will be for cash. Accordingly, under section 561 of the 2006 Act, such subsequent allotment of Ordinary Shares will be subject to pre-emption rights under that section unless such rights have been disapplied under sections 570 and 573 of that Act.

Accordingly, Resolution 3, which is a special resolution, is being proposed at the General Meeting to authorise the Directors to constitute the Stock (by way of execution of the Convertible Loan Stock Instrument on behalf of the Company), to grant them the authority under section 551 of the 2006 Act to allot up to £4,000,000 (in nominal value) of Stock (representing, as at the date of this document, 10.78 per cent. of the Company's issued capital) and to disapply pre-emption rights in respect of the subsequent allotment of Ordinary Shares pursuant to the exercise (in full) of rights of conversion in respect of the Stock. The number of Ordinary Shares allotted pursuant to the exercise of rights of conversion shall not exceed an aggregate amount of £40,000 in nominal value.

The authorities under sections 551, 570 and 573 of the 2006 Act, if granted, would last until the fifth anniversary of the date of the passing of Resolution 3. If, however, the Company makes an offer or enters into an agreement requiring the issue of equity securities prior to that date, the allotment will be valid even if the allotment occurs after the expiry of this authority.

Please note that the authorities sought for the purposes of section 551, 570 and 573 of the 2006 Act by means of Resolution 3 are in addition to the general authorities to allot shares and equity securities under, respectively, sections 551, 570 and 573 of the 2006 Act which were obtained at the 2011 annual general meeting of the Company.



## *Amendments to the Articles*

There are a number of provisions of the 2006 Act which impact on the governance and operation of the Company and, in line with other listed companies, certain amendments to the Articles are proposed to reflect the 2006 Act. The proposed amendments are explained below. Changes of a minor, conforming or purely technical nature have not been specifically explained here.

### *(i) Memorandum of association*

The 2006 Act significantly reduces the constitutional significance of a company's memorandum. The 2006 Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the 2006 Act, the objects clause and all other provisions which are contained in the memorandum of a company already in existence at 1 October 2009 are deemed to be contained in the Company's articles of association. However, the Company can remove these provisions.

Further, the 2006 Act states that unless a company's articles of association provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason, the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the 2006 Act, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 4 confirms the removal of these provisions for the Company. As the effect of this Resolution 4 will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the new articles of association contain an express statement regarding the limited liability of shareholders.

### *(ii) Directors' power to make provision for employees on cessation or transfer of business*

The 2006 Act provides that the powers of the directors of a company to make provision for a person employed or formerly employed by that company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the company's articles or by the company in general meeting. The proposed amendments to the Articles provide that the Directors may exercise this power.

### *(iii) Votes of members*

The Shareholders' Rights Regulations have amended the 2006 Act so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. It is proposed that the Articles be amended to reflect these changes.

## **2 Voting information**

The General Meeting is being convened for 10 a.m. on 5 April 2012 in the Pinafore Room at The Savoy, Strand, London WC2R 0EU, to ask Shareholders to consider, and if they think fit, pass the Resolutions.

As noted in paragraph B1 of this Part 5, at the General Meeting the Resolutions will be proposed to (i) seek approval of the Proposed Acquisition as a Class 1 transaction for the purposes of Chapter 10 of the Listing Rules, (ii) grant the Directors the authority to allot the Consideration Shares for the purposes of section 551 of the 2006 Act, and (iii) authorise the Directors to constitute the Stock, grant them the authority to allot £4,000,000 in nominal value of Stock pursuant to the Proposed Acquisition for the purposes of section 551 of the 2006 Act and to disapply pre-emption rights in respect of the allotment of a maximum of £40,000 in aggregate nominal amount of Ordinary Shares pursuant to the exercise (in full) of rights of conversion in respect of the Stock and (iv) seek approval of certain amendments to the Articles to reflect the remaining substantive provisions of the 2006 Act which became effective on 3 August and 1 October 2009. The passing of Resolutions 1 and 2 will require more than 50 per cent. of the votes cast, and the passing of Resolution 3 will require not less than 75 per cent. of the votes cast, at the General Meeting.

Shareholders have the right to attend, speak and vote at the General Meeting (or, if they are not attending the General Meeting, to appoint someone else as their proxy to attend, speak and vote on their behalf) if they are on the Register at the voting record time. Changes to entries in the Register after that time will be disregarded in determining the rights of any person to attend and/or vote at the General Meeting. If the General Meeting is adjourned, only those Shareholders on the Register at 10 a.m. on the day which is two days before the date of the adjourned General Meeting are entitled to attend, speak and vote or to appoint a proxy.

The number of Ordinary Shares a Shareholder holds as at the above deadline will determine how many votes a Shareholder or his/her proxy will have in the event of a poll. As at 15 March 2012 (being the latest practicable date before the publication of this document) the Company does not hold any shares in treasury.

### **3    *Shareholders not attending the General Meeting***

Shareholders may appoint a proxy, that is, someone who will attend the General Meeting on their behalf to speak and vote, by completing and returning the accompanying Proxy Form or by utilising the CREST electronic proxy appointment service. For Shareholders' convenience, the appointment of the chairman of the General Meeting as proxy has already been included, although Shareholders may appoint someone else as their proxy if they so wish. A proxy need not be a Shareholder of the Company.

Please return the Proxy Form addressed to Capita Registrars, PXS, The Registry, 34 Beckenham Road, Kent BR3 4TU so as to be received by not later than 10 a.m. on 3 April 2012 by post or by hand (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

In order for a proxy appointment made by means of CREST to be valid, the CREST Proxy Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The CREST Proxy Instruction must be transmitted so as to be received by Capita Registrars (ID: RA10) by 10 a.m. on 3 April 2012 (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). For this purpose, the time of receipt will



be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

In the event that a Shareholder votes in person, any proxy votes lodged with Capita Registrars by that Shareholder will be excluded.

#### **4     *Joint Shareholders***

All joint Shareholders may attend and speak at the General Meeting or appoint a proxy. If more than one joint Shareholder votes or appoints a proxy, the only vote or appointment which will count is the vote or appointment of the first joint Shareholder listed on the Register.

#### **5     *Overseas Shareholders***

This document does not constitute an offer to sell or issue or a solicitation of an offer to buy or subscribe for any security, nor shall there be any sale, issuance or transfer of the securities referred to in this document in any jurisdiction in contravention of applicable law.

## PART 6

# ADDITIONAL INFORMATION

### 1 Responsibility

The Directors, whose names appear on page 3 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2 Registered Office

The Company was incorporated and registered in England and Wales as a private limited company on 2 August 1994 under the Companies Act 1985 with company registration number 2954692 and the name 206<sup>th</sup> Shelf Investment Company Limited. On 30 June 1999, the Company was re-registered as a public limited company. Pursuant to a special resolution, the name of the Company was changed to Liontrust Asset Management Plc. The principal legislation under which the Company operates are the Companies Acts and the regulations made thereunder.

The Company is domiciled in the United Kingdom and has its registered office and principal place of business at 2 Savoy Court, London WC2R 0EZ. The telephone number of the Company's registered office is +44 (0)20 7412 1700. The website of the Company is [www.liontrust.co.uk](http://www.liontrust.co.uk).

### 3 Directors' interests

3.1 As at 15 March 2012 (being the latest practicable date prior to the publication of this document) the interests of each Director, any member of their immediate families, related trusts and any other persons connected with them (within the meaning of section 252 of the 2006 Act) in the share capital of the Company and which have been notified by each Director to the Company pursuant to the Disclosure and Transparency Rules were as follows:

Name of Director	As at 15 March 2012	
	No. of Ordinary Shares	Percentage of issued share capital
J S Ions	318,301	0.86
V K Abrol	675,756	1.82
A W S Barbour	32,000	0.09
M J Bishop	25,000	0.07
J V M Hughes-Morgan *	750,000	2.02
G V Hirsch	8,000	0.02

\* J V M Hughes-Morgan is also connected to Occam Asset Management LLP, which is interested in a further 1,763,710 Ordinary Shares, representing 4.75 per cent. of Liontrust's issued share capital.

- 3.2 In addition, the percentage interests referred to in paragraph 3.1 of this Part 6 of each Director, any member of their immediate families, related trusts and any other persons connected with them (within the meaning of section 252 of the 2006 Act) will, upon the allotment and issue of the new Ordinary Shares pursuant to the Proposed Acquisition following Completion, and assuming conversion in full of the Convertible Unsecured Loan Stock, be as follows:

<b>Name of Director</b>	<b>Percentage of issued share capital following the allotment and issue of new Ordinary Shares following Completion (%)</b>	<b>Percentage of issued share capital following the allotment and issue of new Ordinary Shares following Completion and assuming conversion in full of the Unsecured Convertible Loan Stock (%)*</b>
J S Ions	0.82	0.74
V K Abrol	1.73	1.57
A W S Barbour	0.08	0.07
M J Bishop	0.06	0.06
J V M Hughes-Morgan	1.93	1.75
G V Hirsch	0.02	0.02

\* The percentages included in the table assume no further issues of Ordinary Shares.

- 3.3 As at 15 March 2012 (being the latest practicable date prior to publication of this document), the following share options/awards granted to certain Directors under the Company's Share Option Schemes are outstanding:

<b>Name of Director</b>	<b>No. of Ordinary Shares over which options granted</b>	<b>Exercise price (pence)</b>	<b>Issue date</b>	<b>Scheme</b>
A J R Collins	1,000,000	1.0	1 Feb 2011	LSIP
J S Ions	200,000	1.0	10 Feb 2010	LIP
J S Ions	1,800,000	1.0	1 Feb 2011	LSIP
V K Abrol	200,000	1.0	1 Feb 2011	LSIP

#### **4 Directors' service agreements**

Set out below are details of the service contracts, letters of appointment, limited liability partnership membership agreements and/or side letters (as applicable) of each of the Directors:

<b>Director</b>	<b>Date of contract</b>	<b>Notice period</b>
<b>Executive</b>		
A J R Collins	31 December 2010	6 months
J S Ions	8 July 2010	6 months
V K Abrol	8 July 2010	12 months
J V M Hughes-Morgan	30 September 2011	6 months
<b>Non-executive</b>		
A W S Barbour	1 April 2011	3 months
M J Bishop	1 May 2011	3 months
G V Hirsch	13 December 2011	3 months

None of the Directors' service contracts, letters of appointment, limited liability partnership membership agreements and/or side letters (as applicable) contain provisions for compensation for loss of office.

#### **5 Major interests in shares**

The Company has received notifications in accordance with 5.1.2R of the Disclosure and Transparency Rules of the following interests in 3 per cent. or more of the voting rights attaching to the Company's issued share capital as at 15 March 2012 (being the latest practicable date prior to the publication of this document):

<b>Notifier</b>	<b>Number of voting rights</b>	<b>Percentage of voting rights</b>
Schroder Investment Management Limited	7,946,638	21.41
Henderson Global Investors plc	3,877,899	10.45
Liontrust Asset Management Employee Benefit Trust	3,727,335	10.04
Occam Asset Management LLP	1,763,710	4.75

## **6 Related party transactions**

6.1 Details of related party transactions (which for these purposes are set out in the standards adopted according to Regulation (EC) No 1606/2002) that the Company has entered into since the beginning of the Company's financial year ending 31 March 2009 are set out as follows:

- (a) during the financial year ended 31 March 2009, such transactions as are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 27 on page 75 and note 51 on page 90 of the Liontrust Group's consolidated financial statements for the year ended 31 March 2009;
- (b) during the financial year ended 31 March 2010, such transactions as are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 26 on page 45 and note 49 on page 58 of the Liontrust Group's consolidated financial statements for the year ended 31 March 2010; and
- (c) during the financial year ended 31 March 2011, such transactions as are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002:
  - (i) in note 27 on page 46 and note 51 on page 59 of the Liontrust Group's consolidated financial statements for the year ended 31 March 2011; and
  - (ii) on page 13 of the Liontrust Group's consolidated financial statements for the year ended 31 March 2011 and which are also disclosed in paragraph 7 of this Part 6.

6.2 For the period from 1 April 2011 to 15 March 2012 (being the latest practicable date prior to the publication of this document) the Company entered into the related party transaction set out on page 13 of the Liontrust Group consolidated financial statements for the year ended 31 March 2011 which is disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002.

## **7 Material contracts**

### ***The Liontrust Group***

The following contracts (not being contracts entered into in the ordinary course of business) have either (i) been entered into by the Company or one of its subsidiary undertakings within the two years immediately preceding the date of this document and are or may be material; or (ii) been entered into by the Company or one of its subsidiary undertakings and contain a provision under which a member of the Liontrust Group has an obligation or entitlement which is or may be material, in each case as at the date of this document:

- 7.1 the Share Purchase Agreement;
- 7.2 a conditional business purchase agreement dated 1 August 2011 made between (i) Liontrust International (Guernsey) Limited ("**LIGL**"), (ii) LI Partners, (iii) LFP, (iv) the Company (together with LFP, LI Partners and LIGL, the "**Liontrust Purchasers**"), (v) Occam

Investment Management (Malta) Limited ("**Occam Malta**"), (vi) Occam Asset Management LLP ("**OAM**") and (vii) Occam Investment Services Limited (together with Occam Malta and OAM, "**Occam**"), as amended by a deed of variation dated 4 October 2011 between the same parties (together with the business purchase agreement, the "**Occam BPA**"), pursuant to which the Liontrust Purchasers agreed to buy certain of the business and assets of Occam in so far as such business and assets related to the management of Occam Diversity Fund Inc, Occam Diversity Fund L.P., Occam Sorbus Fund Inc, Occam Sorbus Fund L.P. and Occam Umbrella Fund plc.

The aggregate consideration payable under the Occam BPA was: (i) an amount in sterling equal to 2.1 per cent. of the assets under management of Occam's business as at completion of the Occam BPA (which occurred on 4 October 2011 (the "**AuM Consideration**")); and (ii) the sum of £131,250 in cash ("**Cash Consideration**").

The AuM Consideration was satisfied by the allotment of Ordinary Shares to Occam LLP equal to its due proportion of the AuM Consideration ("**Consideration Shares**") and by a payment to Occam Malta in cash of its due proportion of the AuM Consideration following the agreement of assets under management at completion.

The Cash Consideration was satisfied by the payment of £78,750 in cash following determination of the AuM Consideration and £52,500 in cash on the date falling three months after completion.

The Occam BPA contains certain customary warranties given by Occam. The liability of Occam in respect of all and any claims by the Liontrust Purchasers under the Occam BPA (which is subject to a *de minimis* level of £7,000 and a threshold of £70,000) is limited to 75 per cent. of the value of the AuM Consideration less the reasonable costs of Occam in disposing of Ordinary Shares issued as consideration to meet such liabilities. The warranty period expires 12 months after completion.

Pursuant to the Occam BPA, OAM entered into a deed of lock-up (the "**Lock-up Deed**") with the Company at completion in connection with the allotment of the Consideration Shares under the Occam BPA (the "**Restricted Shares**"). Under the Lock-up Deed, OAM LLP undertook to the Company that it would not (subject to certain customary carve-outs) for a period commencing on the date of the deed and ending on the first anniversary of completion or the date on which any warranty claims brought within that year have been settled dispose of any Restricted Shares without the prior written consent of the Company. After the first anniversary of completion, Restricted Shares may be transferred to members of the LLP as long as those members enter into a subsequent lock-up deed for a period commencing on the second anniversary of completion (or on the third anniversary of completion in the case of Jonathan Hughes-Morgan).

At completion, four individuals also gave guarantees to the Liontrust Purchasers pursuant to the Occam BPA as the Liontrust Purchasers understood that in relation to three members of OAM LLP, part of the consideration payable to OAM in cash would be distributed to each of those members. In the case of Jonathan Hughes-Morgan, the guarantee was given because the Liontrust Purchasers understood that the consideration payable to Occam Malta was

expected to be distributed to its shareholders. Jonathan Hughes-Morgan therefore agreed to give a guarantee up to that sum in respect of Occam Malta's obligations under the Occam BPA.

- 7.3 a conditional business purchase agreement dated 12 April 2011 (the "**Avoca BPA**") between (i) Liontrust International (Guernsey) Limited ("**LIGL**"), (ii) Liontrust European Investment Services Limited ("**LEIS**"), (iii) LI Partners, (iv) LFP (together with LI Partners, LEIS and LIGL, the "**Liontrust Vendors**") and (v) Avoca Capital Holdings UK Branch ("**Avoca**"), pursuant to which the Liontrust Vendors sold the credit business and credit assets of the Liontrust Vendors to Avoca, comprising the management of each of Liontrust Credit Fund, Liontrust Credit Master Fund and Liontrust International Funds (Luxembourg) SICAV (the "**Credit Funds**").

The consideration under the Avoca BPA comprised cash payments in Euros of:

- an amount equal to 2 per cent. of the net asset value of the Credit Funds at completion of the Avoca BPA (which occurred on 30 June 2011) (subject to certain adjustments); and
- an amount equal to accrued but unpaid management fees and performance fees at completion in relation to the Credit Funds (subject to certain adjustments),

(together, the "**Completion Consideration**"), such payments being made within 5 days of the Completion Consideration being agreed or determined, and:

- an amount equal to 1.75 per cent. of the net asset value of the Credit Funds as at a date falling one month after completion (the "**Test Date**") (subject to certain adjustments); and
- an amount equal to inflows of net assets to the Credit Funds between completion and the Test Date (subject to certain adjustments),

(together, the "**Deferred Consideration**"), such payments being made within 5 days of the Deferred Consideration being agreed or determined.

The Avoca BPA contains certain customary warranties given by the Liontrust Vendors. The liability of the Liontrust Vendors in respect of warranty claims by Avoca (which is subject to a de minimis level of €5,000 and a threshold of €30,000) is limited to the aggregate of the Completion Consideration and the Deferred Consideration. The warranty period expires 18 months after completion.

- 7.4 such transactions as are disclosed on page 13 of the Liontrust Group's consolidated financial statements for the year ended 31 March 2011.

#### **WCAM**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by WCAM (a) in the two years preceding the date of this document and are, or may be material to WCAM, or (b) contain provisions under which WCAM has any obligation or entitlement which is material to WCAM as at the date of this document:

- 7.5 on 12 March 2012, Walker Crips, WCAM and the respective Senior Executives each entered into a deed of termination relating to the LTIP under the terms of which each Senior Executive agreed, conditional upon the occurrence of Completion, to surrender all rights under the LTIP, including any awards appointed to him and to release Walker Crips and WCAM from any obligation arising under the LTIP. Walker Crips and WCAM, in turn, agreed to release each of the Senior Executives from certain undertakings given by each Senior Executive upon participation in the LTIP.

### **8 Litigation**

#### ***The Liontrust Group***

- 8.1 There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company and/or the Liontrust Group.

#### **WCAM**

- 8.2 There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the financial position or profitability of WCAM.

### **9 Significant change**

#### ***The Liontrust Group***

- 9.1 There has been no significant change in the financial or trading position of the Liontrust Group which has occurred since 30 September 2011, being the date to which the Liontrust Group prepared its last published unaudited half yearly financial report.



## **WCAM**

9.2 Since 31 March 2011, the Offshore Administration Funds ceased to be administered by WCAM, as disclosed in note 4.2 of paragraph B of Part 3 of this document. Other than the aforementioned, there has been no significant change in the financial or trading position of WCAM which has occurred since 31 March 2011, being the date to which WCAM prepared its last audited financial statements.

## **10 Working capital**

The Company is of the opinion that the Enlarged Group has sufficient working capital available to it for its present requirements, that is, for at least the next twelve months following the date of this document.

## **11 Information incorporated by reference**

In compliance with paragraph 13.1.6 of the Listing Rules, the table set out below in this Part 6 sets out the various sections of those documents which are incorporated by reference into this document:

<b>Document</b>	<b>Section</b>	<b>Note number</b>	<b>Page number in reference document</b>
Interim management statement for the period 1 October 2011 to 31 December 2011 and issued by the Company on 1 February 2012	Entire interim management statement	N/A	All
Consolidated financial statements for the Liontrust Group for the year ended 31 March 2009	Notes to the financial statements	27	75
		51	90
Consolidated financial statements for the Liontrust Group for the year ended 31 March 2010	Notes to the financial statement	26	45
		49	58
Consolidated financial statements for the Liontrust Group for the year ended 31 March 2011	Notes to the financial statements	27	46
		51	59
Consolidated financial statements for the Liontrust Group for the year ended 31 March 2011	Capital Structure and voting right	N/A	13
Unaudited half yearly report of Liontrust for the 6 months ended 30 September 2011	Balance Sheet	N/A	7

## **12 Consents**

- 12.1 Singer Capital Markets has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which it is included.
- 12.2 PricewaterhouseCoopers LLP has given and not withdrawn its written consent to the inclusion of its reports on the Historical Financial Information on WCAM in paragraph A of Part 3 of this document and the pro forma statement of net assets in paragraph B of Part 4 of this document, in the form and context in which they appear.

## **13 Documents available for inspection**

The following documents will be available for inspection at the offices of Macfarlanes LLP, 20 Cursitor Street, London EC4A 1LT and at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until the conclusion of the General Meeting (including at the General Meeting itself, from half an hour before its commencement until its conclusion):

- (a) the memorandum and articles of association of the Company (including the full terms of the associated amendments proposed to be made thereto pursuant to the Resolutions numbered 4 and 5);
- (b) the historical financial information on WCAM and PwC's report thereon as set out in Part 3 of this document;
- (c) the unaudited pro forma statement of net assets for the Enlarged Group and PwC's report thereon as set out in Part 4 of this document;
- (d) the audited consolidated financial statements of the Liontrust Group for each of the financial periods ended 31 March 2011, 31 March 2010 and 31 March 2009;
- (e) the unaudited half yearly report of Liontrust for the 6 months ended 30 September 2011;
- (f) interim management statement for the period 1 October 2011 to 31 December 2011 and issued by the Company on 1 February 2012;
- (g) the service contracts, letters of appointment, limited liability partnership membership agreements and/or side letters of the Directors (as applicable) referred to in paragraph 4 of Part 6 of this document;
- (h) the consent letters referred to in paragraph 12 of this Part 6;
- (i) the Share Purchase Agreement;
- (j) the Convertible Loan Stock Instrument;
- (k) the Irrevocable Undertakings;
- (l) the letters of intent referred to in paragraph 10 of Part 1 of this document; and
- (m) a copy of this document.

## PART 7

# DEFINITIONS

The following definitions apply to words and phrases used in this document except where the context requires otherwise:

“2006 Act”	the Companies Act 2006, as amended;
“Administration Funds”	the CF Walker Crips Select Income Trust, the CF Walker Crips Global Growth Trust and the CF Walker Crips Corporate Bond Fund;
“Articles”	the articles of association of the Company as at the date of this document;
“AuM”	assets under management;
“Board” or “Directors”	the Directors of the Company;
“business day”	a day other than a Saturday or Sunday on which banks generally are open for business in the City of London;
“Capita Registrars”	Capita Registrars (a trading division of Capita IRG Plc), PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, registrar to the Company;
“Closing Price”	the mid market closing price of an Ordinary Share as derived from the Daily Official List;
“Company” or “Liontrust”	Liontrust Asset Management Plc, a public company limited by shares incorporated under the laws of England and Wales with company registration number 2954692 and having its registered office at 2 Savoy Court, London WC2R 0EZ;
“Completion”	completion of the Proposed Acquisition in accordance with its terms;
“Completion Date”	5.30 p.m. on the day on which Completion takes place;
“Consideration”	the aggregate of the consideration to be paid by the Company to Walker Crips under the terms of the Share Purchase Agreement, as further described in Part 5 of this document;
“Consideration Shares”	1,851,719 new Ordinary Shares to be issued and allotted to Walker Crips at Completion under the Proposed Acquisition;

“Convertible Loan Stock Instrument” or “Instrument”	the convertible unsecured loan stock instrument constituting the Convertible Unsecured Loan Stock;
“Convertible Unsecured Loan Stock” or “Stock”	the £4,000,000 in nominal value of convertible unsecured loan stock of the Company to be allotted to Walker Crips under the Proposed Acquisition;
“CREST”	the relevant system (as defined in the CREST Regulations), in respect of which Euroclear is the operator;
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedures and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as subsequently amended);
“CREST member”	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations);
“CREST participant”	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);
“CREST Proxy Instruction”	an appropriate and valid CREST message appointing a proxy by means of CREST;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended;
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor;
“Daily Official List”	the daily official list of the London Stock Exchange;
“Disclosure and Transparency Rules”	the Disclosure Rules and Transparency Rules made by the UK Listing Authority under Part VI of FSMA, as amended from time to time;
“Enlarged Group”	the Liontrust Group following the completion of the Proposed Acquisition;
“Euroclear”	Euroclear UK & Ireland Limited, as the CREST operator (as defined in the CREST Regulations);

“FSA”	the Financial Services Authority of the United Kingdom, and any of its successor authorities;
“FSMA”	the Financial Services and Markets Act 2000, as amended;
“G&E Investment Services Limited”	G&E Investment Services Limited, a private company limited by shares with company registration number 0979058 and having its registered office at Foss Islands House, Foss Islands Road, York, Yorkshire YO31 7UJ;
“General Meeting”	the general meeting of the Company, notice of which is set out in Part 8 of this document, and any adjournment thereof;
“Group Company”	in relation to any company, any body corporate which is from time to time a holding company of that company, a subsidiary of that company or a subsidiary of a holding company of that company;
“Irrevocable Undertakings”	the irrevocable undertakings from each of John Ions, Adrian Collins, Vinay Abrol, Jonathan Hughes-Morgan, Alastair Barbour, Michael Bishop and Glyn Hirsch;
“Liontrust Group”	the Company, its subsidiaries and subsidiary undertakings as at the date of this document;
“Liontrust Investment Services”	Liontrust Investment Services Limited, the corporate member of LI Partners, having its registered office at 2 Savoy Court, London WC2R 0EZ and having company registration number 3194204;
“LFP”	Liontrust Fund Partners LLP, a subsidiary undertaking of the Liontrust Group, authorised and regulated by the FSA;
“LIP”	the Liontrust Incentive Plan adopted by the Board in November 2009, in which certain senior executives within the Liontrust Group are permitted to participate;
“LI Partners”	Liontrust Investment Partners LLP, a subsidiary undertaking of the Liontrust Group, authorised and regulated by the FSA;
“Listing Rules”	the rules and regulations made by the UK Listing Authority pursuant to section 74 of FSMA, as amended from time to time;

“London Stock Exchange”	London Stock Exchange plc;
“London York Fund Managers Limited”	London York Fund Managers Limited, a private company limited by shares, with company registration number 1491932 and having its registered office at Foss Islands House, Foss Islands Road, York, Yorkshire YO31 7UJ;
“LOP”	the Liontrust Option Plan adopted by the Board and approved by HMRC in December 2009 which provides for the granting of options up to a market value limit of £30,000 to each individual employee on the date of grant in which all employees of the Liontrust Group (excluding any director (including executive directors) of the Company) are entitled to participate;
“LSIP”	the Liontrust Senior Incentive Plan approved by shareholders of the Company at a General Meeting in January 2011, participation in which is limited to the executive directors of the Company;
“LTIP”	the senior executive long term incentive plan of Walker Crips, as approved by Walker Crips Shareholders on 9 June 2010;
“No. 1 segregated account”	first segregated portfolio where WCAM has been appointed as the discretionary investment manager of the portfolio’;
“No. 2 segregated account”	second segregated portfolio where WCAM has been appointed as the discretionary investment manager of the portfolio;
“Notice of General Meeting”	the notice of general meeting set out on page 69 in Part 8 of this document;
“OBSR”	Old Broad Street Research Limited;
“Occam”	Occam Investment Management (Malta) Limited, Occam Investment Services Limited and Occam Asset Management LLP;
“Occam Asset Management LLP”	an English limited liability partnership, with partnership registration number OC329551, registered under the laws of England and Wales having its registered address at 4th Floor, Reading Bridge House, George Street, Reading, Berkshire RG1 8LS;
“OEIC”	open ended investment company;

“Official List”	the official list of the UK Listing Authority;
“Offshore Administration Funds”	a range of offshore funds for which WCAM performed certain administration services;
“Ordinary Shares”	ordinary shares of 1 pence each in the capital of the Company;
“Proposed Acquisition”	the proposed acquisition by the Company of the entire issued share capital of WCAM;
“Proxy Form”	the form of proxy enclosed with this document for use at the General Meeting;
“PwC” or “PricewaterhouseCoopers LLP”	PricewaterhouseCoopers LLP of Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH, auditors of and reporting accountants to the Company, referred to in this document in each such capacity (as applicable);
“Register”	the register of members of the Company;
“Reporting Accountants”	PricewaterhouseCoopers LLP of Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH;
“Resolutions”	the resolutions set out in the Notice of General Meeting to be proposed at the General Meeting;
“Senior Executives”	Stephen John Bailey and Jan Victor Hamish Luthman;
“Shareholders”	holder(s) of Ordinary Shares;
“Share Option Schemes”	the LIP, the LSIP, and the LOP;
“Share Purchase Agreement”	the conditional sale and purchase agreement dated on or around the date of this document between the Company and Walker Crips relating to the sale and purchase of the entire issued share capital of WCAM, further details of which are set out in Part 5 of this document;
“Singer Capital Markets”	Singer Capital Markets Limited, financial adviser and sponsor to the Company;
“Stockholders”	holder(s) of Convertible Unsecured Loan Stock;
“UK Listing Authority”	the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
“United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;

“Vendor Funds”	the CF Walker Crips Equity Income Fund; the CF Walker Crips UK Growth Fund; the CF Walker Crips UK High Alpha Fund; and the CF UK Fund;
“Walker Crips”	Walker Crips Group plc, a public company limited by shares incorporated under the laws of England and Wales with company registration number 1432059, having its registered office at Finsbury Tower, 103-105 Bunhill Row, London EC1Y 8LZ;
“Walker Crips Corporate Group”	WCAM and its Group Companies from time to time;
“Walker Crips Circular”	the circular to be sent to Walker Crips Shareholders in connection with the Proposed Acquisition pursuant to Chapter 10 of the Listing Rules;
“Walker Crips General Meeting”	the general meeting of Walker Crips at which Walker Crips Shareholders will consider, amongst other matters, approving the Proposed Acquisition;
“Walker Crips Resolution”	the resolutions to be proposed at the Walker Crips General Meeting for the purposes of approving the Proposed Acquisition;
“Walker Crips Shareholders”	holder(s) of Walker Crips Shares; and
“Walker Crips Shares”	ordinary shares of 6.66 pence each in the capital of Walker Crips.
“WCAM”	Walker Crips Asset Managers Limited, a private company limited by shares incorporated under the laws of England and Wales with company registration number 3790292, having its registered office at Finsbury Tower, 103-105 Bunhill Row, London EC1Y 8LZ and which is authorised and regulated by the FSA;
“WCAM AuM”	total assets of WCAM under management by the Senior Executives (excluding the CF Walker Crips Corporate Bond Fund, the investment responsibilities for which will be retained by Walker Crips); and
“WCAM Funds”	the Administration Funds, the Vendor Funds, the No. 1 segregated account; and the No. 2 segregated account.

All times referred to in this document are to London time, unless otherwise stated.



## PART 8

# NOTICE OF GENERAL MEETING

### LIONTRUST ASSET MANAGEMENT PLC

*(incorporated in England and Wales with registered number 2954692)*

### NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a **GENERAL MEETING** of Liontrust Asset Management Plc (the “**Company**”) will be held at 10 a.m. on 5 April 2012 in the Pinafore Room at The Savoy, Strand, London WC2R 0EU, for the purposes of considering and, if thought fit, passing the following resolutions, of which the resolutions numbered 1 and 2 will be proposed as ordinary resolutions, and the resolutions numbered 3, 4 and 5 will be proposed as special resolutions:

#### ORDINARY RESOLUTIONS

THAT:

- 1 The Proposed Acquisition (as such term is defined in the circular to the Company’s shareholders dated 16 March 2012 of which this notice of general meeting forms part, a copy of which is produced to the meeting and, for the purposes of identification only, is initialled by the Chairman (the “**Circular**”)) be and it is hereby approved as a Class 1 transaction for the purposes of Chapter 10 of the Listing Rules (as defined in the Circular), and the directors of the Company (the “**Directors**”) be and they are hereby authorised to do or procure to be done all such acts and things on behalf of the Company as they consider necessary or expedient for the purpose of giving effect to the Proposed Acquisition and this resolution and to carry the same into effect with such modifications, variations, revisions, waivers or amendments as the Directors may in their absolute discretion think fit, provided such variations, revisions, waivers or amendments are not of a material nature.
- 2 In addition to all previous authorisations currently in force, the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006, to exercise all powers of the Company to allot ordinary shares of 1 pence each in the capital of the Company up to an aggregate nominal amount of £18,518, representing 4.99 per cent of the issued share capital of the Company as at the date of this notice, in connection with the Proposed Acquisition, provided that:
  - 2.1 unless previously revoked, varied, renewed or extended, such authority and power shall expire on 5 April 2017; and
  - 2.2 the Company may make an offer or agreement which would or might require ordinary shares of 1 pence each in the capital of the Company to be allotted, or rights to be granted, after this authority has expired.

## SPECIAL RESOLUTIONS

THAT:

- 3(a) The Directors be and they are hereby generally and unconditionally authorised to constitute the Convertible Unsecured Loan Stock (as defined in the Circular) by way of execution of the Convertible Loan Stock Instrument (also as so defined) on behalf of the Company;
- (b) In addition to all previous authorisations currently in force, the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006, to exercise all powers of the Company to allot up to an aggregate nominal amount of £4,000,000 of Convertible Unsecured Loan Stock (as defined in the Circular), representing, on conversion, 10.78 per cent of the issued share capital of the Company as at the date of this notice, in connection with the Proposed Acquisition, provided that:
- (i) the maximum aggregate number of Ordinary Shares that may be allotted upon subsequent conversion of the Convertible Unsecured Loan Stock (as defined in the Circular) in accordance with the rights attaching thereto, be no greater than £40,000 in nominal value;
  - (ii) unless previously revoked, varied, renewed or extended, such authority and power shall expire on 5 April 2017; and
  - (iii) the Company may make an offer or agreement which would or might require ordinary shares to be allotted, or rights to be granted, after this authority has expired; and
- 3(c) In substitution for all existing authorities, the Directors be and they are hereby empowered, pursuant to sections 570 and 573 of the Companies Act 2006, to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the authority conferred in Resolution 3(b) above as if section 561(1) of that Act did not apply to such allotment, provided that this power shall expire on 5 April 2017 and shall be limited to the allotment of equity securities up to an aggregate nominal amount of £40,000, representing 10.78 per cent of the issued share capital of the Company as at the date of this notice, save that the Company may, before expiry of this power, make an offer or agreement which would, or might, require equity securities to be allotted after such expiry, and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the power conferred hereby has expired.
- This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(2)(b) of the Companies Act 2006.
- 4 The articles of association of the Company be amended by deleting all the provisions of the Company's memorandum of association which, by virtue of section 28 Company Act 2006, are to be treated as part of the Company's articles of association.

- 5 The articles of association produced to the General Meeting marked “A” and initialled by the chairman of the General Meeting for the purpose of identification only be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

By order of the Board

Registered office: 2 Savoy Court  
London  
WC2R 0EZ

Mark Jackson  
Company Secretary  
Dated: 16 March 2012

## NOTICE OF GENERAL MEETING NOTES

- 1 Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the General Meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you wish to appoint more than one proxy, please photocopy the Proxy Form and lodge all forms together at the address provided.
- 2 To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 10 a.m. on 3 April 2012. It should be accompanied by the power of attorney or other authority (if any) under which it is signed or a duly certified copy of such power or authority. Completion of the proxy form or the appointment of a proxy electronically via [www.capitashareportal.com](http://www.capitashareportal.com) or through CREST (as described below) will not prevent a member from attending and voting in person.
- 3 The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 9 below) will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.
- 4 Any person to whom this notice is sent who is a person nominated under section 146 of Companies Act 2006 to enjoy information rights (a **"Nominated Person"**) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- 5 The statement of the rights of Shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by Shareholders.
- 6 Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the General Meeting and the number of votes which may be cast will be determined by reference to the Register of Members of the Company at close of business at 6.00 p.m. on 3 April 2012 (or, in the event of any adjournment, 6.00 p.m. on the day that is two days before the day of the adjourned meeting). Changes to the Register after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 7 As at 15 March 2012 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consisted of 37,108,600 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 15 March 2012 were 37,108,600. As at 15 March 2012, the Company held no Ordinary Shares as treasury shares.
- 8 As an alternative to completing the proxy form, Shareholders can appoint proxies electronically via [www.capitashareportal.com](http://www.capitashareportal.com). For an electronic proxy appointment to be valid, the appointment must be received by the Company's registrars, Capita Registrars, no later than 10 a.m. on 3 April 2012.
- 9 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- 10 A CREST Proxy Instruction must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Capita Registrars (ID RA10) by 10 a.m. on 3 April 2012. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- 11 CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 12 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- 13 Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- 14 You may not use any electronic address provided in this notice of General Meeting for communicating with the Company for any purposes other than those expressly stated.



## PROXY FORM

For use at the General Meeting to be held at 10 a.m. on 5 April 2012 in the Pinafore Room at The Savoy, Strand, London WC2R 0EU.

I/we\* (block capitals) .....

of .....

in respect of ALL my/our shares

OR

insert number of shares if not all .....

being a member /members of Liontrust Asset Management Plc, hereby appoint the Chairman of the General Meeting\*\* or

.....  
as my/our proxy to attend, speak and vote for me/us on my/our behalf at the General Meeting to be held at 10 a.m. on 5 April 2012 in the Pinafore Room at The Savoy, Strand, London WC2R 0EU and at any adjournment thereof.

I /we require my/our proxy to vote in particular as follows:

### Resolutions

*Please mark 'X' to indicate how you wish to vote*

	<i>For</i>	<i>Against</i>	<i>Vote Withheld***</i>
1. To approve the terms of the Proposed Acquisition and the authorisation of the Directors to do or procure to be done all such acts to give effect to the Proposed Acquisition			
2. To approve the authorisation of the Directors to allot and issue Ordinary Shares up to an aggregate nominal amount of £18,518 in connection with the Proposed Acquisition			
3. To approve the constitution of the Convertible Unsecured Loan Stock, to allot up to £4,000,000 in nominal amount thereof and to disapply pre-emption rights in respect of the subsequent allotment of Ordinary Shares on exercise of rights of conversion			
4. To approve the deletion of all of the provisions of the Company's memorandum of association which, by virtue of section 28 Companies Act 2006, are to be treated as part of the Company's articles of association			
5. To approve the adoption of the articles of association produced to the General Meeting as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association			

Signature .....

Dated this ..... day of ..... 2012

In the absence of instructions, the proxy is authorised to vote (or abstain from voting) at his or her discretion on the specified resolution. The proxy is also authorised to vote (or abstain from voting) at his or her discretion on any business which may properly come before the meeting.

(To be valid, this Proxy Form must be signed and dated)  
This Proxy Form must be lodged by 10 a.m. on 3 April 2012.

## PROXY FORM NOTES

- 1 \*Please complete in block capitals with your full name and address.
- 2 \*\*If you wish to appoint a proxy other than the Chairman of the General Meeting, please delete the words “the Chairman of the General Meeting or” and insert the full name and address of your chosen proxy in block capitals on the line provided and initial alterations. If you sign and return this proxy form with no name inserted on the line, the chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the chairman of the meeting, it is your responsibility to ensure that that person attends the meeting and is aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the chairman of the meeting and give that person your directions.
- 3 As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend and to speak and vote at a meeting of the Company. A proxy does not need to be a member of the Company. You may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by you. If you wish to appoint more than one proxy, please photocopy the Proxy Form and lodge all forms together at the address provided, deleting the word “ALL” and specifying (on each form) the number of shares in respect of which that proxy is appointed.
- 4 If you want your proxy to vote in a certain way on the Resolution specified please place a mark in the relevant box. If you fail to select any of the given options your proxy can vote as he or she chooses or can decide not to vote at all. The proxy can also do this on any other business (including a motion to adjourn the General Meeting or to amend a resolution) which may properly come before the General Meeting.
- 5 \*\*\*The “Vote Withheld” option is provided to enable you to abstain on a resolution. However it should be noted that a “Vote Withheld” is not a vote in law and will not be counted in the calculation of the proportion of the votes “For” and “Against” the Resolution.
- 6 To be valid, this Proxy Form must be received by post or (during normal business hours only) by hand at Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, NOT LATER THAN 10 a.m on 3 April 2012 (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting), together with the power of attorney or other authority (if any) under which it is signed or a duly certified copy such power or authority. The completion and return of this Proxy Form will not, however, preclude you from attending and voting at the General Meeting if you so wish.
- 7 If you submit more than one valid proxy appointment in respect of the same share for the purposes of the same meeting, the appointment last delivered or received shall prevail in conferring authority on the person named in it to attend the meeting and speak and vote.
- 8 Any alterations to this Proxy Form should be initialled.
- 9 In the case of joint holders, the signature of the first named on the register of members will be accepted, but the names of all joint holders should be given.
- 10 This form must be signed and dated by the member or his or her attorney duly authorised in writing. In the case of a corporation, this Proxy Form should be either given under its common seal or signed on its behalf by an officer or attorney duly authorised.
- 11 You may not use any electronic address provided in this proxy form or in any accompanying document for delivering this proxy form or communicating with the Company for any purposes other than those expressly stated.
- 12 If posting from within the UK, please return your signed proxy form to the Registrar in a sealed envelope addressed to FREEPOST RSBH-UXKS-LRBC, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU. If posting from outside the UK, please return your signed proxy form to the Registrar in a sealed envelope, with the appropriate postage affixed, addressed to Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU, United Kingdom