

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult an independent professional adviser authorised under the FSMA (if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction) who specialises in advising on the acquisition of shares and other securities.

This document is an admission document prepared in accordance with the AIM Rules for Companies. AIM is a market operated by the London Stock Exchange and this document does not comprise a prospectus for the purposes of the Prospectus Rules and has not been approved by or filed with the Financial Conduct Authority. This document does not constitute an offer of transferable securities to the public within the meaning of the FSMA or otherwise. **Application will be made to the London Stock Exchange for all of the issued Ordinary Shares (including the Placing Shares) and all of the to be issued Shareholder Warrants to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the Ordinary Shares and Shareholder Warrants will commence on AIM on 1 December 2014.**

The Company, the Directors and the Proposed Directors (whose names appear on page 2 of this document) accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company, the Directors and the Proposed 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.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

GRESHAM HOUSE PLC

(Incorporated and registered in England and Wales with registered no. 871)

PLACING OF 3,973,510 ORDINARY SHARES OF 25 PENCE EACH AT A PRICE OF 286.9 PENCE
PER ORDINARY SHARE

AND

ISSUE OF UP TO 1,073,976 SHAREHOLDER WARRANTS

AND

ADMISSION TO TRADING ON AIM

Nominated Adviser and Broker

Westhouse Securities Limited

The whole of the text of this document should be read. Your attention is drawn in particular to the risk factors in Part 2 of this document. It is emphasised that the AIM Rules for Companies are less onerous than those on the Official List.

The Placing Shares will, on issue, rank in full for all dividends and other distributions declared, paid or made in respect of the Ordinary Shares after Admission and will otherwise rank *pari passu* in all respects with the existing Ordinary Shares in issue.

Neither the Ordinary Shares (including the Placing Shares) nor the Shareholder Warrants have been nor will they be, registered under the US Securities Act of 1933, as amended, (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States. The Placing Shares are being offered outside of the United States pursuant to Regulation S of the Securities Act and may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offer of the Placing Shares or Shareholder Warrants in the United States. The Placing Shares and Shareholder Warrants have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares or Shareholder Warrants or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States. In addition, offers, sales or transfers of the Placing Shares and/or Shareholder Warrants in or into the United States for a period of time following completion of the Placing by a person (whether or not participating in the Placing) may violate the registration requirement of the Securities Act.

Furthermore, neither the Ordinary Shares (including the Placing Shares) nor the Shareholder Warrants have been or will be registered under the applicable laws of any of Australia, Canada, the Republic of South Africa or Japan and, consequently, may not be offered or sold to any national, resident or citizen thereof.

The distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. Subject to certain exceptions, this document is not for release, publication or distribution, directly or indirectly, in or into the United States, Australia, Canada, the Republic of South Africa, Japan or any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

This document does not constitute an offer of, or the solicitation of an offer to subscribe for or buy, any Ordinary Shares or Shareholder Warrants to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction and is not for distribution in, or into, the United States, Australia, Canada, Japan or the Republic of South Africa.

Westhouse Securities Limited is authorised in the United Kingdom under the FSMA, is regulated by the Financial Conduct Authority and is acting exclusively for the Company and for no one else in connection with the Placing, the Shareholder Warrant Issue, the Supporter Warrant Issue and Admission. Westhouse Securities Limited will not be responsible to anyone other than the Company for providing the protections afforded to customers of Westhouse Securities Limited or for advising any other person on the contents of this document or the Placing and Admission. The responsibility of Westhouse Securities Limited as nominated adviser and broker to the Company is owed solely to the London Stock Exchange. No representation or warranty, express or implied, is made by Westhouse Securities Limited as to the contents of this document (without limiting the statutory rights of any person to whom this document is issued). No liability whatsoever is accepted by Westhouse Securities Limited for the accuracy of any information or opinions contained in this document or for the omission of any material information for which it is not responsible.

CONTENTS

	Page
Important Information	1
Directors, Proposed Directors, Secretary and Advisers	2
Expected Timetable of Principal Events	3
Placing Statistics and Key Information	4
Part 1 – Information on the Group	5
Part 2 – Risk Factors	20
Part 3 – Financial Information on the Group	27
Part 4 – Property Valuation Report	43
Part 5 – Shareholder Warrants	48
Part 6 – Additional Information	57
Definitions	78

IMPORTANT INFORMATION

In deciding whether or not to invest in Ordinary Shares and/or Shareholder Warrants, prospective Shareholders and Warrantheolders should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, the Proposed Directors or Westhouse. Neither the delivery of this document nor any subscription made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained herein is correct as at any time after its date.

Prospective Shareholders and Warrantheolders must not treat the contents of this document or (unless expressly otherwise stated) any subsequent communications from the Company, Westhouse or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, financial, taxation, accounting, regulatory, investment or any other matters.

No action has been taken or will be taken in any jurisdiction by the Company or Westhouse that would permit a public offering of the Ordinary Shares or Shareholder Warrants in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document other than in any jurisdiction where action for that purpose is required. The Company and Westhouse do not accept any responsibility for any violation of any of these restrictions by any other person.

Forward-looking Statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “anticipates”, “targets”, “aims”, “continues”, “expects”, “intends”, “hopes”, “may”, “will”, “would”, “could” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not facts. They appear in a number of places throughout this document and include statements regarding the Directors’ and/or the Proposed Directors’ intentions, beliefs or current expectations concerning, amongst other things, the Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Group operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation: ability to find appropriate investments in which to invest and to realise investments held by the Group; conditions in the public markets; the market position of the Group; the earnings, financial position, cash flows, return on capital and operating margins of the Group; the anticipated investments and capital expenditures of the Group; changing business or other market conditions; and general economic conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this document based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to any requirement under the Prospectus Rules, the Disclosure and Transparency Rules, the AIM Rules for Companies or other applicable legislation or regulation, neither the Company nor Westhouse undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on forward-looking statements, which speak only as of the date of this document.

No Profit Forecast

No statement in this document or incorporated by reference into this document is intended to constitute a profit forecast or profit estimate for any period, nor should any statement be interpreted to mean that earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial periods for the Company.

Currency Presentation

Unless otherwise indicated, all references in this document to “sterling”, “£”, “p” or “pence” are to the lawful currency of the United Kingdom.

No Incorporation of Website

Save for the annual accounts incorporated by reference into Part 3 of this document, the contents of the Company’s website (or any other website) do not form part of this document.

DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS

Directors	Richard Chadwick (<i>Non-Executive Director</i>) Antony Ebel (<i>Non-Executive Chairman</i>)* Brian Hallett (<i>Non-Executive Director</i>)* John Lorimer (<i>Non-Executive Director</i>)* * <i>Antony Ebel, Brian Hallett and John Lorimer will cease to be Directors upon Admission (for further details see section 6.4 of Part 6 of this document)</i>
Proposed Directors	Anthony Townsend (<i>proposed Non-Executive Chairman</i>) Anthony (Tony) Dalwood (<i>proposed Chief Executive</i>) Michael Phillips (<i>proposed Strategic Development Director</i>) Peter Moon (<i>proposed Senior Non-Executive Director</i>) Duncan Abbot (<i>proposed Finance Director</i>)
Company Secretary	Brian Hallett** ** <i>Brian Hallett will, upon Admission, be replaced by Duncan Abbot as Company Secretary</i>
Registered Office	235 Hunts Pond Road*** Fareham Hampshire PO14 4PJ *** <i>From Admission the Company's registered office will be c/o Taylor Wessing LLP, 5 New Street Square, London EC4A 3TW</i>
Nominated Adviser and Broker to the Company	Westhouse Securities Limited 110 Bishopsgate London EC2N 4AY
Solicitors to the Company	Travers Smith LLP 10 Snow Hill London EC1A 2AL Taylor Wessing LLP 5 New Street Square London EC4A 3TW
Solicitors to the Nominated Adviser and Broker	Hierons LLP 2 Chester Row SW1W 9JH
Reporting Accountants and Auditors	BDO LLP 55 Baker Street London W1U 7EU
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen B63 3DA
Property valuers	Jones Lang LaSalle Limited 30 Warwick Street London W1B 5NH

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	8 October 2014
General Meeting	10.00 a.m. on 31 October 2014
Admission and expected commencement of dealings in Ordinary Shares (including Placing Shares) and Shareholder Warrants	8.00 a.m. on 1 December 2014
CREST accounts credited in respect of Placing Shares and Shareholder Warrants in uncertificated form	1 December 2014
Dispatch of definitive certificates in respect of Placing Shares and Shareholder Warrants to be issued in certificated form	by 8 December 2014

Each of the times and dates in the above timetable is subject to change.

All times are London times unless otherwise stated.

PLACING STATISTICS AND KEY INFORMATION

Number of Ordinary Shares in issue as at the date of this document	5,369,880
Number of Placing Shares¹	3,973,510
Number of Ordinary Shares in issue immediately following Admission¹	9,343,390
Placing Price per Ordinary Share	286.9 pence
Placing Shares as a percentage of Enlarged Share Capital¹	42.5%
Market capitalisation of the Company at the Placing Price on Admission¹	£26.8 million
Number of Shareholder Warrants in issue on Admission²	1,073,976
Shareholder Warrants as a percentage of Enlarged Share Capital immediately following Admission^{1 2}	11.5%
Number of Supporter Warrants in issue on Admission³	850,000
Supporter Warrants as a percentage of Enlarged Share Capital immediately following Admission^{1 3}	9.1%
Gross proceeds of the Placing and Supporter Warrant Issue^{1 3}	£11.46 million
Estimated net proceeds of the Placing and Supporter Warrant Issue^{1 3}	£10.6 million
ISIN for the Ordinary Shares	GB0003887287
ISIN for the Shareholder Warrants	GB00BPYP3515

¹ Assuming the Placing is fully subscribed.

² Assuming the maximum possible number of Shareholder Warrants are issued (fractional entitlements of Shareholder Warrants are subject to rounding).

³ Assuming the Supporter Warrant Issue is fully subscribed.

PART 1
INFORMATION ON THE GROUP

1. Introduction

Gresham House plc is an Authorised Investment Trust which was incorporated in 1857 and it has been listed on the Official List since 1950. The Company holds a mixture of property assets and quoted and unquoted securities and as at 30 June 2014 had a NAV Per Ordinary Share of 331.7 pence. On 19 May 2011, the Company passed resolutions including an ordinary resolution to amend the Company's investment objective and policy to enable the orderly realisation of the Group's assets over a period of approximately two years with a view to returning capital to Shareholders thereafter.

On 8 October 2014, the Company announced the final terms of a new strategic direction for the Company including the appointment of the Proposed Directors (and the retirement of Antony Ebel, Brian Hallett and John Lorimer as directors of the Company), the Placing (at a discount of 11.25 per cent. to the Adjusted NAV Per Ordinary Share), the issue of Warrants and the adoption of a New Investing Policy. In order to facilitate the Placing and having regard to the likely future size of the Company, the prospective investor base and the proposed New Investing Policy, the Company is also proposing to cancel its existing listing of Ordinary Shares on the premium segment of the Official List, to remove such Ordinary Shares from trading on the Main Market, and to apply for admission of the Ordinary Shares and the Shareholder Warrants to trading on AIM, a consequence of which will be that the Company ceases to be an Authorised Investment Trust.

The Proposals are conditional, *inter alia*, on the approval of the Resolutions at a General Meeting of the Company to be held on 31 October 2014.

2. The opportunity

2.1 Investment objective

The Proposed Directors intend to develop the Company as a quoted platform principally for investment in, and the investment management of, relatively differentiated, specialist or illiquid assets in order to generate superior risk adjusted returns for Shareholders of the Company over the longer term. Returns are expected to be principally through capital growth.

The Proposed Directors intend to operate the Company as an investing company (as defined in the AIM Rules for Companies) in the short to medium term. The Proposed Directors intend to use part of the proceeds of the Placing (and issue of the Supporter Warrants) to make investments in line with the New Investing Policy and to develop an asset management business, either organically or through one or more acquisitions. The development of such an asset management business may lead to the Company ceasing to be an investing company (as defined in the AIM Rules for Companies) and instead becoming a trading company, the implications of which are explained in more detail in sections 2.4 and 2.5 of this Part 1.

2.2 New Investing Policy

The proposed New Investing Policy is set out in section 3 of this Part 1.

2.3 Investment strategy

Asset management business

In addition to making direct and indirect investments in accordance with the New Investing Policy (see below), the Proposed Directors intend to use part of the Proceeds to develop or acquire an asset management business. The Proposed Directors believe that the investment management industry currently offers interesting acquisition opportunities as there are a number of subscale companies and investment funds in the sector. The Proposed Directors believe that this has arisen for a number of reasons:

- the current regulatory environment, whilst aiming to provide protection and greater transparency for investors, has increased compliance overheads for industry participants. It has also meant, following the Financial Conduct Authority's retail distribution review (RDR), that historic methods of retail distribution may no longer be applicable. Higher compliance costs mean that more assets under management are needed for these costs to be properly amortised. There are potential economies of scale in respect of compliance costs available to smaller companies as a result of becoming part of a larger business; and
- in some cases investment management companies have been set up by successful asset managers who are less experienced in the sales and distribution aspects of their businesses.

The Proposed Directors believe that this landscape will create interesting asset management business acquisition opportunities for the Company and the Proposed Directors believe that the Company, as enlarged by the Placing, will have the appropriate scale with which to pursue these opportunities.

Therefore, the Proposed Directors intend to develop an asset management business, either organically or through one or more acquisitions which may involve the issue of Ordinary Shares to fund acquisitions. The Proposed Directors therefore intend for the Company (or a member of the Group) to apply to the Financial Conduct Authority for appropriate authorisations shortly after Admission. Such an asset management business would distribute its products and services to third parties (including via family offices, wealth managers, private banks, professional investors and ultra-high net worth individuals).

Direct and indirect investments

In accordance with the New Investing Policy, the Company will make investments in funds (including, potentially, funds it intends to establish) and directly in underlying companies in order to enhance Shareholder returns. These investments will be made according to a robust private equity-style “value” investment philosophy. As such, they are typically expected to be based on cash generative opportunities, or those that can be expected to generate cash within a reasonable investment horizon.

It is further expected that certain investments will offer possible co-investment opportunities with, *inter alia*, strategic partners of the Group. Strategic partners are expected to include family offices, private banks, wealth managers, small institutions and ultra-high net worth individuals. These strategic partners would be given privileged access to co-investment opportunities and a privileged corporate advisory relationship with the Group.

The Proposed Directors expect the Investment Committee typically to pursue investments, which include a number of the following characteristics:

- cornerstone investments in specialist funds on preferred terms (which may include lower management fees), an example of which would be in a strategic public equity fund, an area where Anthony (Tony) Dalwood has had prior experience;
- assets which have an illiquidity discount;
- a minimum target internal rate of return (IRR) of 15 per cent;
- cash generative assets;
- relatively attractive valuations;
- attractive management track records;
- potential for superior risk adjusted returns;
- potential for liquidity or exit within an identified time frame;
- potential for the Company to have a competitive advantage; and/or
- potential for the Company to add incremental value to an investment.

A typical direct investment (other than in connection with the development of an asset management business or an investment in a fund) will be expected to have a holding period of between three to five years, but may be shorter or longer if appropriate to develop realisable intrinsic value and in order to maximise returns.

A majority of the direct investments made by the Company will be in the securities of small and medium sized companies. Initial potential areas of focus may include small public (less than £250 million market capitalisation) and private companies and the development of a global unconstrained multi-asset portfolio in accordance with the New Investing Policy. As set out above, investments in such targets may be by means of a specialist fund and/or direct investments and/or other means.

The Investment Committee will monitor the portfolio composition of underlying investments, so that sector, geographic and factor exposures are managed reasonably in order to achieve the investment objective.

Fees & carried interests

The Proposed Directors intend to develop an asset management business.

The key source of income for the asset management business will be fees earned on assets under management (AUM) which will vary in accordance with the type of assets being managed. Illiquid assets tend to command higher management fees than more liquid assets.

As is often seen in respect of specialist asset classes, the Proposed Directors would expect that the Group's asset managers will, as part of their fee arrangements with potential investors, negotiate carried interests in funds to be managed by them.

The Proposed Directors would expect, as part of the employment incentive arrangements offered to certain of the Group's asset management employees, to share those carried interests with the relevant asset managers. However, it is anticipated that the Company will also benefit from carried interests developed in the asset management business in addition to ad valorem fees earned on AUM. It is not possible to determine what such carried interests might be or what their potential value will be, as this will ultimately depend on the performance of the AUM.

The market and investment sourcing

The Proposed Directors are experienced businessmen who have been involved in the investment management industry for many years. They will be supported by members of the Investment Committee, an Advisory Group of experienced and well-connected individuals and prospective employees with relevant business experience as well as the Proposed Directors' broader network of contacts. The Proposed Directors believe that this network of individuals (collectively) will have access to a deal stream from which the Company will be able to source investment opportunities in the future.

The Proposed Directors believe that there is an appetite from investors for specialist investments and private equity style opportunities but on a selective basis and not in a blind fund where their money is tied up with uncertainty as to the investments in which it will be invested and where investment fees are charged from the outset. Accordingly, a material part of the Company's future business plan will involve the origination, structuring and distribution of specialist investments to the type of investor that is unhappy with existing models of participation in such investments. Thus the fees arising from the origination, structuring, syndication and distribution of such investments as well as investment management fees will be a source of income that the Company will target under the new strategy.

The Proposed Directors believe that, by harnessing their collective contact network and pool of available investment capital, the Company will have opportunities to make successful investments in accordance with the New Investing Policy and to build the specialist investment management platform outlined in this document.

Existing assets and future plans

The Proposed Directors will review the Group's existing assets as at the date of Admission and develop an appropriate strategy for each asset. By removing the necessity to liquidate the Group's assets in a short time frame, the Proposed Directors believe that it should be possible to extract a better valuation for those assets than their current carrying value. As any of the existing assets are realised, the Proposed Directors will redeploy the proceeds of realisation of such assets in a timely manner and in accordance with the New Investing Policy and/or the development of an asset management business. A working and regulatory capital buffer will be maintained.

The Proposed Directors may, in the medium term, look to maximise the tax efficiency of the Group (including exploring tax efficient domiciles and implementing a tax efficient capital returns policy).

2.4 Potential transition from an investing company to a trading company

It is the intention of the Proposed Directors to develop the Company in the short-term and medium-term in accordance with the New Investing Policy. In addition, and as set out above, the Proposed Directors intend to develop or acquire an asset management business. A consequence of the successful acquisition or organic development of an asset management business may be that the Company would move from being an investing company (as defined in the AIM Rules for Companies) and, instead, become a trading company (i.e. it would become a company which operates an asset management business with some direct and indirect investments). The date by which this transition may be achieved is not certain at present.

The key expected consequences of such a development would be as follows:

- NAV per share would cease to be an appropriate performance indicator. This is because the Proposed Directors intend to develop an asset management business where earnings and assets under management are more appropriate measures of performance;
- the Company may acquire businesses where the acquisition involves recognising purchased goodwill and other intangible assets, which may have to be amortised. Such amortisation would have a negative impact on the Company's balance sheet, despite such acquisitions being made in anticipation of contributing in time to the Company's earnings;
- the Company's Standard Industrial Classification might change. This would in turn alter the way it is categorised for various statistical and analytical purposes and may limit the ability of some investors to hold the Company's shares where the investors' investment mandates are specific as to the type of share they are able to hold; and
- the New Investing Policy would cease to be applicable to the Company.

The directors of the Company will review and report to Shareholders on the implementation of the New Investing Policy and their progress on developing or acquiring an asset management business in accordance with their announcement obligations under the AIM Rules for Companies. If the directors of the Company believe, following such review, that the New Investing Policy ceases to apply, they will seek appropriate advice as to whether the relevant change in the Company's business constitutes a reverse takeover under Rule 14 of the AIM Rules for Companies and, if it does, will produce an admission document in connection with this change in order to seek shareholder approval, following which, if approved, the Company will no longer be classified as an investing company for the purposes of the AIM Rules for Companies and the AIM Note for Investing Companies would cease to apply to the Company.

2.5 Potential acquisition or development of an asset management business

The Company may make an acquisition or acquisitions, or enter into a transaction or transactions, which may be classified as a reverse takeover for the purposes of the AIM Rules for Companies on the basis that such an acquisition or transaction may exceed 100 per cent. in any of the relevant "class tests" (as set out in the AIM Rules for Companies). In such an event, the Company would be required to publish an AIM admission document and seek shareholder approval for the reverse takeover. Furthermore, where an acquisition does not exceed 100 per cent. in any of the relevant class tests but is nonetheless considered to be a reverse takeover pursuant to the AIM Rules for Companies, the Company will also be required to publish an AIM admission document and seek shareholder approval for the acquisition.

2.6 Typical investors

The Proposed Directors believe that typical investors in the Company will be institutional investors, private client fund managers and private client brokers, as well as private individuals who have received advice from their professional advisers regarding investment in the Ordinary Shares and/or Shareholder Warrants and/or who have sufficient experience to enable them to evaluate the risks and merits of such investment themselves.

3. New Investing Policy

Business characteristics

The Company will seek to use the expertise and experience of its board of directors and members of the Investment Committee to invest according to a robust private equity-style "value" investment philosophy. The Company's investing policy is to invest in assets that will typically have a number of the following characteristics:

- an illiquidity discount;
- a minimum target internal rate of return (IRR) of 15 per cent;
- cash generative (or expected to generate cash within a reasonable investment horizon);
- relatively differentiated, specialist or illiquid;
- attractive management track records;
- potential for superior risk adjusted returns;
- potential for liquidity or exit within an identified time frame;

- potential for the Company to have a competitive advantage; and/or
- potential for the Company to add incremental value to an investment.

Direct and indirect investments

Investments may be either passive or active and the Company may make its investments directly or indirectly (including through any asset management business, special purpose vehicle or underlying fund) and for cash or share consideration. In particular, the Company may:

- invest in (and take controlling or non-controlling stakes in) publicly and/or privately held companies (primarily in equity (and related instruments) and also in (convertible or non-convertible) debt instruments);
- set up (and potentially co-invest in) funds (including cornerstone investments in specialist funds on preferred terms (which may include lower management fees)); and
- enter into derivative contracts (including but not limited to currency hedging, or other portfolio risk management techniques).

A majority of the direct investments made by the Company will be in the securities of small and medium sized companies. Initial potential target areas may include small public (less than £250 million market capitalisation) and private companies.

Exposure limits

The Company will not invest more than 35 per cent. of the Group's gross assets, at the time when the investment is made, in securities issued by any single company other than in a single collective investment undertaking or fund structure. Where such an investment is made in a single collective investment undertaking, due regard will be paid to the concentration of risk that such an investment may entail. The investment will only be made after the Investment Committee is convinced that the risk/return relationship is acceptable.

Sector

The board of directors will consider investment in a number of business areas, particularly those sectors in which the board of directors collectively believes that it and/or members of the Investment Committee has the necessary expertise and experience to be able to manage the opportunity. The Proposed Directors and the proposed members of the Investment Committee have a wide network of contacts to assist in the identification, evaluation and funding of suitable investment opportunities.

Geography

Investments may be made in any country globally.

Gearing

The Company has no borrowing limits.

Length of investment

A typical direct investment (other than in connection with the development of an asset management business or an investment in a fund) will be expected to have a holding period of between three to five years, but may be shorter or longer, as appropriate to develop realisable intrinsic value in order to maximise Shareholder value.

Returns on investment

The Proposed Directors' initial intention is to re-invest profits into the Company rather than paying dividends and Shareholder returns are likely to be through capital appreciation. However, the directors of the Company may pay dividends in accordance with any alternative dividend policy that they may adopt from time to time in order to maximise Shareholder value over the long term.

Any material change of the New Investing Policy by the Company will require prior Shareholder approval in accordance with the AIM Rules for Companies.

4. Investment Committee and the Advisory Group

Following Admission, the Company will establish the Investment Committee and the Advisory Group.

Investment Committee

The initial proposed Investment Committee will be chaired by Anthony (Tony) Dalwood with the other members being Michael Phillips (Strategic Development Director) and three experienced investment management professionals – Bruce Carnegie-Brown, Rupert Robinson and Matthew Peacock. It may be that membership of the Investment Committee will evolve as the business grows.

The purpose of the Investment Committee will be to promote and maintain a prudent and effective allocation of capital across the Company's entire investment portfolio. The Investment Committee will meet on a regular basis and as required. Following completion of the Proposals, investment decisions will require the following approvals:

- investments below 2 per cent. of NAV will require the approval of an executive member of the board of directors;
- investments between 2 and 5 per cent. of NAV will require a majority Investment Committee approval; and
- investments above 5 per cent. of NAV will require unanimous Investment Committee approval.

Bruce Carnegie-Brown

Bruce is chairman of Aon UK Ltd and of Moneysupermarket.com Group plc and a non-executive director of Santander UK plc and Close Brothers Group plc. He was previously a managing partner of 3i QPE plc, a managing director of JP Morgan and CEO of Marsh Ltd.

Rupert Robinson

Rupert was previously CEO of Schroders (UK) Private Bank and head of private clients at Rothschild Asset Management Limited.

Matthew Peacock

Matthew is Executive Chairman of Regeneris Plc and the founding partner of Hanover Investors. He has sat on numerous public company boards, including Elementis Plc, Renold Plc, 4imprint Plc, STV Group Plc and Fairpoint Plc and has previously been Chairman of Singer Capital Markets and a founding director of TDX Group. Prior to Hanover, Matthew held senior positions with Barclays De Zoete Wedd and Credit Suisse First Boston. Hanover Investors have pursued an illiquid investment strategy in small and mid-cap United Kingdom public equities and private equity transactions for over 12 years with a philosophy similar to that proposed at the Company. Hanover has worked alongside Tony Dalwood on a number of its investments over this period.

Advisory Group

It is intended that an Advisory Group be established to act as a general sounding board for the executive team and to provide a source of knowledge, experience, potential investment deal flow and contacts upon which they can draw.

In addition, members of the Advisory Group may co-invest alongside the Company in either direct investments or specialist funds.

It is anticipated that the Advisory Group will initially consist of a small number of private equity and financial services individuals who are experienced in the investment sectors in which the Company will be focused including in the business of asset management.

5. Selected financial information

Selected information on the trading record of the Group's business for the three financial years ended 31 December 2013 and the six-month period ended 30 June 2014 as extracted, without material adjustment, from the Financial Information in Part 3 of this document, is set out below:

	Financial year ended 31 December 2011 (Audited) £'000	Financial year ended 31 December 2012 (Audited) £'000	Financial year ended 31 December 2013 (Audited) £'000	Six months ended 30 June 2014 (Unaudited) £'000
<i>Turnover</i>				
Dividend & interest income	386	690	268	155
Rental Income	1,036	1,038	999	475
Other operating income	81	102	76	39
	<u>1,503</u>	<u>1,830</u>	<u>1,343</u>	<u>669</u>
<i>Gains & losses on investments</i>				
Gains and losses on investments held at fair value	(203)	(280)	(504)	(1,715)
Movement in fair value of property investments	(1,804)	2,086	(1,439)	(593)
	<u>(2,007)</u>	<u>1,806</u>	<u>(1,943)</u>	<u>(2,308)</u>
Group operating (loss)/profit before finance costs & taxation . .	<u>(2,468)</u>	<u>1,806</u>	<u>(2,689)</u>	<u>(2,407)</u>
(Loss)/profit and total comprehensive income after taxation . . .	<u>(2,368)</u>	<u>996</u>	<u>(3,446)</u>	<u>(2,512)</u>

The unaudited NAV Per Ordinary Share as at 30 June 2014 amounted to 331.7 pence per Ordinary Share.

6. Investment history and existing assets/liabilities

The Company has been listed on the Official List since 1950 and, as at the date of this document is an Authorised Investment Trust. On 19 May 2011, the Company passed resolutions including an ordinary resolution to amend the Company's investment objective and policy to enable the orderly realisation of the Group's assets over a period of approximately two years with a view to returning capital to Shareholders thereafter. Since May 2011, the Group has disposed of properties and securities with a value of approximately £28.5 million (including the conditional sale of land at Newton-le-Willows described in section 6.1 of this Part 1 and section 11.6 of Part 6 of this document and the sale of land at Vincent Lane, Dorking, the property known as Northern Gateway and a development site at Knowsley, Liverpool).

Despite concerted efforts since May 2011 to complete an orderly realisation of the Company's assets, management have not been able to dispose of all of them as quickly as originally anticipated at prices that they felt represented best value to Shareholders and it continues to hold two property assets and a small investment portfolio of quoted and unquoted securities. Investments in property make up 76.09 per cent. of the portfolio of total assets held by the Group as at 30 June 2014. Accordingly on 8 October 2014, the Directors sent a circular to Shareholders of the Company giving notice of the General Meeting to approve the Proposals including the adoption of the New Investing Policy. If the Resolutions are passed by Shareholders, it is anticipated that Admission will occur on 1 December 2014.

As at 30 June 2014, the Company had cash and cash equivalents of £1.044 million.

The Group's existing significant assets and liabilities are as follows:

6.1 Property

Newton-le-Willows

A 30 acre site situated close to the town centre of Newton-le-Willows in the borough of St Helen's which is a 30 minute drive from Manchester. This was previously an old industrial estate that had come to the end of its useful life and on which outline planning consent for food retail (on approximately eight acres) and residential (on approximately 22 acres) has been granted. Given its previous use some remedial activity will be required to realise such redevelopment.

On 29 April 2014, contracts were exchanged with Persimmon for the sale of 22.8 acres gross (20 acres net developable area) of the 30 acre site owned by the Group for £7.43 million in cash, plus overage, conditional upon Persimmon obtaining satisfactory detailed planning permission (for further details see section 11.6 of Part 6 of this document). Outline planning consent for residential use has already been granted. The sale proceeds are payable in four instalments over a period of 42 months from completion, which is expected by the end of January 2015.

It is intended that, following commencement of the residential development by Persimmon, the Group will seek operators for the balance of the land in order to maximise the food retail consent.

A valuation report on the property at Newton-le-Willows, prepared by Jones Lang LaSalle and showing the value of the property to be £9,950,000, is contained in Part 4 of this document.

Southern Gateway, Speke

The property was previously a pharmaceutical manufacturing facility for GlaxoSmithKline and is situated approximately 600 metres from the Jaguar Land Rover Halewood car manufacturing plant in south Liverpool. It comprises approximately 375,000 sq.ft. of mixed industrial and office uses, together with a significant number of car spaces on a total of 17 acres. Its previous use has resulted in some soil and groundwater issues. Although remedial activity may be required on any future redevelopment, these issues have not restricted current use or lettings or given rise to liabilities.

As at 30 June 2014, the Group had let 227,861 square feet of the property at Speke, representing approximately 61 per cent. of the total available. As at 30 June 2014 there were 12 tenants generating an aggregate of £625,269 per annum in rent. The Group is currently in negotiations for a new 10 year lease with a potential new tenant who is on site undertaking enabling works under a short term agreement. An existing significant tenant is also expected to extend its lease to November 2018.

A valuation report on the property at Speke, prepared by Jones Lang LaSalle and showing the value of the property to be £6,600,000, is contained in Part 4 of this document.

6.2 Principal publicly quoted securities

SpaceandPeople plc

SpaceandPeople is a public company registered in Scotland whose shares are traded on AIM. It was established in 2001 with Gresham as an early investor (alongside some of the Directors) to market and sell promotional mall space within shopping centres on a national and international basis. Developed by ex-shopping centre marketers, SpaceandPeople's aim is to enable the owners of high footfall areas to centrally market, administer, promote and sell their promotional space in an easily accessible and profitable way.

SpaceandPeople works with a variety of owners of high footfall areas, including shopping centres, garden centres, city centres, retail parks and travel hubs. A comprehensive service is offered covering everything from consultancy services through to the provision and management of retail merchandising units in shopping centres.

As at 30 June 2014 the Group held 2,062,500 ordinary shares in SpaceandPeople plc, representing approximately 10.6 per cent. of the issued share capital, with a market value at bid price (as of that date) of approximately £1.382 million. As at 7 October 2014, being the latest practicable date prior to the publication of this document, the Group's interest in ordinary shares in SpaceandPeople plc had a market value at bid price (as of that date) of approximately £886,875.

Wheelsure Holdings plc

Wheelsure Holdings is a public company registered in England & Wales whose shares are traded on the ISDX Growth Market. It is a technology based business dedicated to sourcing, patenting, developing and marketing unique safety technologies. Wheelsure Holdings was formed in 2003 and operates in the worldwide rail and commercial vehicle markets sector under the brand names Tracksure and Wheelsure respectively. The group's products include (i) the Tracksure range of fasteners which have been developed to prevent unintentional nut loosening in a variety of rail and rolling stock applications and to offer infrastructure managers significant operational and cost benefits; and (ii) the Wheelsure wheelnut locking device which has been designed to prevent wheel loss on commercial vehicles and PSVs and to enable fleet operators to manage vehicle maintenance in a more cost effective manner.

As at 30 June 2014 the Group held 5,090,000 ordinary shares in Wheelsure Holdings plc, representing approximately 4.0 per cent. of the issued share capital, with a market value at bid price (as of that date) of £86,530. As at 7 October 2014, being the latest practicable date prior to the publication of this document, the Group's interest in ordinary shares in Wheelsure Holdings plc had a market value at bid price (as of that date) of £86,530.

6.3 Principal unquoted securities

Attila (BR) Limited

Attila is a private company registered in England & Wales which acquired a four acre development site (formerly a Royal Mail sorting office) in Edinburgh city centre. This site has now been sold to Cala Management Limited subject to detailed planning consent for residential development being obtained. Such planning consent is expected to be obtained in the first half of 2015.

As at 30 June 2014 the Group held £945,056 10 per cent. Unsecured Loan Notes 2015 representing 25.2 per cent. of the total loan notes in issue together with 20,089 ordinary shares representing approximately 20.1 per cent. of the issued share capital of Attila (BR) Limited. The estimated combined aggregate market value based on a directors' valuation is par, being £945,256.

Kemnal Investments Limited

Kemnal is a private company registered in England & Wales and is a provider of mezzanine loans. Currently it has one loan investment to Memorial Holdings Limited (see below) outstanding which is due for repayment in 2017.

As at 30 June 2014 the Group held £465,788 10 per cent. Unsecured Loan Notes 2017, representing approximately 15.1 per cent. of the total loan notes in issue, and 16 ordinary shares representing approximately 14.4 per cent. of the issued share capital of Kemnal Investments Limited. The estimated combined aggregate market value based on a directors' valuation is par, being £465,804.

Memorial Holdings Limited

Memorial Holdings is a private company registered in Jersey which owns and operates, through its two wholly owned subsidiaries, a 55 acre cemetery at Chislehurst in the London Borough of Bromley known as Kemnal Park Cemetery. The cemetery is to be developed in phases to meet market demand with the first phase already completed. This initial phase consisted of a non-denominational chapel, including offices, and a car park.

As at 30 June 2014 the Group held 155,600 ordinary shares, representing approximately 3.2 per cent. of the issued share capital of Memorial Holdings Limited and had an economic interest in a further 1.2 per cent. of the issued share capital in Memorial Holdings Limited through the Company's investment in Kemnal Investments Limited (certain shares in Memorial Holdings Limited are held in trust for Kemnal Investments Limited in connection with its mezzanine financing activities), which together have an estimated market value based on a directors' valuation of £441,350.

6.4 Co-operative loan

The Group has loans of approximately £3.3 million from the Co-operative Bank repayable on demand and in any event by 31 December 2014. The Group has no other loan facilities.

7. Valuation methods

Through the release of its annual and half yearly financial statements, the Company will continue to publish a net asset value statement as at the end of each six month financial period. The fair value of financial instruments traded in active markets (such as publicly traded securities) will be based on the quoted bid price at the balance sheet date. The fair value of financial instruments that are not traded in an active market (for example unlisted private companies) is determined by using valuation techniques in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

The property assets will be revalued at each reporting date. The Proposed Directors will revalue the property assets at the half-year and the year-end. The Proposed Directors intend to engage an external valuer to carry out such a valuation on an annual basis, but at the half-yearly stage a directors' valuation will be used unless circumstances indicate that an external valuation is more appropriate.

The directors of the Company may temporarily suspend the determination of the NAV per Ordinary Share if, in the opinion of the directors, the interest of Shareholders would otherwise be materially prejudiced. If the calculation of NAV is suspended, all reasonable steps will be taken to bring this period of suspension to an end as soon as possible. Details of any suspension in the making of valuations will be announced by the Company through an RIS announcement.

In the event of a breach of the investment restrictions applicable to the Company, Shareholders will be informed of the remedial actions to be taken by the Company through an RIS announcement.

8. Directors and Proposed Directors

The existing Board comprises Richard Chadwick, Antony Ebel, Brian Hallett and John Lorimer. Richard Chadwick will remain as a non-executive director following Admission to assist the Proposed Directors with the process of familiarisation with the Group's existing assets, but each of Antony Ebel, Brian Hallett and John Lorimer will cease to be directors upon Admission (although they will continue in a consultancy role, see section 6 of Part 6 of this document).

Anthony Townsend, Peter Moon, Duncan Abbot, Anthony (Tony) Dalwood and Michael Phillips will become directors of the Company on Admission.

Therefore, immediately following Admission, the board of directors of the Company will comprise three executive directors and three non-executive directors.

Brief biographies of the Proposed Directors and of Richard Chadwick are set out below:

Anthony Townsend (aged 66) (proposed Non-Executive Chairman)

Anthony has spent over 40 years working in the City of London and was chairman of the Association of Investment Companies from 2001 to 2003. He is chairman of Baronsmead VCT 3 plc, British & American Investment Trust plc, F&C Global Smaller Companies plc, Finsbury Growth & Income Trust plc and Miton Worldwide Growth Investment Trust plc.

He was a director of Brit Insurance Holdings plc from 1999 to 2008 and represented it on the Council of Lloyd's of London from 2006 to 2008. He was managing director of Finsbury Asset Management Ltd from 1988 to 1998. He was a non-executive director of Worldwide Healthcare Trust plc from 1995 to 2013.

Anthony (Tony) Dalwood (aged 43) (proposed Chief Executive)

Tony is an experienced investor and adviser to public and private equity businesses. Tony established SVG Investment Managers (a subsidiary of SVG Capital plc), acted as CEO and chairman of this entity, and launched Strategic Equity Capital plc. His previous appointments include CEO of SVG Advisers (formerly Schroder Ventures (London) Limited), membership of the UK Investment Committee of UBS Phillips & Drew Fund Management (PDFM), and the board of Schrodgers Private Equity Funds.

He is currently on the investment committee and board of the London Pensions Fund Authority, chairman of Downing Quoted Equity Investment Committee and a director of Branton Capital Limited.

Michael Phillips (aged 52) (proposed Strategic Development Director)

Michael is an experienced business manager with a history of founding and building businesses in fund management. Michael has served as a director of Strategic Equity Capital plc for the last seven years, founded iimia Investment Group plc (now Miton Group plc), Christows Limited (now part of Investec's retail operations), and more recently REDS Investments Limited.

Michael is a Fellow of the Chartered Institute for Securities and Investments and is a non-executive director of Miton Worldwide Growth Investment Trust.

Duncan Abbot (aged 58) (proposed Finance Director)

Duncan will oversee the finance function and look after compliance and operational matters. Duncan is an experienced manager and investor in smaller companies. He has sat on many boards of both quoted and unquoted companies. He has worked with Michael Phillips for twenty years. He was chairman of Christows Group Limited and co-founded iimia Investments with Michael. He is a Chartered Accountant and Fellow of the Chartered Institute for Securities and Investments.

Peter Moon (aged 64) (proposed Senior Non-Executive Director)

Peter started working in the City of London in 1972 and worked as an investment analyst and fund manager in a number of roles in unit and investment trusts, insurance and finally pension schemes. The last 25 years of his career were spent as the Investment Manager of the British Airways Pensions scheme and chief investment officer of the Universities Superannuation Scheme.

He is currently a director of Scottish American Investment Company and First Property Group and chairman of Arden Partners plc, a UK stockbroker and Bell Potter Securities UK Limited, the UK branch of an Australian stockbroker.

Richard Chadwick (aged 63) (Non-Executive Director)

Richard is a chartered accountant, who was appointed to the board of the Company on 17 June 2008 as a non-executive director. Richard spent 27 years within the J Sainsbury plc group of companies where he had considerable experience of property development and financing, having been director of corporate finance and of business development, and a non-executive director of the group's property development company. He is also a non-executive director of SpaceandPeople plc, a company in which the Company has an interest.

9. Employee incentive arrangements

On Admission, the Company will have no share option schemes in place. In due course, the Proposed Directors intend to establish suitable long-term retention share schemes linked to the Company's performance. The Proposed Directors would only create such a scheme with shareholder approval and with due regard to appropriate corporate governance guidelines.

In addition, it is intended that the Group's employees (including the executive directors) following Admission will be appropriately incentivised which may include a discretionary bonus scheme. The incentivisation for employees (excluding the executive directors) may include receiving carried interests and performance fees.

In addition, as set out in this document, the Proposed Directors (and others) are subscribing for Placing Shares and Supporter Warrants.

10. Warrants

10.1 Supporter Warrants

Anthony Townsend, Anthony (Tony) Dalwood, Duncan Abbot, Peter Moon and Michael Phillips have demonstrated their confidence in the future success of the Company by agreeing to subscribe for, conditional on Admission, 556,750 Supporter Warrants at a price of 7.5 pence per Supporter Warrant. In addition, it is expected that a small group of other individuals who have assisted with the development and implementation of the Proposals and who will either become members of the Investment Committee or members of the Advisory Group will subscribe for up to 293,250 Supporter Warrants, also at a price of 7.5 pence per Supporter Warrant prior to and conditional on Admission. The Supporter Warrants will have the same entitlements as the Shareholder Warrants to be issued to Shareholders save that they will not be freely transferable (such Supporter Warrants will only be transferable to certain family members, trusts or companies connected with the relevant Warrant holder) and accordingly will not be admitted to trading on AIM nor will they become exercisable until one year from the Admission Date.

Each such Supporter Warrant will entitle the holder to subscribe for one Ordinary Share at an exercise price of 323.27 pence, being the Adjusted NAV Per Ordinary Share, exercisable at any time between the first anniversary of the Admission Date and 31 December 2019. For an explanation of the Adjusted NAV Per Ordinary Share see section 15 of this Part 1.

Immediately following Admission, the following Proposed Directors will hold the following number of Supporter Warrants:

<u>Proposed Director</u>	<u>Number of Supporter Warrants held immediately following Admission</u>
Anthony Townsend	34,000
Anthony (Tony) Dalwood	212,500
Duncan Abbot	93,500
Michael Phillips	187,000
Peter Moon	29,750

It is expected that, immediately following Admission, 293,250 Supporter Warrants will be held by members of the Investment Committee and the Advisory Group.

Supporter Warrant certificates will be issued to holders of Supporter Warrants. Issue of the Supporter Warrants is conditional, *inter alia*, on the passing of the Resolutions at the General Meeting and Admission.

10.2 Shareholder Warrants

Rationale for Shareholder Warrant Issue

Under the Proposals, Shareholder Warrants will be issued to existing Shareholders to enable them to participate in any potential uplift that is realised from the Company's existing assets in the future and through the implementation of the New Investing Policy and the development of an asset management business.

The removal of the need to liquidate the Company's existing assets on a short to medium timescale will enable the Proposed Directors to realise the potential value of such assets over a longer time frame (if appropriate) which they believe should enable them to extract enhanced value for Shareholders.

Shareholder Warrant holders may be able to benefit from such uplift through any consequential uplift in the value of the Shareholder Warrants or any Ordinary Shares resulting from the exercise of the Shareholder Warrants. Accordingly, the Shareholder Warrants have been designed to allow Shareholder Warrant holders the opportunity to share any upside from the Adjusted NAV Per Ordinary Share (i.e. from the NAV as at 30 June 2014, as adjusted).

Terms of issue of the Shareholder Warrants

Under the Proposals, each existing Shareholder on the Company's register of members on the Record Date will be issued with one Shareholder Warrant for every five Ordinary Shares held by that Shareholder at that time. Each such Shareholder Warrant will entitle the Shareholder to subscribe for one Ordinary Share, exercisable from 1 January 2015 to 31 December 2019 (inclusive) at an exercise price of 323.27 pence, being the Adjusted NAV Per Ordinary Share. For an explanation of the Adjusted NAV Per Ordinary Share, see section 15 of this Part 1. The Company will apply to the London Stock Exchange for the Shareholder Warrants to be admitted to trading on AIM, with dealings expected to be effective on 1 December 2014.

Only whole Shareholder Warrants will be issued and, as fractional entitlements will not be issued, the number of Shareholder Warrants issued to any existing Shareholder will be rounded down to the nearest Shareholder Warrant. For example, an existing Shareholder holding 999 Ordinary Shares will be issued with 199 Shareholder Warrants ($999/5 = 199.8$; rounded down to 199).

The Shareholder Warrants will be issued to the holders thereof in the same form (either certificated or uncertificated) as they hold their Ordinary Shares on the Record Date and will be dispatched or credited at the same time as the Placing Shares. Issue of the Shareholder Warrants is conditional, *inter alia*, on the passing of the Resolutions at the General Meeting and Admission.

Further details on the Shareholder Warrants are set out in Part 5 of this document.

11. Corporate governance and internal controls

The Proposed Directors recognise the importance of sound corporate governance and, following Admission, intend to comply with the QCA Code insofar as is reasonably practicable given the Company's nature and size. The QCA Code was devised by the QCA, in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to and more suitable for many AIM companies than the UK Corporate Governance Code. The QCA Code states that: "The purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term." A description of the Company's corporate governance arrangements in the year ending 31 December 2013 can be found on pages 15 to 18 of the Company's annual accounts for the year ended 31 December 2013 which are incorporated by reference in Part 3A of this document.

The Board has established audit and remuneration committees (at this stage it is not thought necessary to establish a separate nomination committee). The board will hold at least six board meetings throughout the year.

The audit committee will, from Admission, be chaired by Peter Moon and will consist of the non-executive directors. It will meet whenever there is business to discuss and at least twice each year. The audit committee is

responsible for ensuring that the financial performance of the Group is properly monitored, controlled and reported on. It will also meet the auditors without executive board members being present and review reports from the auditors relating to accounts and internal control systems.

The remuneration committee will, from Admission, be chaired by Anthony Townsend and will consist of the non-executive directors. It will review the performance of executive directors and set the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of Shareholders. In determining the remuneration of executive directors, the remuneration committee will seek to enable the Company to attract and retain executives of the highest calibre. The remuneration committee will also make recommendations to the full board concerning the allocation of share options to employees. No director will be permitted to participate in discussions or decisions concerning his own remuneration.

The Investment Committee will be chaired by Anthony (Tony) Dalwood, further details of which are set out in section 4 of this Part 1.

12. Share dealing code

The Company has adopted a share dealing code for the Directors, Proposed Directors and key employees which the Directors believe is appropriate for an AIM quoted company. The Company will comply with Rule 21 of the AIM Rules for Companies relating to dealings by directors and applicable employees.

13. Dividend policy, share buybacks and capital reduction

The Company's principal objective is to provide Shareholders with superior risk adjusted returns over the longer term, primarily through capital appreciation. The Proposed Directors' intention therefore is to re-invest funds into the Company rather than paying dividends but at the appropriate time they intend to review this dividend policy.

In addition to considering such a dividend policy in the future, the board of the Company will, from time to time, consider the desirability of implementing a share buyback. The authority will only be exercised if the directors of the Company consider that it is in the best interests of the Shareholders at that time.

In order to generate the distributable reserves required to facilitate any share buyback or dividend payment that the board of the Company may in the future approve, it is proposed that the amount standing to the credit of the share premium account following Admission (including any share premium arising from the issue of the Placing Shares) be cancelled. The Resolutions being considered by Shareholders at the General Meeting therefore include a special resolution to approve the cancellation of the share premium account. If the Resolutions (including the resolution to cancel the share premium account) are passed at the General Meeting and if Admission becomes effective, the Proposed Directors intend that the Company will apply to the court for approval of the capital reduction by the end of January 2015.

14. Reasons for the Placing and use of proceeds

The net proceeds of the Placing and issue of the Supporter Warrants receivable by the Company will amount to approximately £10.6 million (assuming the Placing and the Supporter Warrant Issue are fully subscribed).

The proceeds will be used to support the Proposed Directors' business strategy. This will comprise making investments in line with the New Investing Policy and the development of an asset management business (either organically or through one or more acquisitions).

In order to develop an asset management business, the proceeds may be used either to acquire one or more existing asset management businesses and/or to organically develop such a business (including the provision of regulatory capital).

Therefore, upon completion of the Proposals, the Proposed Directors intend to: (i) commence discussions with possible investment acquisition targets and (ii) apply to the Financial Conduct Authority for appropriate authorisations.

It will remain part of the Company's strategy to execute direct investments in accordance with the New Investing Policy either alone or through co-investment with other investors and some of the proceeds may be used in this activity.

Once the asset management business is appropriately authorised, part of the proceeds may be used to make cornerstone investments in funds to be set up by it/run by it or funds where the Company has preferential relationships.

The balance of the proceeds will be used for general working capital purposes.

The Group has loans of approximately £3.3 million from the Co-operative Bank repayable on demand and in any event by 31 December 2014. If no appropriate refinancing is sourced prior to the maturing of the current facility and the Group is therefore required to repay such facility, certain of the proceeds of the Placing and Supporter Warrant Issue will be used to repay such facility. Following such repayment, the directors of the Company will review financing options available to the Company and it is expected that an appropriate facility would be sought, releasing funds to be used for the other purposes set out above.

Illustrative deployment of assets

Assuming the net proceeds of the Placing and the Supporter Warrant Issue are £10.6 million then the Proposed Directors expect that the deployment of the proceeds of the Placing and the Supporter Warrant Issue over the first 12 to 18 months post Admission might be as follows:

<u>Deployment</u>	<u>£m</u>
Developing an asset management business (organically and/or by acquisition(s))*	4.0
Investing as a cornerstone investor in specialist fund(s) and other direct investments	6.0
Balance for working and regulatory capital	0.6

* Including set up costs such as office costs, hiring of staff and FCA authorisation applications.

As any of the existing assets are realised, the Proposed Directors will redeploy the proceeds of realisation of such assets in a timely manner and in accordance with the New Investing Policy and/or the development of an asset management business. A working and regulatory capital buffer will be maintained.

15. Details of the Placing

The Company is proposing to raise approximately £11.46 million (approximately £10.6 million net of expenses) by the issue of: (i) 3,973,510 Ordinary Shares at 286.9 pence per share pursuant to the Placing and (ii) 850,000 Supporter Warrants at 7.5 pence per warrant pursuant to the Supporter Warrant Issue. Assuming the Placing is fully subscribed, the Placing Shares would represent approximately 42.5 per cent. of the Enlarged Share Capital.

In connection with the Placing, the Company has entered into the Placing Agreement pursuant to which Westhouse has conditionally agreed, in accordance with its terms, to use reasonable endeavours to place the Placing Shares at the Placing Price. Westhouse is not underwriting the Placing, the Supporter Warrant Issue or the Shareholder Warrant Issue but has received conditional commitments to subscribe for the entire Placing from institutional and other investors. Further details of the Placing Agreement are set out in Section 9 of Part 6 of this document.

The Placing Shares, on Admission, will rank *pari passu* with the existing Ordinary Shares in all respects including, without limitation, in relation to any dividend and any other distribution declared, paid or made following Admission.

The Placing Price is set at an 11.25 per cent. discount to the Adjusted NAV Per Ordinary Share, representing a 13.5 per cent. discount to the NAV Per Ordinary Share. In order to calculate the Adjusted NAV Per Ordinary Share, the NAV Per Ordinary Share has been adjusted for the movement in the share price of SpaceandPeople plc since 30 June 2014 (taking the average VWAP of 45.06 pence per ordinary share for the five business days preceding 3 October 2014, being the latest practicable date prior to the finalising of the Placing Price).

16. Shareholder approval and Notice of General Meeting

The Directors do not currently have sufficient authority to issue the Placing Shares, the Shareholder Warrants or the Supporter Warrants. The Company is therefore seeking the authority of Shareholders at the General Meeting to allot and issue such securities. The Company is at the same time, *inter alia*, seeking the authority of Shareholders to delist from the Official List.

The Shareholder Circular has been sent to the Shareholders on or around the date of publication of this document enclosing the Notice of General Meeting. Admission is conditional, *inter alia*, upon all the Resolutions proposed at the General Meeting (which are all inter-conditional) being passed.

17. Irrevocable Undertakings

To become effective, Admission requires, amongst other things, the approval of the Resolutions at the General Meeting.

The Company has received irrevocable undertakings to vote (or procure the vote) in favour of the Resolutions from Revcap Estates 24 Limited and the Rowe Trust in respect of a total 1,814,661 Ordinary Shares, representing approximately 33.8 per cent. of the Company's issued ordinary share capital (the "**Irrevocable Undertakings**"):

Both Irrevocable Undertakings shall terminate if either (i) the General Meeting is not convened by 14 November 2014 or (ii) the Placing Agreement is terminated prior to the General Meeting. The Irrevocable Undertaking given by Revcap Estates 24 Limited alone shall also terminate if (prior to the date of the General Meeting) a recommended offer is made for the entire issued share capital of the Company at or in excess of a price per Ordinary Share 10 per cent. above the Placing Price.

18. Dilution of ordinary share capital and NAV

The Proposed Directors believe that the proceeds of the Placing, together with the Company's existing assets will provide the Company with the required critical mass to implement the plans under the New Investing Policy and to develop an asset management business, either organically or through one or more acquisitions. Shareholders who do not participate in the Placing will, as a result of the Placing (assuming the Placing is fully subscribed), be diluted immediately by approximately 42.5 per cent. in respect of their voting interests in the Company immediately prior to Admission and assuming the Supporter Warrants are subscribed for and exercised in full, the Shareholders will suffer a total voting dilution of approximately 52.7 per cent. The issued Ordinary Shares as at the date of this document will represent (assuming the Placing is fully subscribed) approximately 57.5 per cent. of the Enlarged Share Capital.

19. Admission, dealings and CREST

Application will be made to the London Stock Exchange for the Ordinary Shares and Shareholder Warrants to be admitted to trading on AIM. Admission is expected to take place and dealings in the Ordinary Shares and Shareholder Warrants are expected to commence on AIM at 8.00 a.m. on 1 December 2014. The Ordinary Shares (including the Placing Shares) and Shareholder Warrants will, when issued, be in registered form and will be capable of being held in certificated form.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The articles of association of the Company and the Shareholder Warrant Instrument permit the holding and transfer of Ordinary Shares and Shareholder Warrants through CREST. The Ordinary Shares are already admitted to CREST. The Directors will apply for the Shareholder Warrants to be admitted to CREST, and accordingly enabled for settlement in CREST, as soon as practicable after Admission has occurred and CREST has agreed to such admission. CREST is a voluntary system and holders of Ordinary Shares and Shareholder Warrants who wish to receive and retain a share certificate will be entitled to do so.

It is expected that definitive Ordinary Share and Warrant certificates will be dispatched by first class post to those subscribers for the Placing Shares whose entitlements are to be dealt with outside CREST, and to the holders of Supporter Warrants, at the risk of the person entitled thereto, by 8 December 2014 or as soon thereafter as is practicable and that the CREST accounts in respect of those subscribers for the Placing Shares who have requested that their entitlements are dealt with inside CREST will be credited on 1 December 2014.

The Shareholder Warrants will be issued to the holders thereof in the same form (either certificated or uncertificated) as they hold their Ordinary Shares and will be dispatched or credited at the same time as the Placing Shares.

20. Taxation

General information relating to UK taxation with regard to Admission, Placing and issue of the Shareholder Warrants is summarised in section 10 of Part 6 of this document. **Any person who is in any doubt as to his or her tax position, or is subject to tax in a jurisdiction other than that of the UK, should consult his or her professional advisers.**

21. Further information

Your attention is drawn to the additional information in Parts 2 to 6 of this document.

PART 2

RISK FACTORS

In addition to all other information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. If you are in any doubt about the action you should take, you should consult a professional adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities. This summary of risk factors is not intended to be exhaustive. The risk factors described below are not intended to be presented in any assumed order of priority. Additional risks and uncertainties that are not presently known to the Directors and the Proposed Directors, or which they currently deem immaterial, may also have an adverse effect on the Group's business, operating results, financial condition and/or prospects. If any of the following or other risks were to materialise, the price of the Ordinary Shares and/or the Shareholder Warrants could decline and investors could lose all or part of their investment.

1. Risks relating to the Group's existing assets

The Group's current investment portfolio consists of land and commercial property (the property portfolio) and investments in equity and debt securities in predominantly smaller companies (the securities portfolio).

Property portfolio – general economic and property market risks

The value of the Group's property portfolio is dependent on general economic conditions as well as on the specific conditions of the commercial property market. The property market is cyclical in nature and relates, in turn, to the condition of the economy as a whole. Deteriorating economic conditions may therefore adversely affect the value of the Group's property assets. In addition, negative economic conditions might also have an adverse effect on the Group's rental revenues (either due to tenant defaults, unlet properties or decreasing rental values) and diminish its ability to dispose of properties (either at acceptable values or at all) and its available cash. The Company cannot predict how economic conditions will develop. Furthermore and in particular due to its small size, because the Group's portfolio is not and cannot be representative of the market as a whole, the value of the property portfolio of the Group may be even more adversely affected by any downturn in the property market than the market average.

Property portfolio – tenant-associated risks

Any non-renewal of existing leases or early termination by the existing tenants in the Group's property portfolio could result in a significant decrease in the Group's net rental income as the Group may not be able to secure a replacement tenant on favourable terms, or at all, for the vacated space. As at 30 June 2014, the amount of vacant space within the property portfolio amounted to 147,889 square feet, representing approximately 39 per cent. of the total available. If the Group's net rental income declines, it would have less cash available to service and repay its debts and the value of its properties could decline further as well. In addition, significant expenditures associated with each property, such as taxes, service charges and maintenance costs, are normally not reduced in proportion to any decline in rental revenue from that property. If rental revenue from a property declines or falls away while the related costs do not decline, the Group's income and cash receipts could be materially adversely affected.

Similarly, the Group is exposed to the credit risk of its tenants and the creditworthiness of its tenants can decline over the short term. This may result in less rental income for the Group, delayed payments and/or costs or delay in taking enforcement or repossession action. The Group may again not be able to secure a replacement tenant on favourable terms or at all for space vacated by such a defaulting tenant.

Property portfolio – regulatory/planning risks

The property market is significantly dependent on changes in relevant areas of law or their application and interpretation by the competent authorities, including, but not limited to, planning, lease and tax laws and practices which cannot be reasonably foreseen.

A large part of the site at Newton-le-Willows owned by the Group has been sold to Persimmon in April 2014, but this sale is conditional upon Persimmon obtaining satisfactory detailed planning permission. If such permission is not granted, the transaction will not proceed.

Property portfolio – sale risks

Any realisation of property assets is affected by the payment terms currently being adopted by residential developers which could involve payments being made to sellers in staged payments. In particular, the sale proceeds from Persimmon are payable in four instalments over a period of 42 months from completion which exposes the Group to a credit risk with respect to the future financial standing of Persimmon and also means that the Group will not have all the proceeds of sale available for working capital or investment capital purposes or for distribution for some time after the sale.

Property portfolio – valuation risks

The valuation of the Group's property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its soil and groundwater condition, its location and the expected future revenues from that particular property. As a result, the valuations of the Group's property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions (including hope value in relation to successful negotiation of, and entry into, new leases) which may not prove to be accurate, particularly in periods of volatility or low transaction flow in the property market.

Property portfolio – liability risks

The Group may be subject to warranty claims due to defects in quality or title relating to the leasing and sale of its properties. This liability may apply to defects in properties that were unknown to the Group but could have, or should have, been discovered.

In addition, the Group may be exposed to substantial undisclosed or unascertained liabilities embedded in properties that were incurred or that arose prior to the completion of the Group's acquisition of such properties. These liabilities could include, but are not limited to, liabilities for clean-up or remediation of undisclosed environmental conditions. Disclosed and known environmental conditions, such as soil and groundwater contamination and the presence of hazardous substances in current buildings may also give rise to liabilities if not adequately managed or upon future redevelopment.

Property portfolio – illiquidity risks

Properties of the type included in the Group's portfolio can be illiquid assets for reasons such as properties being tailored to tenants' specific requirements and reduced demand for property on the market. This may also affect the Group's ability to vary its portfolio, dispose of or liquidate part of its portfolio on a timely basis or at a satisfactory price, or to acquire other properties, in response to changes in general economic conditions, property market conditions or other conditions.

Securities portfolio – risks relating to investments in smaller companies

The Group invests predominantly in smaller company securities. Individual smaller companies can be expected, *inter alia*, in comparison to larger companies, to have less mature businesses, less depth of management and a higher risk profile. As a result they may find it difficult to secure financing and/or overcome periods of economic slowdown. As they are less likely to have the financial resources of larger companies they might also find it more difficult to retain key skilled individuals. Any of these or other events may have a material adverse effect on the performance of that smaller company and may make it difficult or impossible for such company to repay its debts or lead it to reduce its dividends which could reduce the Company's cash resources and ability to pay dividends.

Furthermore, the value of securities in smaller companies can be more volatile than those of larger companies, particularly at times of economic downturn. A significant portion of the Group's securities portfolio consists of unquoted investments for which there might not be any market price – or even any market. Shareholders should not expect that the Company will necessarily be able to realise, within a period which they would otherwise regard as reasonable, such investments, or that any realisation will be on a basis which necessarily reflects the Company's valuation of such investments.

In addition, the unquoted securities held in the Company's portfolio (while they are valued using valuation techniques in accordance with the International Private Equity and Venture Capital Valuation Guidelines) are based on the directors' view of the investments and may rise or fall in value in accordance with their views and expectations of the relevant investments.

The Company is a minority investor in the companies within its existing portfolio and accordingly, its ability to promote and to protect its interests is limited and the management and control of such assets entails risks associated with multiple owners and decision-makers. Other shareholders in these investments may have economic or other interests which are inconsistent with the Company's interests, or they may obstruct the Company's plans (for example, in implementing active asset management measures), or they may propose alternative plans. If such

third parties are in a position to take or influence actions contrary to the Company's interests and plans, the Company may face the potential risk of impasses on decisions that affect the ability to implement its strategies and/or dispose of the asset. The above circumstances may have a material adverse effect on the Company's performance, financial condition and business prospects.

A portion of the Group's securities portfolio is admitted to trading on AIM and the ISDX Growth Market. The protections afforded to investors in AIM and ISDX Growth Market companies are less rigorous than those afforded to investors in companies listed on the premium segment of the Official List. In addition the typically smaller market capitalisation of companies admitted to trading on AIM and ISDX Growth Market can make the market in their securities very illiquid and/or the Group may accumulate investment positions that represent a significant multiple of the normal trading volumes of an investment which may make it difficult for the Group to sell its investments. Therefore prices of smaller capitalisation stocks are often more volatile than prices of larger capitalisation stocks and the risk of failure of individual smaller companies (with the attendant losses to investors) is higher. If such events were to occur the Group's business prospects, financial position and results could be materially adversely affected.

The Group may thus not be able to dispose of any of its investments in its securities portfolio for an acceptable price and/or at a specific time.

Securities portfolio – risks relating to market and economic conditions

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

In general, any changes in economic conditions (including, for example, interest rates and rates of inflation), industry conditions, competition, changes in law, political events and trends, and other factors, including market perceptions of potential future risks, can substantially and adversely affect the value of the investments in securities and therefore also the Group's performance and prospects.

Bank refinancing risks

The Group's loan with the Co-operative Bank currently has a term ending on 31 December 2014 and is, in any event, repayable on demand. If new bank financing does not become available, the Group may be required to repay the amount outstanding under the loan to the Co-operative Bank on the term date which will use up some of the funds raised in the Placing and, at least temporarily, reduce the available amount of investment capital available to the Company. This may impact the Company's ability to execute any larger potential investments as it may not have the available cash.

Whilst the Directors are confident that the loan with the Co-operative Bank can be refinanced and do not anticipate that the approval, or not, of the Proposals will materially affect any potential refinancing negotiations or the terms thereof, in the event that (i) the Proposals do not proceed and therefore the Company does not have the proceeds of the Placing and Supporter Warrant Issue and (ii) the Company cannot refinance the loan from the Co-operative Bank with another bank, it will need to consider appropriate steps including whether to sell certain assets (potentially at lower than market or book value owing to the urgent nature of the sale). If the Group is unable to and does not repay the loan on its expiry date, the Co-operative Bank would be entitled to enforce the security it holds over various Group entities and assets (including the properties at Newton-le-Willows and Southern Gateway). While it is not possible to determine the precise approach which would be taken by the Co-operative Bank in such a situation, the bank may appoint administrators or liquidators in respect of certain of the Group's assets and a sale of key assets of the Group (possibly at a value lower than market or book value) could occur or the bank may apply for the Company to be wound up, with the potential to affect Shareholder value significantly.

2. Risks relating to the Ordinary Shares (including the Placing Shares), the Shareholder Warrants, the Supporter Warrants and Admission

Volatility in the price of the Ordinary Shares/Shareholder Warrants and liquidity in the market for the Ordinary Shares/Shareholder Warrants

The price of the Ordinary Shares (including the Placing Shares) and of the Shareholder Warrants will fluctuate and may not always reflect the underlying asset value or the prospects of the Group. The price of the Ordinary Shares or

Shareholder Warrants may fall in response to the market's appraisal of the Group's strategy (including but not limited to the implementation of its New Investing Policy and the development of an asset management business) or if the Group's operating results and/or prospects from time to time are below the prior expectations of market analysts and investors. In addition, stock markets have, from time to time, experienced significant price and volume fluctuations that have affected the market price of securities and which may be unrelated to the Group's operating performance and prospects. A number of factors outside the control of the Group may adversely impact on its performance and the price of the Ordinary Shares and Shareholder Warrants. The factors which may affect the Company's share price include, but are not limited to:

- the Group's expected and actual operating performance and the performance of other companies in the markets in which the Group operates;
- speculation about the Group's business, about mergers or acquisitions involving the Group and/or major divestments by the Group in the press, media or investment community;
- speculation regarding the intentions of major Shareholders or significant sales of Ordinary Shares or Shareholder Warrants by such Shareholders;
- the value of the Company's underlying assets; and
- general economic and market conditions.

The Company intends to follow an investment philosophy with a longer term investment horizon. This can result in shorter term issues which may be viewed as underperformance.

Investments in public and private equities, or quasi-equities, related credit or bond instruments involves a process of research and diligence. The decision, however, involves opinions on various factors which are necessarily of a subjective nature. These opinions may not necessarily be correct.

Although the Company has no current plans for a subsequent offering of Ordinary Shares (or Shareholder Warrants), it is possible that it may decide to do so in the future, including by making use of a disapplication of pre-emption rights. An additional offering or a significant sale of Ordinary Shares (or Shareholder Warrants) by any of the Company's major Shareholders could have an adverse effect on the market price of the outstanding Ordinary Shares (or Shareholder Warrants) and it might also dilute the ownership of the existing Shareholders and holders of Shareholder Warrants.

An investment in the Ordinary Shares, Shareholder Warrants or Supporter Warrants is only suitable for investors capable of evaluating the risks (including the risk of capital loss) and merits of such investment and who have sufficient resources to sustain a total loss of their investment. An investment in the Ordinary Shares, Shareholder Warrants or Supporter Warrants should be seen as long-term in nature and complementary to investments in a range of other financial assets and should only constitute part of a diversified investment portfolio. Accordingly, typical investors in the Company are expected to be institutional investors, private client fund managers and private client brokers, as well as private individuals who have received advice from their professional advisers regarding investment in the Ordinary Shares, Shareholder Warrants or Supporter Warrants and/or who have sufficient experience to enable them to evaluate the risks and merits of such investment themselves.

Delisting and Admission may not occur when expected

There is no assurance that the admission of the Ordinary Shares (including the Placing Shares) and the Shareholder Warrants to trading on AIM will take place when anticipated, or at all.

Consequences of a move to AIM

There can be no assurance that an active or liquid trading market for the Ordinary Shares and the Shareholder Warrants will develop or, if developed, that it will be maintained following Admission. AIM is a market designed primarily for emerging and smaller companies, to which a higher investment risk tends to be attached than for larger companies, and it may not provide the liquidity normally associated with securities listed on the Official List and traded on the Main Market.

The Ordinary Shares and the Shareholder Warrants may, therefore, be more difficult to sell compared to the shares and warrants of companies listed on the Official List and traded on the Main Market and their market prices may be subject to greater fluctuations than might otherwise be the case.

Following Admission, the Company will be subject to the regulatory regime of the AIM Rules for Companies. While for the most part the obligations of a company whose shares are traded on AIM are similar to those of companies whose shares are listed on the Official List and traded on the Main Market, it has to be noted that the protections afforded to investors in AIM companies are less rigorous than those afforded to investors in companies whose shares are listed on the Official List including but not limited to the facts that (i) prior shareholder approval is only required for a restricted number of transactions as opposed to the situation under the Listing Rules, (ii) certain securities laws will no longer apply to the Company following Admission, such as the Listing Rules and the Disclosure and Transparency Rules (save that DTR Chapter 5 in respect of significant shareholder notifications will continue to apply to the Company), and (iii) there is no specified requirement for a minimum number of shares in an AIM company to be held in public hands, whereas a company listed on the Official List has to maintain a minimum of 25 per cent. of its issued ordinary share capital in public hands.

Tax

Tax matters relating to the Company and an investment in Ordinary Shares and/or Warrants are complex. Any changes to tax rates or rules affecting the Company may impact a Shareholder's or Warrantholder's return, as may any change to tax rates or rules affecting the Shareholder or Warrantholder personally.

Any person who is any doubt as to his or her tax position, or is subject to tax in a jurisdiction other than that of the UK, should consult his or her professional advisers.

Upon Delisting the Company will no longer meet the requirements of section 1158 of the Corporation Tax Act 2010 for an investment trust and, as a result, any capital gains realised by the Company (less any capital losses available) during or after the accounting period commencing on 1 January 2014 and ending on 31 December 2014 will be subject to corporation tax. The loss of investment trust status will be triggered automatically by virtue of the Company self-assessing that it no longer qualifies and bringing any capital gains and losses into tax accordingly.

Dividends

Under UK company law, a company may pay cash dividends only to the extent that it has distributable reserves and cash available for this purpose. The Company's ability to pay dividends is affected by the Group's profitability and the extent to which the Company has distributable reserves out of which dividends may be paid. In the light of these factors, the Company can give no assurance that it will be able to pay a dividend in the future or as to the amount of any such dividend, if paid.

Placing will dilute existing Shareholders

If the Proposals are implemented, the Placing Shares, Shareholder Warrants and Supporter Warrants will be issued and therefore the proportionate ownership and voting interests of existing Shareholders in the Company will be reduced (or in the case of the Warrants, potentially reduced) and the percentage of the total share capital of the Company that their Ordinary Shares will (or could) represent will be reduced accordingly. If the Placing Shares are fully subscribed, the placees will (in aggregate), following the Placing, hold 42.5 per cent. of the Enlarged Share Capital. Therefore, although existing Shareholders will receive Shareholder Warrants, the power of existing Shareholders to affect the direction of the Group will be diminished.

3. Risks relating to the New Investing Policy and the new investment strategy

Ability to recruit and retain skilled personnel

The Company's success will depend on qualified and experienced employees to enable it to raise assets for its new asset management activity and successfully manage its investments. Should the Company be unable to attract new employees this could have a material adverse effect on the Company's ability to grow its business.

Dependence on key executives

The Company's development and prospects are dependent upon the service and performance of the Proposed Directors and senior management. The loss of the services of any of the Proposed Directors or senior management could cause disruption which could have a material adverse effect on the deliverability of the New Investing Policy, the development of an asset management business and the financial prospects of the Company.

Poor investment decision making

There is no assurance the Company will meet its investment objectives. Meeting those objectives is a target but the existence of such objectives should not be considered as an assurance or guarantee that they can or will be met in relation to the Company's portfolio in general or in relation to any part of it. In particular, there is no assurance that the Company will find suitable, and/or sufficient securities to invest in or appropriate asset management businesses to acquire.

The Company will be investing in assets selected by the Investment Committee in accordance with the New Investing Policy. The value of investments and the income from them, and therefore the value of and income from Ordinary Shares will be closely linked to the performance of such investments. Investments made by the Company will be speculative and an investment in the Company therefore involves a degree of risk.

Exposure to macroeconomic, geographic, sector-related and geo-political risks

As noted above in respect of general risks, the Company's investment activities will expose the Shareholders to risks arising from macroeconomic, geographic, sector-related and geo-political risks.

Failure to attract investment funds

Part of the Proposed Directors' strategy envisages the development of an asset management business. Such businesses are operationally geared and success depends on attracting adequate investment funds to manage. If the asset management business fails to attract sufficient assets to generate fees, this could have a material adverse effect on the Company's business, financial condition and prospects.

Nature of investee companies

A majority of the direct investments made by the Company will be in the securities of small and medium sized companies. Such securities may involve a higher degree of risk than would be the case for the securities of larger companies. In addition, whilst the New Investing Policy is to identify and invest in companies that are believed to be undervalued, such companies may not prove to be capable of generating any additional value for their shareholders and so would not assist in achieving the Company's investment objective.

It is intended that the Company will generally be a minority investor in the entities in which it invests (other than in relation to any asset management business) and accordingly, its ability to promote and to protect its interests will be limited and the subsequent management and control of such an asset may entail risks associated with multiple owners and decision-makers. Any such investment also involves the risk that third party owners might become insolvent or fail to fund their share of any capital contribution which might be required. In addition, such third parties may have economic or other interests which are inconsistent with the Company's interests, or they may obstruct the Company's plans (for example, in implementing active asset management measures), or they may propose alternative plans. If such third parties are in a position to take or influence actions contrary to the Company's interests and plans, the Company may face the potential risk of impasses on decisions that affect the ability to implement its strategies and/or dispose of the asset. The above circumstances may have a material adverse effect on the Company's performance, financial condition and business prospects.

Companies in which the Company may invest may be highly geared which may significantly affect the equity values of such investee companies and, in a winding up of any such investee company, may significantly reduce the amounts returned to shareholders in such company (including the Company).

Concentrated portfolio

Once fully invested, the Company expects that the majority of the value of its portfolio of investments will be represented by investments in a small number of companies. Accordingly, shareholders should be aware that the portfolio potentially carries a higher level of risk than a more diversified portfolio.

Liquidity of portfolio

The Company may invest in securities that are not readily tradable, which may make it difficult for the Company to sell its investments. Shareholders should not expect that the Company will necessarily be able to realise, within a period which they would otherwise regard as reasonable, its investments, or that any realisation will be on a basis which necessarily reflects the Company's valuation of such investments.

Past performance

In considering any information contained in this document relating to past performance or the background of the Proposed Directors or the Investment Committee, Shareholders should bear in mind that past performance is not necessarily indicative of future results and there can be no assurance that the Company will achieve results comparable to those achieved by the Proposed Directors or the members of the Investment Committee in their previous roles. The Company is long established but the Proposed Directors are coming together to change the direction of the Company and this is a new start with no guarantee of success.

Regulations with which the Company cannot comply

The Company is currently not regulated. As part of the Proposed Directors' strategy it is intended that the Company will either acquire or develop an asset management business which will require the Company's asset management subsidiary to be regulated by the Financial Conduct Authority. If the Company is unable to secure regulatory permission that is likely to have a material impact upon the Company's ability to execute this proposed strategy.

Delay/failure to make significant investments

The Proposed Directors' strategy anticipates that the Company may develop by growing an asset management business through acquisition. If the Company is unable to successfully negotiate a meaningful acquisition or is unable to grow its asset management business organically that could have a material impact upon the Company's ability to execute the Proposed Directors' strategy.

There can be no assurance as to how long it will take for the Company to invest any or all of the net proceeds of the Placing and it may not find suitable assets in which to invest all of such proceeds. The Company is likely to face competition from a variety of other potential purchasers in identifying and acquiring suitable assets. The longer the period before investment the greater the likelihood that the Company's financial condition, business, prospects and results of operations will be materially adversely affected. Market conditions may have a negative impact on the Company's ability to identify and execute investments in suitable assets that generate acceptable returns.

Potential requirement for further investment

Any potential expansion activity and/or business development may require additional capital. There can be no guarantee that the necessary funds will be available on a timely basis on favourable terms or at all or that such funds (if raised) would be sufficient. If additional funds are raised by issuing equity securities, dilution to the existing Shareholders may result. If the Company is not able to obtain additional capital on acceptable terms or at all, it may be forced to curtail or abandon such planned expansion, activity and/or business development.

Use of Ordinary Shares as consideration for acquisitions would result in dilution of existing Shareholders

Under the Proposed Directors' strategy, the Company may make acquisitions for cash or share consideration. If Ordinary Shares are used as consideration to make acquisitions the proportionate ownership and voting interests of the then Shareholders in the Company will be reduced and the percentage of the total share capital of the Company that their shares will represent will be reduced accordingly with a potential consequential reduction in their power to affect the direction of the Group.

PART 3

FINANCIAL INFORMATION ON THE GROUP

A. AUDITED ANNUAL ACCOUNTS

1. Background

The financial information on the Group for the year ended 31 December 2011 (as set out in the annual report and accounts of the Group for 2011), the financial information on the Group for the financial year ended 31 December 2012 (as set out in the annual report and accounts of the Group for 2012) and the financial information on the Group for the financial year ended 31 December 2013 (as set out in the annual report and accounts of the Group for 2013) are incorporated by reference into this document. The audit reports for each of the financial years ended 31 December 2011, 31 December 2012 and 31 December 2013 were unqualified but the audit report for 31 December 2013 included a reference to matters to which the auditors drew attention by way of emphasis.

The financial information for the financial years ended 31 December 2011, 31 December 2012 and 31 December 2013 was prepared in accordance with IFRS.

Audited historical financial information on the Company for the three years ended 31 December 2013 is available from the Company's website at www.greshamhouse.com.

Shareholders or other recipients of this document may request a copy of the above information incorporated by reference from the Company's Company Secretary, whose name is set out on page 2 of this document.

A hard copy of the information incorporated by reference will not be sent to Shareholders or other recipients of this document unless requested.

2. Cross reference list

The following list is intended to enable investors easily to identify specific items of information which have been incorporated by reference into this document.

2.1 IFRS financial statements for the financial year ended 31 December 2011 and the audit report thereon

The page numbers below refer to the relevant pages of the annual report and accounts of the Group for the financial year ended 31 December 2011:

<u>Page Number</u>	<u>Section</u>
24	Statements of Financial Position
21	Group Statement of Comprehensive Income
22	Statements of Changes in Equity
25	Group Statement of Cash Flows
26	Company Statement of Cash Flows
27	Accounting Policies
33	Notes to the Accounts
19	Report of the Independent Auditor
13	Remuneration Report

2.2 IFRS financial statements for the financial year ended 31 December 2012 and the audit report thereon

The page numbers below refer to the relevant pages of the annual report and accounts of the Group for the financial year ended 31 December 2012:

<u>Page Number</u>	<u>Section</u>
24	Statements of Financial Position
21	Group Statement of Comprehensive Income
22	Statements of Changes in Equity
25	Group Statement of Cash Flows
26	Company Statement of Cash Flows
27	Accounting Policies
32	Notes to the Accounts
19	Report of the Independent Auditor
13	Remuneration Report

2.3 IFRS financial statements for the financial year ended 31 December 2013 and the audit report thereon

The page numbers below refer to the relevant pages of the annual report and accounts of the Group for the financial year ended 31 December 2013:

<u>Page Number</u>	<u>Section</u>
27	Statements of Financial Position
24	Group Statement of Comprehensive Income
25	Statements of Changes in Equity
28	Group Statement of Cash Flows
29	Company Statement of Cash Flows
30	Accounting Policies
35	Notes to the Accounts
20	Report of the Independent Auditor
11	Remuneration Report

B. UNAUDITED INTERIM ACCOUNTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

CHAIRMAN'S INTERIM STATEMENT AND MANAGEMENT REPORT

The half year results for the six months ended 30 June 2014 show an increase in the overall loss on the combined revenue and capital account of £2,512,000 compared to a loss of £2,014,000 for the corresponding period in 2013. This loss represents 51.9p per Ordinary Share compared with the six months ended 30 June 2013 which showed a loss of 30.7p per Ordinary Share. As a consequence the net asset value per share has decreased from 378.5p at 31 December 2013 to 331.7p at 30 June 2014.

Revenue Account

The revenue loss for the six months ended 30 June 2014 was £204,000 against a loss for the corresponding period in 2013 of £909,000. The principal reasons for the decrease were:

- a gain of £215,000 as a result of the reduction in the provision made against the six acre development site at Knowsley which has now been sold;
- a reduction in other property outgoings of £208,000 reflecting savings made in legal and professional fees; and
- a decrease of £335,000 in finance costs reflecting the reduction in bank borrowings from £11.9 million as at 30 June 2013 to £3.3 million as at 30 June 2014.

Capital Account

The capital account shows a loss for the half year ended 30 June 2014 of £2,308,000 compared to a deficit for the similar period to 30 June 2013 of £1,105,000.

The value of the property known as Southern Gateway in Speke, Liverpool has increased by £1.25 million since year end to a value of £6.6 million largely as a result of improving market conditions reflected in current negotiations with new and existing tenants. This increase has been offset by a reduction in the value of the site at Newton-le-Willows of £1.4 million due to significant abnormal site costs being identified at the part of the site sold to Persimmon Homes Ltd, the extended payment terms within the contract and a further £400,000 in necessary capital expenditure.

The securities portfolio showed losses of £1,715,000 for the half year ended 30 June 2014 primarily as a result of the fall in the share price of SpaceandPeople plc following a profit warning in April 2014 and a further provision against the unquoted investment portfolio. The investment in SpaceandPeople plc as at 30 June 2014 is valued at £1,382,000 compared to a year end value of £2,805,000.

Property Portfolio

The principal assets of the Group remain the property in Speke, Liverpool and the site at Newton-le-Willows valued by Jones Lang LaSalle at a total of £16.55m as at 30 June 2014, down from £16.7m as at year end. As previously reported contracts have been exchanged with Persimmon Homes Limited on 29 April 2014 for the sale of 22.8 acres of the 30 acre site at Newton-le-Willows for £7.43m, plus overage, conditional upon Persimmon obtaining satisfactory detailed planning permission. This asset has however been valued at a discounted amount of £6.55m in the interim results to take into account the extended payment terms over a period of 42 months from completion.

Securities Portfolio

The value of the portfolio has decreased from £5,159,000 at year end to £3,440,000 at 30 June 2014 reflecting the significant fall in the value of the investment in SpaceandPeople plc in April 2014. In addition to that investment the portfolio consists principally of one investment dealt in under ISDX and four unquoted investments against which a further provision of £316,000 has been made.

Future of the Group

As announced on 25 June 2014 the Board is in discussions relating to the future of the Company and Group which, if bought to a satisfactory conclusion, would provide an attractive alternative to the current plan of liquidation and distribution as approved at the 2011 annual general meeting. To recap, the expected key features of the alternative plan as announced (the "Proposals") include:

- the appointment of a substantially new board of directors and a new management team whose members would include individuals with long-standing and successful investment track records;

- a new strategic direction for the Company including the proposed development of an asset management business and investment portfolio;
- the issue of new Ordinary Shares in the Company by way of a Placing to new investors at a discount of 11.25 per cent. to the net asset value per Ordinary Share as at 30 June 2014 in order to raise approximately £20 million;
- the issue of Shareholder Warrants to be admitted to trading on AIM, to those holders of the Company's shares, other than placees, on a one Shareholder Warrant per five Ordinary Shares basis, exercisable at the net asset value per Ordinary Share as at 30 June 2014;
- the purchase of up to 850,000 Supporter Warrants by members of the new team at a price of £0.075 per Supporter Warrant, exercisable at the net asset value per Ordinary Share as at 30 June 2014;
- the cancellation of the Company's listing on the Main Market and the admission of the share capital of the Company as enlarged by the placing and the Shareholder Warrants to trading on AIM;
- the cancellation of the Company's share premium account including the share premium arising on the issue of the new Ordinary Shares;
- the amendment of the Company's investment policy; and
- the loss of investment trust status which will result in any capital gains realised by the Company, less any capital losses available, being subject to corporation tax.

Progress is being made to implement the Proposals and it is anticipated that a Circular containing details of the Proposals and an AIM admission document will be sent to Shareholders by the end of September 2014. Since the announcement on 25 June 2014 (summarised above) and as part of the negotiations, it is expected that the placing price will be set at the net asset value per ordinary share as at 30 June 2014 as adjusted to reflect any movement in the share price of SpaceandPeople plc (being the only material quoted investment in the Group's portfolio) between 30 June 2014 and the latest practicable date prior to the finalisation of the investor documentation, (the "Adjusted Value"), discounted by 11.25 per cent. The exercise price of the shareholder warrants and supporter warrants (see above) is expected to be at the Adjusted Value.

The Circular will include a Notice of General Meeting of the Company at which various Resolutions will be put to Shareholders in order to seek approval for the Proposals, including special resolutions which will require approval of 75% of the votes cast to be in favour. If any of the Resolutions are not approved by Shareholders, none of the Proposals will proceed.

The Board believes that, if implemented, the Proposals provide an attractive alternative to the current plan of liquidation and distribution which, as announced, will involve a significant amount of the proceeds of realisation being distributed to Shareholders in multiple stages over an estimated four years as monies become available following a sale of the Company's property assets.

In addition to the Proposals we continue with the process of the orderly realisation of the Group's assets and a reduction of the group's cost base. To this end all directors' service contracts and letters of appointment terminated on 31 July 2014. In order for the Company to meet its statutory obligations and continue with the Proposals above each of Richard Chadwick, Brian Hallett, John Lorimer and myself have entered into letters of appointment whereby we will act as non-executive directors of the Company and, additionally, the Company has engaged with each of our service companies for the provision of consultancy services which can be terminated upon one month's notice. Rosemary Chopin-John ceased acting as a director on 31 July and I would like to thank her for her valuable contribution over the past six years.

The focus of your directors continues to be securing the best possible position for our Shareholders and ensuring that the Company is well placed to gain the maximum benefit from its remaining assets.

Tony Ebel
Chairman

27 August 2014

UNAUDITED CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Half year ended 30 June 2014			Half year ended 30 June 2013			Year ended 31 December 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income:									
Dividend and interest income ..	155	—	155	196	—	196	268	—	268
Rental income	475	—	475	432	—	432	999	—	999
Other operating income	39	—	39	30	—	30	76	—	76
Total Income (note 6)	669	—	669	658	—	658	1,343	—	1,343
Operating Costs:									
Property outgoings	(271)	—	(271)	(694)	—	(694)	(1,243)	—	(1,243)
Administrative overheads	(497)	—	(497)	(433)	—	(433)	(846)	—	(846)
Net trading loss	(99)	—	(99)	(469)	—	(469)	(746)	—	(746)
Losses on investments:									
Losses on investments held at fair value	—	(1,715)	(1,715)	—	(33)	(33)	—	(504)	(504)
Movement in fair value of property investments	—	(593)	(593)	—	(1,072)	(1,072)	—	(1,439)	(1,439)
Group operating loss	(99)	(2,308)	(2,407)	(469)	(1,105)	(1,574)	(746)	(1,943)	(2,689)
Finance costs (note 7)	(105)	—	(105)	(440)	—	(440)	(757)	—	(757)
Group operating loss before taxation	(204)	(2,308)	(2,512)	(909)	(1,105)	(2,014)	(1,503)	(1,943)	(3,446)
Taxation	—	—	—	—	—	—	—	—	—
Loss and total comprehensive income	(204)	(2,308)	(2,512)	(909)	(1,105)	(2,014)	(1,503)	(1,943)	(3,446)
Attributable to:									
Equity holders of the parent	(183)	(2,604)	(2,787)	(494)	(1,156)	(1,650)	(1,281)	(2,216)	(3,497)
Non-controlling interest	(21)	296	275	(415)	51	(364)	(222)	273	51
	<u>(204)</u>	<u>(2,308)</u>	<u>(2,512)</u>	<u>(909)</u>	<u>(1,105)</u>	<u>(2,014)</u>	<u>(1,503)</u>	<u>(1,943)</u>	<u>(3,446)</u>
Basic and diluted loss per Ordinary Share (note 8)			<u>(51.9p)</u>			<u>(30.7p)</u>			<u>(65.1p)</u>

UNAUDITED CONDENSED GROUP STATEMENTS OF CHANGES IN EQUITY

	Half year ended 30 June 2014						
	Ordinary share capital £'000	Share premium £'000	Capital reserve £'000	Retained earnings £'000	Equity attributable to equity shareholders £'000	Non-controlling interest £'000	Total equity £'000
Balance at 31 Dec 2013	1,342	2,302	33,384	(16,704)	20,324	—	20,324
Loss for the period being total comprehensive income for the period	—	—	(2,604)	(183)	(2,787)	275	(2,512)
Transfer of non-controlling interest deficit	—	—	296	(21)	275	(275)	—
Reserves transfer	—	—	835	(835)	—	—	—
Balance at 30 June 2014	1,342	2,302	31,911	(17,743)	17,812	—	17,812

	Half year ended 30 June 2013 (Restated)						
	Ordinary share capital £'000	Share premium £'000	Capital reserve £'000	Retained earnings £'000	Equity attributable to equity shareholders £'000	Non-controlling interest £'000	Total equity £'000
Balance at 31 Dec 2012	1,342	2,302	35,822	(15,562)	23,904	—	23,904
Loss for the period being total comprehensive income for the period	—	—	(1,156)	(494)	(1,650)	(364)	(2,014)
Transfer of non-controlling interest deficit	—	—	51	(415)	(364)	364	—
Ordinary dividend paid (note 9)	—	—	—	(134)	(134)	—	(134)
Balance at 30 June 2013	1,342	2,302	34,717	(16,605)	21,756	—	21,756

	Year ended 31 December 2013						
	Ordinary share capital £'000	Share premium £'000	Capital reserve £'000	Retained earnings £'000	Equity attributable to equity shareholders £'000	Non-controlling interest £'000	Total equity £'000
Balance as at 31 Dec 2012	1,342	2,302	35,822	(15,562)	23,904	—	23,904
Loss for the period being total comprehensive income for the period	—	—	(2,216)	(1,281)	(3,497)	51	(3,446)
Transfer of non-controlling interest deficit	—	—	(222)	273	51	(51)	—
Ordinary dividend paid (note 9)	—	—	—	(134)	(134)	—	(134)
Balance at 31 December 2013	1,342	2,302	33,384	(16,704)	20,324	—	20,324

UNAUDITED CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	30 June 2014 £'000	30 June 2013 (Restated) £'000	31 December 2013 £'000
Assets			
Non current assets			
Investments – securities (note 10)	3,440	5,567	5,159
Property investments	10,000	17,500	9,270
Total non current assets	<u>13,440</u>	<u>23,067</u>	<u>14,429</u>
Current assets			
Trade and other receivables	100	315	358
Accrued income and prepaid expenses	616	787	639
Other current assets	—	550	415
Cash and cash equivalents	1,044	920	1,625
Non current assets held for sale			
Investments – securities (note 10)	—	93	—
Property investments	6,550	9,250	7,430
Total current assets and non current assets held for sale	<u>8,310</u>	<u>11,915</u>	<u>10,467</u>
Total assets	<u>21,750</u>	<u>34,982</u>	<u>24,896</u>
Current liabilities			
Trade and other payables	660	1,320	826
Short term borrowings	3,278	4,000	3,746
Liabilities of a disposal group classified as held for sale			
Short term borrowings	—	7,906	—
	<u>3,938</u>	<u>13,226</u>	<u>4,572</u>
Total assets less current liabilities being net assets	<u>17,812</u>	<u>21,756</u>	<u>20,324</u>
Capital and reserves			
Ordinary share capital (note 11)	1,342	1,342	1,342
Share premium	2,302	2,302	2,302
Capital reserve	31,911	34,717	33,384
Retained earnings	(17,743)	(16,605)	(16,704)
Equity attributable to equity shareholders	<u>17,812</u>	<u>21,756</u>	<u>20,324</u>
Non-controlling interest	—	—	—
Total equity	<u>17,812</u>	<u>21,756</u>	<u>20,324</u>
Basic and diluted net asset value per Ordinary Share (note 12)	<u>331.7p</u>	<u>405.2p</u>	<u>378.5p</u>

UNAUDITED CONDENSED GROUP STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2014

	6 months to 30 June 2014 £'000	6 months to 30 June 2013 £'000	12 months to 31 December 2013 £'000
Cashflow from operating activities			
Investment income received	88	84	88
Interest received	1	106	108
Rental income received	483	443	1,037
Other cash payments	(653)	(1,221)	(2,118)
Net cash utilised from operations (note 13)	(81)	(588)	(885)
Interest paid on property loans and bank overdrafts	(74)	(359)	(600)
Net cash flows from operating activities	<u>(155)</u>	<u>(947)</u>	<u>(1,485)</u>
Cash flows from investing activities			
Purchase of investments	(10)	(2)	(89)
Sale of investments	14	1,363	1,480
Sale of investment properties	148	1,757	11,466
Expenditure on investment properties	(460)	(910)	(1,227)
Sale of developments in hand	417	—	—
Purchase of developments in hand	(67)	(3)	(22)
	<u>42</u>	<u>2,205</u>	<u>11,608</u>
Cash flows from financing activities			
Repayment of loans	(468)	(8,552)	(16,937)
Receipt of loans	—	—	225
Equity dividends paid	—	(134)	(134)
	<u>(468)</u>	<u>(8,686)</u>	<u>(16,846)</u>
Decrease in cash and cash equivalents	(581)	(7,428)	(6,723)
Cash and cash equivalents at start of period	1,625	8,348	8,348
Cash and cash equivalents at end of period	<u>1,044</u>	<u>920</u>	<u>1,625</u>

NOTES TO THE ACCOUNTS

1 REPORTING ENTITY

Gresham House plc (“the Company”) is a company incorporated in England and Wales. The unaudited condensed group interim financial statements of the Company as at and for the six months ended 30 June 2014 comprise the Company and its subsidiary undertakings (together referred to as the “Group”). All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

2 STATEMENT OF COMPLIANCE

The financial information for the half years ended 30 June 2014 and 30 June 2013 have neither been subject to an audit nor a review in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Auditing Practices Board. The comparative financial information presented herein for the year ended 31 December 2013 does not constitute full statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Group’s annual report and accounts for the year ended 31 December 2013 have been delivered to the Registrar of Companies. The Group’s independent auditor’s report on those accounts was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The auditor did however raise an Emphasis of Matter in relation to going concern as follows:

‘Emphasis of matter – financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the Basis of Preparation accounting policy concerning the basis on which the financial statements were prepared. As the objective of the directors is to achieve an orderly realisation of the Group’s assets over a relatively short period with a view to returning capital to shareholders thereafter, the financial statements have been prepared on a basis other than that of going concern.’

The financial information in these condensed financial statements is that of the holding company and all of its subsidiaries (the “Group”). It has been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the annual report and accounts for the year ended 31 December 2013 which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The unaudited condensed group interim financial statements were approved by a duly appointed and authorised committee of the Board of Directors on 27 August 2014.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these unaudited condensed group interim financial statements are the same as those applied by the Group in its group financial statements as at and for the year ended 31 December 2013.

Where presentational guidance set out in the Statement of Recommended Practice (“the SORP”) for investment trusts issued by the Association of Investment Companies (“the AIC”) is consistent with the requirements of IFRS and appropriate in the context of the Company’s activities, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The unaudited condensed group interim financial statements highlight that the Group has loans of £3.3m due within one year from the Co-operative Bank plc repayable on demand and in any event by 30 September 2014. The Loan Agreement with the Co-operative Bank plc includes a special condition that the facility is initially until 30 September 2014 with a further extension (to be provided by way of side letter) to 31 December 2014 subject to progress with disposals/repayments but no side letter has yet been signed. The Board is also seeking terms from another bank to refinance the position for a longer term.

As the Group’s investment objective is the orderly realisation of the Group’s assets over a relatively short period with a view to returning capital to shareholders thereafter, the Group technically ceases to be a going concern as it is the intention to realise assets and return capital to shareholders in due course. During the realisation period the Group expects to trade in an orderly fashion and, in the directors’ opinion, the valuation bases applied to the assets and liabilities are such that there would be no material adjustments to the interim financial statements if they had been prepared on a going concern basis.

In preparing the accounts for the year ended 31 December 2013 the directors considered the relationship between the creditors of a non-wholly owned loss-making subsidiary and the wider group and concluded that arrangements are in place which enable losses previously attributable to the non-controlling interest to be absorbed by equity holders of the parent. Consequently, an adjustment was made within equity to reflect these arrangements, with comparative numbers restated accordingly. The impact on the balance sheet as at 30 June 2013 is to reduce the debit balance attributable to the non-controlling interest by £1,831,000, with a corresponding reduction to equity attributable to shareholders of the parent. There is no impact on group profit or total equity for any prior period.

4 ESTIMATES

The preparation of the unaudited condensed group interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited condensed group interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the group financial statements as at and for the year ended 31 December 2013.

5 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policy are consistent with those disclosed in the group financial statements as at and for the year ended 31 December 2013.

6 INCOME

	Half year ended 30 June 2014 £'000	Half year ended 30 June 2013 £'000	Year ended 31 December 2013 £'000
Income from investments			
Dividend income – Listed UK	88	84	88
Interest receivable – Bank & brokers	1	44	46
– Other	66	68	134
	<u>155</u>	<u>196</u>	<u>268</u>
Rental income	475	432	999
	<u>630</u>	<u>628</u>	<u>1,267</u>
Other operating income			
Dealing profits and losses	—	1	1
Management fees receivable	26	29	75
Other income	13	—	—
	<u>39</u>	<u>30</u>	<u>76</u>
Total income	<u>669</u>	<u>658</u>	<u>1,343</u>
Total income comprises:			
Dividends	88	84	88
Interest	67	112	180
Rental income	475	432	999
Other operating income	39	30	76
	<u>669</u>	<u>658</u>	<u>1,343</u>

7 FINANCE COSTS

	Half year ended 30 June 2014 £'000	Half year ended 30 June 2013 £'000	Year ended 31 December 2013 £'000
Interest payable on loans and overdrafts	71	323	504
Finance fees	34	117	253
	<u>105</u>	<u>440</u>	<u>757</u>

8 LOSS PER SHARE

Basic and diluted loss per share

The basic and diluted loss per share figure is based on the total net loss attributable to equity holders of the parent for the half year of £2,787,000 (half year ended 30 June 2013: £1,650,000; year ended 31 December 2013: £3,497,000) and on 5,369,880 (half year ended 30 June 2013 & year ended 31 December 2013: 5,369,880) Ordinary Shares, being the weighted average number of Ordinary Shares in issue during each respective period.

There were no potentially dilutive Ordinary Shares as at 30 June 2014.

8 LOSS PER SHARE – continued

The loss per Ordinary Share figures detailed above can be further analysed between revenue and capital as follows:

	Half year ended 30 June 2014 £'000	Half year ended 30 June 2013 £'000	Year ended 31 December 2013 £'000
Net revenue loss attributable to equity holders of the parent	(183)	(494)	(1,281)
Net capital loss attributable to equity holders of the parent	(2,604)	(1,156)	(2,216)
Net total loss	<u>(2,787)</u>	<u>(1,650)</u>	<u>(3,497)</u>
Weighted average number of Ordinary Shares in issue during the period	5,369,880	5,369,880	5,369,880
Basic and diluted loss per share	Pence	Pence	Pence
Revenue	(3.4)	(9.2)	(23.8)
Capital	<u>(48.5)</u>	<u>(21.5)</u>	<u>(41.3)</u>
Total basic loss per share	<u>(51.9)</u>	<u>(30.7)</u>	<u>(65.1)</u>

9 DIVIDENDS

	Half year ended 30 June 2014 £'000	Half year ended 30 June 2013 £'000	Year ended 31 December 2013 £'000
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2013 of nil (2012: 2.5p) per share	—	134	134
	<u>—</u>	<u>134</u>	<u>134</u>

10 INVESTMENTS – SECURITIES

As at 30 June 2014 the Company's investment portfolio consisted of:

	Market Value £'000	% of Securities Portfolio
UK listed securities		
Royal & Sun Alliance 7 ³ / ₈ % preference shares	105	3.1
Securities dealt in under AIM		
SpaceandPeople plc	1,382	40.2
Securities dealt in under ISDX		
Wheelsure Holdings plc	86	2.5
Unquoted securities		
Attila (BR) Limited – Loan Notes	945	27.5
Kemnal Investments Limited – Loan Notes	466	13.5
Lancashire Tea Limited (in liquidation) – Loan Notes	15	0.4
Memorial Holdings Limited	441	12.8
Others	—	—
	<u>3,440</u>	<u>100.0</u>

11 ORDINARY SHARE CAPITAL

	30 June 2014 £'000	30 June 2013 £'000	31 December 2013 £'000
Share Capital			
Allotted: Ordinary – 5,369,880 (30 June 2013 & 31 December 2013: 5,369,880) fully paid shares of 25p each	<u>1,342</u>	<u>1,342</u>	<u>1,342</u>

12 NET ASSET VALUE PER SHARE

Basic and diluted

Basic and diluted net asset value per Ordinary Share is based on Equity attributable to equity Shareholders at the period end and on 5,369,880 (half year ended 30 June 2013 & year ended 31 December 2013: 5,369,880) Ordinary Shares being the number of Ordinary Shares in issue at the period end. There were no potentially dilutive Ordinary Shares as at 30 June 2014.

13 RECONCILIATION OF LOSS BEFORE TAXATION TO OPERATING CASH FLOWS

	30 June 2014 £'000	30 June 2013 £'000	31 December 2013 £'000
Revenue return before taxation	(204)	(909)	(1,503)
Interest payable	71	323	504
	(133)	(586)	(999)
Decrease in current assets	145	285	484
Decrease in current liabilities	(93)	(287)	(370)
	<u>(81)</u>	<u>(588)</u>	<u>(885)</u>

14 RELATED PARTY TRANSACTIONS

During the period the Group was invoiced £12,500 (half year ended 30 June 2013: £12,500; year ended 31 December 2013: £25,000) for consultancy services supplied by Microdisc Limited, a company in which Mr A G Ebel has an interest. There were no amounts outstanding at any period end.

Mr D Lucie-Smith has an interest in Pelham (London) Limited and Prince's Place LLP which invoiced the Group a sum of £93,550 (half year ended 30 June 2013: £83,750; year ended 31 December 2013: £174,152) in respect of his services and associated office costs. At the period end there was a balance outstanding of £nil (half year ended 30 June 2013: £nil; year ended 31 December 2013: £1,644).

Conversely, during the period, the Group invoiced LSS Developments LLP £5,048 (half year ended 30 June 2013: £nil; year ended 31 December 2013: £5,584), ES2 Developments Limited £nil (half year ended 30 June 2013: £9,923; year ended 31 December 2013: £14,971) and Prince's Place LLP £536 (half year ended 30 June 2013: £1,053; year ended 31 December 2013: £1,589) for rent and rates. Mr Lucie-Smith has an interest in these companies. At the period end there were balances outstanding of £3,702 (half year ended 30 June 2013: £nil; year ended 31 December 2013: £6,701) from LSS Developments LLP, £354 (half year ended 30 June 2013: £643; year ended 31 December 2013: £nil) from Prince's Place LLP and £nil (half year ended 30 June 2013: £6,057; year ended 31 December 2013: £3,655) from ES2 Developments LLP.

Rent and rates totalling £nil (half year ended 30 June 2013: £767; year ended 31 December 2013: £1,548) were invoiced to Kemnal Park Limited during the period, a company in which both Mr Ebel and Mr Lucie-Smith were directors. At the period end there was a balance outstanding of £52 (half year ended 30 June 2013: £46; year ended 31 December 2013: £nil).

Mr J A C Lorimer has an interest in New Park Lane Limited and Parkwood Asset Management Limited which the former invoiced the Group a sum of £68,752 (half year ended 30 June 2013: £68,753; year ended 31 December 2013: £137,505) in respect of his services during the period. Conversely the Group invoiced Parkwood Asset Management Limited £335 (half year ended 30 June 2013: £658; year ended 31 December 2013: £1,592) for rent and rates. At the period end Parkwood Asset Management Limited owed £530 (half year ended 30 June 2013: £1,282; year ended 31 December 2013: £803).

The total holding of loan stock in Abshot Finance Company Limited, in which the Group has a 50% interest and in which Mr B J Hallett is a director, amounted to £149,000 (half year ended 30 June 2013 and year ended 31 December 2013: £149,000) at the period end against which a provision of £149,000 (half year ended 30 June 2013 and year ended 31 December 2013: £149,000) has been made.

The amount of loan made to Lancashire Tea Limited (in liquidation), in which the Group has a 49% interest and in which Mr D Lucie-Smith and Mr B J Hallett were directors, amounted to £270,000 (half year ended 30 June 2013: £320,000; year ended 31 December 2013: £270,000) at the period end against which a provision of £255,000 (half year ended 30 June 2013: £295,000; year ended 31 December 2013: £255,000) has been made. No interest was charged during any period.

The Rowe Trust holds an interest of 644,209 (half year ended 30 June 2013 and year ended 31 December 2013: 644,209) ordinary shares in the Company. Mrs R H Chopin-John is a trustee of the Rowe Trust but has no beneficial interest.

15 SEGMENTAL REPORTING

As at 30 June 2014 the Group is organised into two main operating segments – Investment in Securities and Property Investment. These segments are the basis on which the Group reports its segment information for management purposes.

15 SEGMENTAL REPORTING – continued

The following table sets out the revenue and profit/(loss) information for the Group's operating segments:

	Investment £'000	Property Investment £'000	Consolidated £'000
Half year ended 30 June 2014			
Revenue	209	460	669
Result	(1,414)	(601)	(2,015)
Unallocated corporate expenses			(497)
Operating loss			(2,512)
Interest income			—
Loss before taxation			(2,512)
Half year ended 30 June 2013			
Revenue	196	418	614
Result	373	(1,998)	(1,625)
Unallocated corporate expenses			(433)
Operating loss			(2,058)
Interest income			44
Loss before taxation			(2,014)
Year ended 31 December 2013			
Revenue	310	987	1,297
Result	337	(2,983)	(2,646)
Unallocated corporate expenses			(846)
Operating profit			(3,492)
Interest income			46
Profit before taxation			(3,446)

All revenue is derived from operations within the United Kingdom.

16 FAIR VALUE MEASUREMENTS

Valuation inputs

IFRS 13 – Fair Value Measurement – requires an entity to classify its financial assets and liabilities held at fair value according to a hierarchy that reflects the significance of observable market inputs. The classification of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined below.

Quoted market prices – Level 1

Financial instruments, the valuation of which are determined by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation technique using observable inputs – Level 2

Financial instruments that have been valued using inputs other than quoted prices as described for level 1 but which are observable for the asset or liability, either directly or indirectly. Fair values of derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing interest rate curves.

Valuation technique using significant unobservable inputs – Level 3

Financial instruments, the valuation of which incorporate significant inputs for the asset or liability that are not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or analytical techniques.

16 FAIR VALUE MEASUREMENTS – continued

For investment properties the significant unobservable inputs used in the valuation at 30 June 2014 are the estimated rental value (ERV) of the properties and the market capitalisation rate (yield). The ERV has been determined by reference to rents currently achieved on existing leases and the rents being asked by landlords advertising properties of a similar specification in that geographical region. The market capitalisation rate has been determined by reference to actual market transactions for properties in that region, with adjustment made to reflect the particular characteristics of that property. A decrease in the ERV or an increase in the market capitalisation rate will decrease the fair value of the investment property. Conversely an increase in the ERV or decrease in the market capitalisation rate will increase the fair value.

For investments in securities, which includes early-stage private equity investments, the significant unobservable inputs used include cash flow forecasts and discount rates. An increase in the discount rate applied will decrease the fair value of the investment whereas a decrease in the rate will increase the fair value.

Fair values for unquoted investments, or for investments for which there is only an inactive market, are established by taking into account the International Private Equity and Venture Capital Valuation Guidelines as follows:

- (i) Investments which have been made in the last 12 months are valued at cost in the absence of overriding factors;
- (ii) Investments in companies at an early stage of development are also valued at cost in the absence of overriding factors;
- (iii) Where investments have gone beyond the stage in their development in (ii) above, the shares may be valued by having regard to a suitable price-earnings ratio to that company's historical post-tax earnings or the net asset value of the investment; and
- (iv) Where a value is indicated by a material arm's length market transaction by a third party in the shares of a company, that value may be used.

An analysis of the Group's assets measured at fair value by hierarchy is set out below.

30 June 2014	£'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss:				
Property investments	16,550	—	—	16,550
Investments – securities				
– Equities	1,910	1,469	—	441
– Fixed income	104	104	—	—
	<u>18,564</u>	<u>1,573</u>	<u>—</u>	<u>16,991</u>
30 June 2013	£'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss:				
Property investments	26,750	—	—	26,750
Investments – securities				
– Equities	4,208	2,124	—	2,084
– Fixed income	103	103	—	—
	<u>31,061</u>	<u>2,227</u>	<u>—</u>	<u>28,834</u>
31 December 2013	£'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss:				
Property investments	16,700	—	—	16,700
Investments – securities				
– Equities	3,639	2,881	—	758
– Fixed income	104	104	—	—
	<u>20,443</u>	<u>2,985</u>	<u>—</u>	<u>17,458</u>

16 FAIR VALUE MEASUREMENTS – continued

Set out below is a reconciliation of financial assets measured at fair value based on level 3.

	Property investments £'000	Investments – securities £'000	Trading securities £'000	Total £'000
30 June 2014				
Opening balance	16,700	758	—	17,458
Total gains or losses:				
In profit or loss	(593)	(317)	—	(910)
Purchases	443	—	—	443
Sales	—	—	—	—
Closing balance	<u>16,550</u>	<u>441</u>	<u>—</u>	<u>16,991</u>
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	<u>(593)</u>	<u>(317)</u>	<u>—</u>	<u>(910)</u>
30 June 2013				
Opening balance	28,896	2,697	—	31,593
Total gains or losses:				
In profit or loss	(1,072)	(573)	—	(1,645)
Purchases	1,008	—	—	1,008
Sales	(2,082)	(40)	—	(2,122)
Closing balance	<u>26,750</u>	<u>2,084</u>	<u>—</u>	<u>28,834</u>
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	<u>(1,072)</u>	<u>(580)</u>	<u>—</u>	<u>(1,652)</u>
31 December 2013				
Opening balance	28,896	2,697	—	31,593
Total gains or losses:				
In profit or loss	(1,439)	(1,898)	2	(3,335)
Purchases	942	—	—	942
Sales	(11,699)	(41)	(2)	(11,742)
Closing balance	<u>16,700</u>	<u>758</u>	<u>—</u>	<u>17,458</u>
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	<u>(2,446)</u>	<u>(1,904)</u>	<u>2</u>	<u>(4,348)</u>

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF YEARLY FINANCIAL REPORT

We confirm that to the best of our knowledge:

- (a) the unaudited condensed group interim financial statements, which have been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group;
- (b) the Chairman's interim statement and management report includes a fair review of the information required by:
 - (i) DTR 4.2.7R of the Disclosure and Transparency Rule, being an indication of important events that have occurred during the first six months of the financial year and their impact on the unaudited condensed group interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (ii) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Principal risks and uncertainties

The Board consider the principal risks and uncertainties relating to the Group for the next six months to be the same as detailed in the group financial statements for the year ended 31 December 2013. Full details of the risks and uncertainties are detailed under the Investment Policy section and in Note 20 of those financial statements.

The principal risks to the business include:

Economic;
Strategic and investment;
Regulatory;
Financial and operating;
Market price;
Asset and market liquidity;
Interest rate;
Credit; and
Property

A G Ebel
Chairman

B J Hallett
Director

PART 4

PROPERTY VALUATION REPORT



One Piccadilly Gardens Manchester M1 1RG
tel +44 (0)161 828 6440 fax +44 (0)161 828 6490
www.joneslanglasalle.co.uk

Gresham House plc
235 Hunts Pond Road
Fareham
Hampshire
PO14 4PJ

Your ref
Our ref 479500MAN/WNC
Directline 0161 238 6293
Fax
william.clowes@eu.jll.com

and

Westhouse Securities Limited
Heron Tower
110 Bishopsgate
London
EC2N 4AY

7 October 2014

Dear Sirs

Gresham House plc (the "Company")

1. Instructions

- 1.1 In accordance with your instructions confirmed in our letter of 18 August 2014, we have assessed the Market Value of the interests held by the Company and its subsidiaries in the properties as set out in the schedule attached to this report (the "Valuation Report"), which are summarised in paragraph 2, for inclusion in an admission document produced by the Company in connection with the admission to AIM of the Company's issued and to be issued ordinary shares of £0.25 each ("Ordinary Shares") and shareholder warrants ("Shareholder Warrants") to be issued by the Company, in accordance with the AIM Rules for Companies (the "Admission Document").
- 1.2 The date of valuation adopted is 30 June 2014.
- 1.3 This valuation has been prepared in accordance with the latest edition of the Valuation Standards published by the Royal Institution of Chartered Surveyors (the "Red Book") with particular regard to UK Appendix 7 – FCA Listing Rules. The valuation has been undertaken on the basis of our Terms of Engagement for Valuation Services, set out in our letter dated 18 August 2014.
- 1.4 This Valuation Report will be relied upon by the Company and Westhouse Securities Limited for the purposes specified in paragraph 1.1 above.

2. Opinion of Value

- 2.1 In accordance with the facts and assumptions set out below, we hereby certify that we are of the opinion that the aggregate Market Value of the three property interests as described in this Valuation Report and as at 30 June 2014 is as follows:

Freehold	£9,950,000
Long Leasehold	£6,600,000
Total	£16,550,000 (Sixteen Million Five Hundred and Fifty Thousand Pounds)

- 2.2 We attach at Appendix 1 a schedule detailing the individual property values and apportionment by holding company.

3. Basis of Valuation

- 3.1 We confirm that we have not made any “special assumptions” in our valuations unless specifically stated elsewhere in this Valuation Report.
- 3.2 Market Value means the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
- 3.3 Our valuations reflect a sale on an individual basis. No allowance has been made to reflect an adjustment for a portfolio sale.
- 3.4 Our valuation excludes any expenses which would be incurred on a realisation or disposal and any liabilities due to taxation on disposal such as Capital Gains Tax or Value Added Tax.
- 3.5 The valuations reflect the deduction of normal purchaser’s costs where appropriate.
- 3.6 We inspected Southern Gateway on 4 July 2014 and Newton-le-Willows on 19 August 2014 for the purposes of this valuation. The valuations have been prepared by W N Clowes MRICS, an RICS Registered Valuer qualified for the purpose of this valuation. We have acted as an External Valuer as defined in the Red Book.
- 3.7 Jones Lang LaSalle Ltd (formerly King Sturge LLP) has continued to advise the Company in relation to its asset values since 2008 and have also been letting agent at Southern Gateway (until 2012) and sales agent on the residential land at Deacon Trading Estate (to 2014). In the year to the end of December 2013, Jones Lang LaSalle Ltd received fees from the Company representing less than 5 per cent. of their fee income for the same period.

4. Valuation Assumptions

4.1 Sources of Information

- 4.1.1 Our valuation has been based on information which the Company has provided to us in relation to tenure, tenancies, use, town planning consents, floor areas, site areas and statutory notices. Specifically:
 - At Newton-le-Willows we have received a copy of the conditional contract dated 29 April 2014 with Persimmon Homes Limited for the acquisition of the majority of the site. In considering our valuation of this asset we have discounted future cashflows due at a rate of 5 per cent. The balance of the site has been valued using a residual methodology for an assumed supermarket use.
 - At Southern Gateway there are advanced negotiations on the Wellington Building for a new 10 year lease to a potential new tenant who is on site undertaking enabling works under a short term agreement. An existing significant tenant is also to extend their lease for an additional three years. However, at the date of valuation these leases had not been signed but our valuation reflects hope value that they will be documented shortly in line with the terms provisionally agreed.
- 4.1.2 We have not effected official searches and for the purposes of this valuation we have assumed that full planning consent exists, or established use rights are available for the existing buildings and present uses, unless specifically advised by the Company.
- 4.1.3 We have not inspected other legal documents pertaining to the properties and our valuation is based upon the assumption that there are no unusually onerous restrictions or obligations attaching to the properties and that they enjoy good marketable title. The site boundaries are as identified to us by the Company and we have relied upon these for the purposes of our valuation.
- 4.1.4 We cannot guarantee that we have seen all relevant documents.

4.2 Structural Surveys And Deleterious Materials

- 4.2.1 We have not carried out a structural survey nor have we inspected those parts of the properties, which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of uninspected parts and this certificate should not be taken as making any implied representation or statement about such parts. We have had regard to the general condition of the properties as observed in the course of our inspections for valuation purposes. We have reflected costs of repair where the Company has provided the information. Where the Company has provided no information, we have assumed the properties to be in good structural condition.

- 4.2.2 We have not arranged for any investigation to be carried out to determine whether or not high alumina cement, calcium chloride additive or any other potentially deleterious material has been used in the construction of the properties and we are therefore unable to report that the properties are free from risk in this respect. For the purpose of this valuation we have assumed that such investigation would not disclose the presence of any such material in any adverse conditions.
- 4.2.3 No specialist tests have been carried out on any of the services systems and for the purpose of this valuation we have assumed that all are in reasonable working order and in compliance with any relevant statutory or Bye-Law regulations.
- 4.2.4 No allowance has been made in our valuation in respect of rights, obligations or liabilities arising under the Defective Premises Act 1972 and the Disabilities Discrimination Act 1995.
- 4.2.5 We have assumed that the properties comply in all respects with all relevant statutory regulations including fire regulations and that there are no outstanding notices against the properties.

4.3 Site Conditions And Contamination

- 4.3.1 No soil bearing tests have been carried out by us and we cannot offer any opinion either as to the suitability of the site for existing or proposed developments nor the condition of or potential liability for any embankment and river, wharf or retaining wall unless expressly advised by the Company.
- 4.3.2 Other than those drawn to our attention by the Company, we are not aware of the content of any environmental audit, site survey or any other investigation which may have been carried out on the properties that may draw attention to any contamination or the possibility of any contamination and we have assumed that no hazardous or potentially contaminated substances have been or are being used at the properties. Should it, however, be established subsequently that contamination exists at the properties or on any neighbouring land or that the premises have been or are being put to any contaminative uses, this might reduce the values now reported. We have reflected the presence of contamination where the Company have advised but we have made no allowance in our valuations unless specifically advised by the Company.

5. Responsibility and Confidentiality

- 5.1 For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that, to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import.
- 5.2 This Valuation Report is provided for the purposes of inclusion in the Admission Document and, save for any responsibility under paragraph (a) of Schedule Two of the AIM Rules for Companies, no responsibility is accepted to any third party for the whole or any part of its content, although it may be disclosed to other professional advisers in connection therewith.
- 5.3 We have consented to the inclusion of this Valuation Report in the Admission Document and to the references to this Valuation Report and Jones Lang LaSalle Ltd in the Circular sent to shareholders of the Company concerning, *inter alia*, admission of the Ordinary Shares and Shareholder Warrants to AIM. Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any other published document, circular or statement, nor published in any way without our written approval of the form and context in which it may appear.

Yours faithfully

William Clowes

For and on behalf of
Jones Lang LaSalle Limited

APPENDIX 1

SCHEDULE OF PROPERTIES

PROPERTY INTERESTS

<u>Reference</u>	<u>Address</u>	<u>Description</u>	<u>Tenure</u>	<u>Current income (£)</u>	<u>Market Value (£)</u>
DEACON COMMERCIAL DEVELOPMENT & FINANCE LTD					
Force 6	Units 1-12 & 20 Deacon Trading Estate Newton-le- Willows WA12 9XD	<p>The property is situated in the Earlestown District approximately 2 miles south of junction 23 of the M6.</p> <p>The property comprises 6.14 ha (15.18 acres) of a former industrial estate of 12.31 ha (30.43 acres). Outline planning consent has been granted in conjunction with the Newton Estate land for a mixed use redevelopment of the site comprising residential (C3) and commercial floorspace (A1, A2, A3, A4, A5, B1, C1, C2, D1). A conditional contract has been entered into with Persimmon Homes Ltd for the sale of the majority of the site subject to detailed planning. Consent has also been obtained for a class A1 foodstore, petrol filling station, associated car parking and servicing and the erection of a new day nursery with car parking, new access and external works / landscaping.</p>	Freehold.	Nil	4,720,000
TOTAL				<u>—</u>	<u>4,720,000</u>
NEWTON ESTATE LIMITED					
Force 6	Units 14 & 16-18 Deacon Trading Estate Newton-le- Willows WA12 9XD	<p>The property is situated in the Earlestown District approximately 2 miles south of junction 23 of the M6.</p> <p>The property comprises 5.97 ha (14.75 acres) of a former industrial estate of 12.31 ha (30.43 acres). Outline planning consent has been granted in conjunction with the Deacon Commercial Development & Finance land for a mixed use redevelopment of the site comprising residential (C3) and commercial floorspace (A1, A2, A3, A4, A5, B1, C1, C2, D1). A conditional contract has been entered into with Persimmon Homes Ltd for the sale of the majority of the site.</p>	Freehold.	Nil	5,230,000
TOTAL				<u>—</u>	<u>5,230,000</u>

PROPERTY INTERESTS

<u>Reference</u>	<u>Address</u>	<u>Description</u>	<u>Tenure</u>	<u>Current income (£)</u>	<u>Market Value (£)</u>
NEW CAPITAL DEVELOPMENTS LTD					
Southern Gateway	Speke Boulevard Speke L24 9HZ	<p>The property is located at the corner of Speke Boulevard and Woodend Avenue, close to Liverpool John Lennon Airport in Speke, South Liverpool.</p> <p>The property comprises a former GlaxoSmithKline industrial facility previously used for pharmaceutical production vacated in 2004, and includes an adjoining former Bank premises. It is arranged in several buildings with a total gross internal area of circa 35,302 sq m (380,000 sq ft) on a site of approximately 6.98 hectares (17.24 acres).</p> <p>The property is currently let to 12 tenants under various leases and agreements, generally all short term, together with vacant accommodation. Tenants include Shop Direct Home Shopping Ltd and Acumen Distribution Ltd as well as more local covenants. A new 10 year lease is proposed of the Wellington Building to a new tenant who is on site undertaking enabling works.</p>	Leasehold.	625,269	6,600,000
TOTAL				<u>625,269</u>	<u>6,600,000</u>

PART 5

SHAREHOLDER WARRANTS

As set out in section 10.2 of Part 1 of this document, under the Proposals each existing Shareholder on the Company's register of members at 6.00 p.m. on the last day of dealings of Ordinary Shares on the Main Market will be issued with one Shareholder Warrant for every five Ordinary Shares held by that Shareholder at that time. The Company will apply to the London Stock Exchange for the Shareholder Warrants to be admitted to trading on AIM, with dealings expected to be effective on the Admission Date.

If and when the Shareholder Warrant(s) are exercised, the Shareholder Warrantheader will be issued with Ordinary Share(s) that will rank *pari passu* with the other Ordinary Shares in all respects, including in relation to voting rights and rights to a dividend. The Shareholder Warrants in themselves (before being exercised) however will have no right to a dividend from the Company (or otherwise share in the profits of the Company) and have no right to vote on a resolution of the Shareholders of the Company.

The principal terms of the Shareholder Warrants are as follows:

Exercise Amount	323.27 pence per Ordinary Share
Expiry Date	31 December 2019
Transfer	Freely transferable in both certificated form or in uncertificated form through CREST
Exercise of Shareholder Warrants	Save as provided below, the Shareholder Warrantheader will have the right, which may be exercised on any day from (and including) 1 January 2015 to (and including) the Expiry Date, to subscribe in cash for one Ordinary Share for every Shareholder Warrant held in consideration for the payment of the Exercise Amount in full per Shareholder Warrant.

Shareholder Warrants will be deemed to be exercised on the business day upon which the Company's registrars shall have received the relevant documentation and remittance, in accordance with the instructions set out in the Shareholder Warrant Instrument. Subject to value having been received by the Company in respect of the relevant remittance, the Company shall allot the Ordinary Shares to be issued pursuant to the exercise of subscription rights attaching to the Shareholder Warrants being exercised and enter the allottee of such Ordinary Shares in the Company's register of members not later than 14 days after the date on which such Shareholder Warrants are exercised.

Every Shareholder Warrant in respect of which subscription rights:

- have been exercised in full; or
- on the Expiry Date have not been exercised (whether in whole or in part),

shall lapse and be cancelled.

If any Shareholder Warrantheader is in possession of relevant inside information and is thereby precluded from exercising any Shareholder Warrants or any part thereof immediately prior to the Expiry Date, then, in respect of such Shareholder Warrantheader, the Expiry Date shall be extended until the date which falls 10 business days after the later of (i) the day on which the Shareholder Warrantheader ceases to be an insider (as defined in the Criminal Justice Act 1993) and (ii) the day on which the Shareholder Warrantheader ceases to be an insider (as defined in section 118B of the FSMA 2000).

Ordinary Shares allotted pursuant to the exercise of Shareholder Warrants in accordance with the terms of the Shareholder Warrant Instrument shall be issued fully-paid and free from any liens, charges or encumbrances and rights of pre-emption but shall not rank for any dividends or other distributions declared, made or paid on the Ordinary Shares for which the record date is prior to the relevant day on which the Shareholder Warrants are exercised but, subject thereto, shall rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares on or after the relevant day on which the Shareholder Warrants are exercised and otherwise *pari passu* in all respects with the Ordinary Shares in issue at that date.

At any time when the Ordinary Shares are admitted to trading on AIM, application will be made by the Company to the London Stock Exchange for the Ordinary Shares to be allotted pursuant to any exercise of Shareholder Warrants to be admitted to trading on AIM and the Company will use its reasonable endeavours to obtain such admission not later than 14 days after the date of allotment of the relevant Ordinary Shares pursuant to the exercise of the Shareholder Warrants in accordance with the terms of the Shareholder Warrant Instrument.

Undertakings of the Company

Save as provided below and, unless otherwise authorised by an Extraordinary Resolution (as defined below), whilst any Shareholder Warrant remains exercisable:

- the Company shall not in any way modify the rights attached to its existing Ordinary Shares as a class in any way which operates to vary the rights of the Shareholder Warranholders in relation to the Shareholder Warrants (but nothing shall restrict the right of the Company to increase, consolidate, sub-divide or reduce its share capital subject to any adjustments to the subscription rights as may be required by the Shareholder Warrant Instrument). For these purposes, the creation or issue of preference shares (whether convertible, redeemable and/or cumulative) carrying rights to dividends, capital conversion or otherwise as the directors of the Company shall think fit, shall not be deemed to modify the rights attaching to the Ordinary Shares;
- the Company shall at all times maintain all requisite shareholder or other authorities necessary to enable the issue of Ordinary Shares (free from any rights of pre-emption) pursuant to the exercise of all the Shareholder Warrants outstanding from time to time; and
- Shareholder Warranholders will have made available to them, at the same time and in the same manner as the same are made available to Shareholders, copies of the audited accounts of the Company (with the relevant directors' and auditor's reports) and copies of all other circulars or notices which are made available to Shareholders.

Adjustment of Subscription Rights

While any Shareholder Warrants remain exercisable:

- after any allotment of fully paid Ordinary Shares by way of capitalisation of profits or reserves to holders of the Ordinary Shares on the register of members of the Company on a date (or by reference to a record date) other than pursuant to a scrip dividend; or
- upon any sub-division, consolidation or reduction of the Ordinary Shares,

the number and/or nominal value of Ordinary Shares to be subscribed on a subsequent exercise of each Shareholder Warrant will be increased or (as the case may be) reduced proportionately on the basis that immediately after the allotment, sub-division, consolidation or reduction, the Ordinary Shares to be issued if the subscription rights attaching to the then outstanding Shareholder Warrants were exercised shall constitute the same percentage of the total number of issued Ordinary Shares as that which such Ordinary Shares would have constituted immediately before such allotment, sub-division or consolidation and the Exercise Amount of the then outstanding Shareholder Warrants shall be adjusted accordingly.

While any Shareholder Warrants remain exercisable after any allotment of fully paid Ordinary Shares by way of an open offer or rights issue to existing Shareholders, the number of Ordinary Shares to be subscribed on a subsequent exercise of Shareholder Warrants and the Exercise Amount payable on the subsequent exercise of the Shareholder Warrants may be adjusted. Any such adjustment shall be done in such manner as the auditors of the Company may determine as appropriate, acting as experts, or in the event that the auditors of the Company confirm in writing to the Company that they are unable to act for any reason whatsoever, on such basis as the Company's remuneration committee may determine as appropriate. For the purposes of this paragraph, an adjustment shall be "appropriate" if, as a consequence of the adjustment, Shareholder Warrantholders enjoy the same economic effect on the exercise of their Shareholder Warrants as if the open offer or rights offer had not occurred or arisen.

General Offers

Save as set out below, if at any time:

- an offer is made to all holders of equity share capital of the Company (as defined in the Act) (or all such holders other than the offeror and/or any company controlled by the offeror and/or any person acting in concert with the offeror (as such expression is defined in the latest edition of the City Code on Takeovers and Mergers)) to acquire the whole or any part of such equity share capital of the Company; and
- the Company becomes aware that, as a result of such an offer, the right to cast a majority of votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such persons or companies as aforesaid,

the Company shall give notice to the Shareholder Warrantholders of such vesting within 14 days of its becoming so aware (the "**General Offer**").

For the avoidance of doubt, the summoning of a meeting by the court in connection with an arrangement under Part 27 of the Act providing for the acquisition by any person of the whole or any part of such equity share capital of the Company shall be deemed to be the making of a General Offer.

Where a General Offer is made and:

- the offeror and/or any company controlled by the offeror and/or any person acting in concert with the offeror shall have made an offer to Shareholder Warrantholders or to all Shareholder Warrantholders other than the offeror and/or any company controlled by the offeror and/or any person acting in concert with the offeror to acquire all of the outstanding Shareholder Warrants;
- or

- the offeror and/or any company controlled by the offeror and/or any person acting in concert with the offeror shall have proposed an arrangement or amalgamation (“**scheme**”) with regard to the acquisition of all the outstanding Shareholder Warrants,

and in either case the value of the consideration (on such basis as the auditors of the Company may determine, acting as experts, or in the event that the auditors of the Company confirm in writing to the Company that they are unable to act for any reason whatsoever, on such basis as the Company’s remuneration committee may determine, acting reasonably) and shall have confirmed in writing to the Shareholder Warranholders no less than 21 days (or, if that is not possible, such period as is possible prior to the expiry of such offer or the date on which such scheme becomes effective) receivable by a Shareholder Warranholder pursuant to such offer or scheme represents no less than that which he would have received pursuant to the offer made or scheme proposed to holders of Ordinary Shares had his subscription rights been exercised on the date upon which such offer became wholly unconditional or such scheme became effective (after deduction of the costs of subscription) then any Shareholder Warrants which are not the subject of an acceptance of the offer to Shareholder Warranholders or are not effectively transferred or cancelled pursuant to such scheme shall lapse upon the expiry of that offer or (provided such scheme becomes effective) upon the date upon which that scheme is sanctioned by the court.

If on a date (or by reference to a record date) while any Shareholder Warrants remain outstanding:

- an offer or invitation is made by the Company (whether by way of rights or otherwise (including but not limited to an open offer) but not being an All Share Offer (as defined below)) to all the holders of Ordinary Shares; or
- any offer or invitation (not being a General Offer) is made to all the holders of Ordinary Shares otherwise than by the Company,

then the Company shall procure (but in the case of any offer or invitation (not being a General Offer) made to all the holders of Ordinary Shares otherwise than by the Company, only in so far as it is able) that at the same time the same offer or invitation is made to the Shareholder Warranholders as if their respective Shareholder Warrants had been exercised and the Shareholder Warranholders entered in the register of members accordingly on the day immediately preceding the record date of such offer or invitation then applicable. Provided that, if the directors of the Company so resolve, in the case of any such offer or invitation made by the Company, the Company shall not be required to procure that the same offer or invitation is made to the Shareholder Warranholders but that the Exercise Amount and/or the subscription rights shall be adjusted in such manner as the auditors of the Company or, in the event that the auditors of the Company confirm in writing to the Company that they are unable to act for any reason whatsoever, as the Company’s remuneration committee (acting reasonably), shall certify to be fair and reasonable to take account of such offer or invitation by the Company.

If a General Offer is made whereunder the consideration consists solely of the issue of ordinary shares of the offeror and the offeror makes available an offer of warrants to subscribe for ordinary shares of the offeror in exchange for Shareholder Warrants which the auditors of the Company consider in their opinion is fair and reasonable (having

regard to the terms of the offer and any other circumstances which may appear to the auditors to be relevant) (an “**All Share Offer**”) then any director of the Company shall be authorised as attorney for each and any of the Shareholder Warrantholders:

- to execute a transfer thereof in favour of the offeror in consideration of the issue of a warrant to subscribe for ordinary shares of the offeror as aforesaid whereupon the relevant Shareholder Warrants shall lapse; and
- to do such acts and things as may be reasonably necessary or appropriate in connection therewith,

subject, in each case, to such offer becoming or being declared wholly unconditional and the offeror being in a position to compulsorily acquire the whole of the then issued ordinary share capital of the Company in accordance with the Act or the articles of association of the Company or in the case of such an offer implemented by a scheme, the date upon which that scheme is sanctioned by the court.

If, on a date while any Shareholder Warrants remain outstanding, any order is made or an effective resolution is passed for winding up the Company, except for the purpose of reconstruction or amalgamation (including but not limited to pursuant to an amalgamation under Part 27 of the Act) on terms sanctioned by an Extraordinary Resolution of the Shareholder Warrantholders, and on such winding up (on the assumptions that all Shareholder Warrants had been exercised in full and the Exercise Amount payable in connection therewith had been received in full by the Company) there would be a surplus available for distribution amongst the holders of the Ordinary Shares which would exceed, in respect of each Ordinary Share, a sum equal to the Exercise Amount, each Shareholder Warrantholder shall be treated as if, immediately before the date of such order or resolution, his Shareholder Warrants had been exercised in full at the Exercise Amount and such Shareholder Warrantholders shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of the Ordinary Shares an amount equal to the sum to which he would have become entitled by virtue of such subscription after deducting a sum per Ordinary Share equal to the Exercise Amount. Subject to the foregoing all Shareholder Warrants shall lapse on the liquidation of the Company.

Purchase and Cancellation

The Company may at any time purchase Shareholder Warrants:

- by tender (available to all Shareholder Warrantholders alike) at any price; or
- on or through the market; or
- by private treaty at any price.

All Shareholder Warrants so purchased shall be cancelled forthwith and may not be reissued or sold.

Meetings of Shareholder Warrantholders

Meetings of Shareholder Warrantholders may be convened in accordance with the provisions of the Shareholder Warrant Instrument and shall be competent to pass Extraordinary Resolutions and to exercise all the powers as referred to therein. Without prejudice to the generality of the foregoing the Shareholder Warrantholders, by way of Extraordinary Resolution, shall have power to:

- sanction any compromise or arrangement proposed to be made between the Company and the Shareholder Warrantholders or any of them;

- sanction any proposal by the Company for modification, abrogation, variation or compromise of, or arrangement in respect of the rights of the Shareholder Warrantheolders against the Company whether such rights shall arise under the Shareholder Warrant Instrument or otherwise;
- sanction any proposal by the Company for the exchange or substitution for the Shareholder Warrants of, or the conversion of the Shareholder Warrants into, shares, stock, bonds, debentures, debenture stock, warrants or other obligations or securities of the Company or any other body corporate formed or to be formed;
- assent to any modification of the conditions to which the Shareholder Warrants are subject and/or the provisions contained in the Shareholder Warrant Instrument which shall be proposed by the Company;
- authorise any person to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution;
- discharge or exonerate any person from any liability in respect of any act or omission for which such person may have become responsible under the Shareholder Warrant Instrument; and
- give any authority, direction or sanction which under the provisions of the Shareholder Warrant Instrument is required to be given by Extraordinary Resolution.

Convening of Meetings

The Company may at any time and shall on receipt of a request in writing of persons holding not less than one-tenth of the outstanding Shareholder Warrants (upon receiving such indemnity (if any) as it may require against all reasonable costs, expenses and liabilities which it may incur by so doing) convene a meeting of the Shareholder Warrantheolders. Such meeting shall be held at such place within the United Kingdom as the Company shall determine.

At least 14 days' notice in writing of every meeting shall be given to the Shareholder Warrantheolders. The notice shall specify the place, day and hour of the meeting and the general nature of the business to be transacted, but, except in the case where an Extraordinary Resolution is to be proposed, it shall not be necessary to specify in the notice the terms of the resolutions to be proposed. The notice shall state that a Shareholder Warrantheolder is entitled to appoint a proxy to attend and, on a poll, to vote instead of him.

The accidental omission to give notice to or the non-receipt of notice by any of the Shareholder Warrantheolders shall not invalidate the proceedings at any meeting.

Quorum

At any meeting at least two Shareholder Warrantheolders being present in person or by proxy shall form a quorum for the transaction of any business.

No business (other than the election of a chairman) shall be transacted at any meeting unless the requisite quorum is present at the commencement of business.

Absence of Quorum

If within half an hour from the time appointed for the meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened upon the requisition of Shareholder Warranholders, shall be dissolved. In any other case it shall stand adjourned to such day and time not being less than seven days nor more than 28 days thereafter and to such place as may be appointed by the chairman and at such adjourned meeting the Shareholder Warranholders present and entitled to vote shall be a quorum for the transaction of business including the passing of Extraordinary Resolutions.

At least seven days' notice of any adjourned meeting of Shareholder Warranholders at which an Extraordinary Resolution is to be submitted shall be given in the same manner, *mutatis mutandis*, as for an original meeting and such notice shall state that the Shareholder Warranholders present at the adjourned meeting whatever their number will form a quorum.

Resolutions

At any meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman or by one or more Shareholder Warranholders present in person or by proxy and holding or representing one-twentieth of the then outstanding Shareholder Warrants.

Unless a poll is demanded a declaration by the chairman that a resolution has been carried or carried by any particular majority or lost or not carried by any particular majority shall be conclusive evidence of that fact.

Poll

If a poll is duly demanded it shall be taken in such manner and at such time and place as the chairman may direct (save that a poll demanded on the election of a chairman or on any question of adjournment shall be taken at the meeting without adjournment) and the result of a poll shall be deemed to be the resolution of the meeting at which the poll is demanded.

The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. The demand for a poll may be withdrawn.

No notice need be given of a poll not taken immediately.

Voting

On a show of hands every Shareholder Warranholder who is present in person or, being a corporation, by its authorised representative or proxy, shall have one vote. On a poll every Shareholder Warranholder who is present in person or by proxy shall have one vote for every Shareholder Warrant of which he is the holder.

In the case of joint holders of Shareholder Warrants the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the vote of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of Shareholder Warranholders.

On a poll votes may be given either personally or by proxy and a Shareholder Warranholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

No objection shall be raised to the qualification of any person voting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.

In the case of an equality of votes whether on a show of hands or on a poll the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to the votes (if any) to which he may be entitled as a Shareholder Warranholder.

Extraordinary Resolution

The expression “**Extraordinary Resolution**” means a resolution passed at a meeting of the Shareholder Warranholders duly convened and held in accordance with the provisions contained within the Shareholder Warrant Instrument and carried by a majority consisting of not less than three-quarters of the persons voting at the meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-quarters of the votes given on such poll.

A resolution in writing signed by Shareholder Warranholders entitled to subscribe for not less than 75 per cent. of the Ordinary Shares which are the subject of outstanding Shareholder Warrants pursuant to the Shareholder Warrant Instrument in accordance with the provisions contained therein shall for all purposes be valid and effectual as an Extraordinary Resolution passed at a meeting duly convened and held in accordance with the provisions therein contained. Such resolution in writing may be contained in one document or in several documents in like form each signed by one or more of the Shareholder Warranholders. In the case of a body corporate the resolution may be signed on its behalf by a director or the secretary thereof or by its duly authorised representative or duly appointed attorney.

An Extraordinary Resolution passed at a meeting of the Shareholder Warranholders duly convened and held in accordance with the Shareholder Warrant Instrument shall be binding upon all Shareholder Warranholders whether or not present at the meeting and each of the Shareholder Warranholders shall be bound to give effect to that resolution accordingly.

Modifications to the Shareholder Warrant Instrument

Any modification to the Shareholder Warrant Instrument may be effected only by an instrument in writing, executed by the Company and expressed to be supplemental to the Shareholder Warrant Instrument and, save in the case of a modification which is of a formal, minor or technical nature or made to correct a manifest error, only if it shall first have been sanctioned by an Extraordinary Resolution.

Availability of the Shareholder Warrant Instrument

Every Shareholder Warranholder shall be entitled to inspect a copy of the Shareholder Warrant Instrument at the registered office of the Company during normal business hours (Saturdays, Sundays and public holidays in the United Kingdom excepted), and shall be entitled to receive a copy of the Shareholder Warrant Instrument against payment of such charges as the directors of the Company may impose in their absolute discretion.

The Shareholder Warrant Instrument will also be available for inspection from Admission until the Expiry Date on the Company's website at www.greshamhouse.com.

Listing

Application will be made to the London Stock Exchange for Admission of the Shareholder Warrants to AIM.

It is expected that Admission will become effective and that dealings in the Shareholder Warrants will commence on 1 December 2014.

PART 6

ADDITIONAL INFORMATION

1. Incorporation and status of the Company

- 1.1 The Company was incorporated and registered in England on 14 May 1857 with registered number 871 as a company limited by shares with the name The Gresham House Estate Company Limited.
- 1.2 The principal legislation under which the Company operates and under which the Placing Shares and Shareholder Warrants will be issued is the Act and the regulations made thereunder.
- 1.3 The registered office of the Company is at 235 Hunts Pond Road, Fareham, Hampshire PO14 4PJ and the telephone number of the Company is currently 01489 570861. Following Admission the Company's registered office will be c/o Taylor Wessing LLP, 5 New Street Square, London EC4A 3TW.
- 1.4 The liability of the members of the Company is limited.
- 1.5 The address of the Company's website which from Admission will disclose the information required by Rule 26 of the AIM Rules for Companies is www.greshamhouse.com.

2. Share capital of the Company

- 2.1 The Company was incorporated with a nominal share capital of £240,000 divided into 2,400 ordinary shares of £100 each. As at the date of this document, the authorised share capital of the Company is £4,750,000 divided into 19,000,000 Ordinary Shares. In keeping with the Act, the New Articles will, upon Admission, no longer place any limit on the number of shares which the Company may issue.
- 2.2 At the General Meeting, the Resolutions will be proposed (conditionally on Admission becoming effective) to:
 - 2.2.1 authorise the directors of the Company to cancel the listing of the Ordinary Shares on the Official List and to remove such Ordinary Shares from trading on the Main Market and to apply for admission of the Ordinary Shares to trading on AIM;
 - 2.2.2 unconditionally authorise the directors of the Company to exercise all powers of the Company:
 - (i) to allot shares and to grant such subscription and conversion rights as are contemplated by sections 551(1)(a) and (b) of the Act respectively up to a maximum nominal amount of £993,377.50 pursuant to the Placing, such authority to expire on the earlier of (i) the date immediately following Admission (or upon such later date as shall be agreed in writing between the Company and Westhouse) and (ii) the conclusion of the Company's next annual general meeting;
 - (ii) to grant Shareholder Warrants to Shareholders on the Company's register of members on the Record Date pro rata to their holdings of Ordinary Shares on such date on the basis of one Shareholder Warrant for every five Ordinary Shares on such date, to subscribe for in aggregate up to 1,073,976 Ordinary Shares up to an aggregate nominal amount of £268,494 such authority to expire on the earlier of (i) the date immediately following Admission (or upon such later date as shall be agreed in writing between the Company and Westhouse) and (ii) the conclusion of the Company's next annual general meeting, subject only to such exclusions or other arrangements as the directors of the Company may consider necessary or expedient to deal with fractional entitlements;
 - (iii) to grant Supporter Warrants to subscribe for, in aggregate, up to 850,000 Ordinary Shares up to an aggregate nominal amount of £212,500 to such persons and at such times and on such terms as they think proper, such authority to expire on the earlier of (i) the date immediately following Admission (or upon such later date as shall be agreed in writing between the Company and Westhouse) and (ii) at the conclusion of the Company's next annual general meeting;
 - (iv) to allot shares and to grant such subscription and conversion rights as are contemplated by sections 551(1)(a) and (b) of the Act respectively up to a maximum nominal amount of £778,616 (provided that, to the extent such nominal amount represents more than one-third of the nominal value of the issued share capital immediately following Admission, the directors of the Company undertake not to exercise such powers in respect of the amount by which the authorisation exceeds such one-third threshold) to such persons and at such times and on such terms as they think proper during the period expiring at the conclusion of the next annual general meeting of the Company (unless previously revoked or varied by the Company in general meeting);

- (v) to allot shares and to allot equity securities (as defined in section 560 of the Act) in connection with a rights issue in favour of the holders of equity securities and any other persons entitled to participate in such issue where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as maybe) to the respective number of equity securities held by them up to a maximum aggregate nominal amount of £778,616 (provided that, to the extent such nominal amount represents more than one-third of the nominal value of the issued share capital immediately following Admission, the directors of the Company undertake not to exercise such powers in respect of the amount by which the authorisation exceeds such one-third threshold) during the period expiring at the conclusion of the next annual general meeting of the Company subject only to such exclusions or other arrangements as the directors of the Company may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory;

save that the Company be and is authorised by the Resolutions to make prior to the expiry of such period any offer or agreement which would or might require such shares or rights to be allotted or granted after the expiry of the said period and the directors of the Company may allot such shares or grant such rights in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by the resolution referred to in this section 2.2.2.

2.2.3 empower the directors of the Company to allot equity securities for cash, pursuant to the authority conferred on them in the resolution referred to in section 2.2.2 immediately above as if section 561(1) and sub-sections (1)-(6) of section 562 of the Act did not apply to any such allotment, provided that the power conferred by such resolution shall be limited to:

- (i) the allotment for cash of Ordinary Shares to placees in connection with the Placing up to an aggregate nominal value not exceeding £993,377.50;
- (ii) the allotment of Shareholder Warrants to subscribe for Ordinary Shares with up to an aggregate nominal value of £268,494;
- (iii) the allotment of Supporter Warrants to subscribe for Ordinary Shares with up to an aggregate nominal value of £212,500;
- (iv) the allotment (otherwise than pursuant to the authority referred to in sub-sections (i) to (iii) above) of equity securities in connection with an issue or offering in favour of holders of equity securities (but in the case of the authority referred to in section 2.2.2(v) above by way of a rights issue only) and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the directors of the Company may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and
- (v) the allotment (otherwise than pursuant to the authority referred to in sub-sections (i) to (iii) above) of equity securities up to an aggregate nominal value of £116,792.50 (provided that, to the extent that such nominal amount represents more than 5 per cent. of the nominal value of the issued share capital immediately following Admission, the directors of the Company undertake not to exercise such powers in respect of the amount by which the authorisation exceeds such 5 per cent. threshold),

and this power, unless renewed, shall, in the case of sub-sections 2.2.3 (i) to (iii), expire on the earlier of (i) the date immediately following Admission (or upon such later date as shall be agreed in writing between the Company and Westhouse) and (ii) the conclusion of the Company's next annual general meeting, and in the case of sub-sections 2.2.3 (iv) and (v), expire at the conclusion of the next annual general meeting of the Company but in all cases shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired;

2.2.4 cancel the amount standing to the credit of the share premium account of the Company as enlarged by the Placing (subject to and conditional upon confirmation of the High Court of England and Wales);

2.2.5 change the Company's investing policy to the New Investing Policy as set out in section 3 of Part 1 of this document;

2.2.6 authorise the directors of the Company for the purpose of section 701 of the Act to make market purchases (as defined in section 693 of the Act) of Ordinary Shares provided that: (a) the maximum number of Ordinary Shares that may be purchased is 934,339 (provided that, to the extent that such number of Ordinary Shares represents more than 10 per cent. of the Ordinary Shares in issue immediately following Admission, the directors of the Company undertake not to exercise such powers in respect of the amount by which the authorisation exceeds the 10 per cent. threshold), (b) the minimum price that shall be paid shall be 25 pence per Ordinary Share, being the nominal value thereof and (c) the maximum price that shall be paid shall be equal to the higher of (i) 5 per cent. above the average of the middle market quotations for such Ordinary Shares taken from AIM Appendix to The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made and (ii) the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share as derived from the trading venue where the purchase is carried out. The authority shall expire at the next annual general meeting of the Company;

2.2.7 adopt the New Articles; and

2.2.8 authorise the directors of the Company to issue the Placing Shares at a price of 286.9 pence per new Ordinary Share, with such price representing a 13.5 per cent. discount to the NAV Per Ordinary Share to placees without first offering such Placing Shares pro rata to existing Shareholders.

2.3 With effect immediately upon Admission, and pursuant to the authority given by the Resolutions referred to in section 2.2 above: (i) up to 3,973,510 new Ordinary Shares will be allotted at the Placing Price pursuant to the Placing; (ii) up to 850,000 Supporter Warrants will be issued pursuant to the Supporter Warrant Issue; and (iii) the Shareholder Warrants will be issued pursuant to the Shareholder Warrant Issue.

2.4 The Company's issued share capital as at the date of this document and as it is expected to be immediately following Admission is as set out below:

	Number of fully paid Ordinary Shares	Nominal value
At the date of this document	5,369,880	£1,342,470.00
On Admission ¹	9,343,390	£2,335,847.50

¹ Assuming the Placing is fully subscribed.

2.5 There have been no changes in the share capital of the Company over the period covered by the financial information contained in Part 3 of this document. Share capital reconciliation:

	<u>At 31 December 2011</u>	<u>At 30 June 2014</u>
Issued Ordinary Shares	5,369,880	5,369,880

2.6 Application will be made for the Ordinary Shares and Shareholder Warrants to be admitted to trading on AIM. No application has been or is being made for the admission of the Ordinary Shares and/or Shareholder Warrants and/or Supporter Warrants to listing or trading on any other stock exchange or securities market. The Ordinary Shares are currently listed on the Official List and admitted to trading on the Main Market, but will be delisted from the Official List and cease to trade on the Main Market upon Admission. Neither the Shareholder Warrants nor the Supporter Warrants are listed or traded on any other stock exchange or securities market.

2.7 With effect from Admission, all of the Ordinary Shares and Shareholder Warrants will be in registered form and, subject to the Shareholder Warrants being admitted to and accordingly enabled for settlement in CREST, the Ordinary Shares and Shareholder Warrants will be capable of being held in uncertificated form. No temporary documents of title will be issued.

2.8 3,973,510 Ordinary Shares (assuming the Placing is fully subscribed) are being issued pursuant to the Placing at a price of 286.9 pence per Ordinary Share which represents a premium of 261.9 pence over their nominal value of 25 pence each. No expenses are being charged to any subscriber or purchaser.

2.9 Save as set out in section 9 of Part 1 of this document or in connection with the Placing, Supporter Warrants and Shareholder Warrants, there is no present intention to issue any share or loan capital in the company following Admission.

2.10 Save as set out in this document, no shares in the capital of the Company are under option or have been agreed, conditionally or unconditionally, to be put under option.

3. Articles of association

The New Articles (if approved at the General Meeting and in any event conditional upon Admission) contain provisions, *inter alia*, to the following effect:

(i) Voting rights

Subject to any rights or restrictions attached to any shares, every Shareholder and every proxy shall have one vote on a show of hands. On a poll, every Shareholder present in person or by proxy shall have one vote for every Ordinary Share of which he or she is the holder.

The duly authorised representative of a corporate Shareholder may exercise the same powers on behalf of that corporation as it could exercise if it were an individual shareholder.

A Shareholder is not entitled to vote unless all amounts payable by him or her have been paid.

A Shareholder is also not entitled to attend or vote at meetings of the Company in respect of any Ordinary Shares held by him or her in relation to which he or she or any other person appearing to be interested in such shares (a) has been given a notice under section 793 of the Act and (b) has subsequently failed to comply with such notice within 28 days from the date of service of such notice (or 14 days where the shares represent 0.25% of their class), if the directors of the Company so determine. Such disenfranchisement will apply only for so long as the notice from the Company has not been complied with or until the Company has been notified that the shares have been transferred (in a way which is permitted as described under (v) below), whichever is the earlier.

(ii) General meetings

The Company must hold an annual general meeting each year in addition to any other general meetings held in the year. The directors of the Company can call a general meeting at any time.

At least 21 clear days' written notice must be given for every annual general meeting. For all other general meetings, not less than 14 days' written notice must be given. The notice for any general meeting must state: (i) whether the meeting is an annual general meeting; (ii) the date, time and place of the meeting; and (iii) the general nature of the business of the meeting. All Shareholders who are entitled to receive notice under the New Articles must be given notice.

Before a general meeting starts, there must be a quorum, being two Shareholders present in person or by proxy (including, for this purpose, two persons who are proxies or authorised representative of the same Shareholder).

(iii) Dividends

Subject to the Act, the Company may, by ordinary resolution, declare dividends to be paid to Shareholders of the Company according to their rights and interests in the profits of the Company available for distribution, but no dividend shall be declared in excess of the amount recommended by the directors of the Company.

Subject to the Act, the directors of the Company may from time to time pay to the Shareholders of the Company such interim dividends as appear to the directors of the Company to be justified by the profits available for distribution and the position of the Company, on such dates and in respect of such periods as they think fit.

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide (no such shares presently being in issue), all dividends shall be apportioned and paid pro rata according to the amounts paid (other than in advance of calls) on the Ordinary Shares during any portion or portions of the period in respect of which the dividend is paid. Any dividend unclaimed after a period of 12 years from the date it became due for payment shall be forfeited and shall revert to the Company.

The directors of the Company may, if authorised by an ordinary resolution, offer the holders of Ordinary Shares the right to elect to receive additional Ordinary Shares, credited as fully paid, instead of cash in respect of any dividend or dividends as specified by such resolution.

The directors of the Company may withhold dividends payable on shares representing not less than 0.25 per cent. by number of the issued shares of any class after there has been a failure to comply with any notice under section 793 of the Act requiring the disclosure of information relating to interests in the shares concerned as referred to under (i) above.

(iv) **Return of capital**

On a voluntary winding-up of the Company the liquidator may, with the sanction of a special resolution of the Company and subject to the Act and the Insolvency Act 1986 (as amended), divide amongst the Shareholders of the Company in specie the whole or any part of the assets of the Company, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall determine, but no member shall be compelled to accept any assets upon which there is a liability.

(v) **Transfer of shares**

The Ordinary Shares are in registered form.

The New Articles provide for shares to be held in CREST accounts, or through another system for holding shares in uncertificated form, such shares being hereinafter referred to as "**Participating Securities**". Subject to such of the restrictions in the New Articles as shall be applicable, any Shareholder may transfer all or any of his or her shares. In the case of shares represented by a certificate ("**Certificated Shares**") the transfer shall be made by an instrument of transfer in the usual form or in any other form which the directors of the Company may approve. A transfer of a Participating Security need not be in writing and a CREST transfer is permitted.

The instrument of transfer of a Certificated Share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee and the transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members.

The directors of the Company may, in their absolute discretion, refuse to register any instrument of transfer of a Certificated Share, which is not fully paid.

The directors of the Company may also refuse to register a transfer unless:

- (1) in the case of a Certificated Share, the instrument of transfer (duly stamped if required) is lodged at the registered office of the Company or at some other place as the directors of the Company may appoint accompanied by the relevant share certificate and such other evidence of the right to transfer as the directors of the Company may reasonably require;
- (2) in the case of a Certificated Share, the instrument of transfer is in respect of only one class of share; and
- (3) in the case of a transfer to joint holders of a share, the transfer is in favour of not more than four such transferees.

In the case of Participating Securities, the directors of the Company may refuse to register a transfer if the Uncertificated Securities Regulations 2001 (as amended) allow it to do so, and must do so where such regulations so require.

The directors of the Company may also decline to register a transfer of shares if they represent not less than 0.25 per cent. by number of their class and there has been a failure to comply with a notice requiring disclosure of interests in the shares (as referred to under (i) and (iii) above). Such refusal may continue until the failure has been remedied (as described under (i) above), but the directors of the Company shall not decline to register:

- (1) a transfer pursuant to the acceptance of a takeover offer; or
- (2) a transfer in consequence of a sale made through a recognised investment exchange or other recognized market; or
- (3) a transfer in any manner which the directors of the Company are satisfied is bona fide and at arm's length.

(vi) **Variation of rights**

Subject to the Act, all or any of the rights attached to any class of share may (unless otherwise provided by the terms of issue of shares of that class) be varied (whether or not the Company is being wound up) either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of such holders. The quorum at any such general meeting is two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his or her Shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled, on a poll, to one vote for every share of the class held by him or her. Except as mentioned above, such rights shall not be varied.

Unless otherwise expressly provided by the rights attached to any shares, those rights shall be deemed to be varied by the reduction of the capital paid up on those shares and by the creation or issue of further shares ranking in priority for payment of a dividend or in respect of capital or which confer on the holders voting rights more favourable than those conferred by the first-mentioned shares, but shall not otherwise be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them or subsequent to them.

(vii) ***Share capital and changes in capital***

Subject to and in accordance with the provisions of the Act, the Company may issue redeemable shares. Without prejudice to any special rights previously conferred on the holders of any existing shares, any share may be issued on terms that they are, at the option of the Company or a member, liable to be redeemed on such terms and in such manner as may be determined by the directors of the Company (such terms to be determined before the shares are allotted).

Subject to the provisions of the New Articles and the Act, the power of the Company to offer, allot and issue any new shares in the Company and any shares lawfully held by the Company or on its behalf (such as shares held in treasury) shall be exercised by the directors of the Company at such time and for such consideration and upon such terms and conditions as they shall determine.

The Company may by ordinary resolution alter its share capital in accordance with the Act. The resolution may determine that, as between the holders of shares resulting from the sub-division, any of the shares may have any preference or advantage as compared with the others.

(viii) ***Disclosure of interests in shares***

Section 793 of the Act provides a public company with the statutory means to ascertain the persons who are, or have within the last three years been, interested in its relevant share capital and the nature of such interests. When a Shareholder receives a statutory notice of this nature, he or she has (a) 28 days or (b) 14 days where the shares represent at least 0.25 per cent. of their class, to comply with it, failing which the Company may decide to restrict the rights relating to the relevant shares, such that in the case of (a) these shares no longer give the Shareholder any right to attend or vote at a Shareholders' meeting or to exercise any other right in relation to Shareholders' meetings (as described under (i) above) and in the case of (b) they are also subject to the withholding of dividends and to restrictions on their transferability (as described under (iii) and (v) above).

Such disentitlement will apply only for so long as the notice from the Company has not been complied with or until a notice is received by the Company that the shares have been transferred (in a way which is permitted as described under (v) above), whichever is the earlier.

The New Articles do not restrict in any way the provisions of section 793 of the Act.

(ix) ***Non-UK Shareholders***

Shareholders with addresses outside the United Kingdom are not entitled to receive notices from the Company unless they have given the Company an address within the United Kingdom at which such notices shall be served.

(x) ***Untraced Shareholders***

If, during a period of 12 years, at least three dividends on any shares have become payable and no dividend has been claimed during that period in respect of such shares and the Company has received no communication from the relevant Shareholder and if certain additional requirements are also fulfilled, the Company may sell any of such shares in the Company.

(xi) ***Borrowing powers***

The directors of the Company may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertaking, property and assets (present and future) and uncalled capital and subject to any relevant statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or any third party.

(xii) ***Directors***

Subject to the Act, and provided he or she has made the necessary disclosures, a director of the Company may be a party to or otherwise directly or indirectly interested in any transaction or arrangement with the Company or in which the Company is otherwise interested.

The directors of the Company have the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a director under section 175 of the Act to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with, the interests of the Company. Any such authorisation will only be effective if the matter is proposed for consideration in accordance with the board of directors' normal procedures, any requirement about the quorum of the meeting is met without including the director in question and any other interested director and the matter was agreed to without such directors voting (or would have been agreed to if the votes of such directors had not been counted).

Save as mentioned below, a director of the Company shall not vote in respect of any matter in which he or she has, directly or indirectly, any material interest (otherwise than by virtue of his or her interests in shares or debentures or other securities of, or otherwise in or through, the Company). A director of the Company shall not be counted in the quorum at a meeting in relation to any resolution on which he or she is debarred from voting.

A director of the Company shall (in the absence of material interests other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

- (1) the giving of any guarantee, security or indemnity to him or her in respect of money lent to, or an obligation incurred by him or her for the benefit of the Company or any of its subsidiaries;
- (2) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which he or she has assumed any responsibility in whole or in part alone or jointly under a guarantee or indemnity or by the giving of security;
- (3) any proposal concerning him or her being a participant in the underwriting or sub-underwriting of an offer of shares, debentures or other securities by the Company or any of its subsidiaries;
- (4) any proposal concerning a transaction or arrangement with any other company in which he or she is interested, whether as an officer, creditor or Shareholder, provided that he or she is not the holder of or beneficially interested in 1 per cent. or more of any class of the equity share capital of such company (or of any corporate third party through which his or her interest is derived) or of the voting rights available to members of the relevant company;
- (5) any arrangement for the benefit of employees and directors and/or former employees and directors of the Company or any of its subsidiaries and/or the members of their families (including a spouse or civil partner and a former spouse and a former civil partner) or any person who is or was dependent on such persons including but without being limited to a retirement benefits scheme and an employees' share scheme, which does not accord to any director any privilege or advantage not generally accorded to the employees and/or former employees to whom the arrangement relates; and
- (6) any proposal relating to the purchase of directors' liability insurance.

Until otherwise determined by the Company by ordinary resolution, there shall be paid to the directors of the Company (other than alternate directors) such fees for their services in the office of director as the directors may determine (not exceeding in the aggregate an annual sum of £200,000 or such larger amount as the Company may by ordinary resolution decide) divided between the directors as they agree, or, failing agreement, equally. The fees shall be deemed to accrue from day to day. The directors of the Company may also be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the directors or of committees of the directors or general meetings or separate meetings of the holders of any class of shares or otherwise in connection with the discharge of their duties as directors.

The directors of the Company may establish and maintain any pension or superannuation funds (whether contributory or otherwise) for the benefit of, and give donations, gratuities, pensions, allowances and emoluments to, any persons who are or were directors or officers of the Company or of any company which is a subsidiary of the Company or is allied to or associated with the Company or any such subsidiary or of any of the predecessors in business of the Company or any such other company as aforesaid, and who hold or have held executive positions or agreements for service with the Company or any such other company as aforesaid, and the wives, widows, families and dependants of any such persons, and also establish, subsidise and subscribe to any institutions, associations, societies, clubs or funds calculated to be for the benefit of, or to advance the interests and well-being of, the Company or of any such other company as aforesaid, or of any such person as aforesaid, and make payments for or towards the insurance of any such persons as aforesaid and subscribe or guarantee money for charitable or benevolent objects, or for any exhibition or for any public, general or useful object, and do any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid.

The Company may indemnify a person who is or was a director, directly or indirectly, against all losses and liabilities (including by funding any expenditure incurred or to be incurred), whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust or otherwise, in relation to the Company or any associated company.

The Company may purchase and maintain insurance for any person who is or was a director against any loss or liability or any expenditure he or she may incur, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him/her or otherwise, in relation to the Company or any associated company.

At the annual general meeting in every year at least one third of the directors of the Company who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number constituting at least one third, shall retire from office. Notwithstanding the foregoing, at every annual general meeting every director of the Company shall retire who was not appointed at either of the two previous annual general meetings and who has served as a director for more than two years since his or her appointment or last reappointment. Any director appointed by the board of directors of the Company holds office only until the next annual general meeting, when he or she is eligible for re-election.

There is no age limit for directors of the Company.

Unless and until otherwise determined by ordinary resolution of the Company, the directors of the Company (other than alternate directors) shall not be less than two nor more than seven in number.

(xiii) **Redemption**

The Ordinary Shares are not redeemable.

(xiv) **Electronic communication**

The Company may communicate electronically with its Shareholders in accordance with the relevant provisions in the New Articles and the Act.

4. Information on the Directors and Proposed Directors

4.1 The names, ages and functions of the Directors and Proposed Directors are as follows:

<u>Full name</u>	<u>Age</u>	<u>Function</u>
Richard Andrew Chadwick	63	Non-Executive Director
Antony Gerard Ebel	70	Non-Executive Chairman
Brian James Hallett	60	Non-Executive Director
John Anthony Crosbie Lorimer	59	Non-Executive Director
John Anthony Victor Townsend	66	Proposed Chairman
Anthony (Tony) Lionel Dalwood	43	Proposed CEO
Duncan James Langlands Abbot	58	Proposed Finance Director
Michael Charles Phillips	52	Proposed Strategic Development Director
Peter Geoffrey Moon	64	Proposed Senior Non-Executive Director

4.2 The Directors and Proposed Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this document:

<u>Director / Proposed Director</u>	<u>Current directorships / partnerships</u>	<u>Past directorships / partnerships</u>
Richard Chadwick	Richard Chadwick Finance Ltd SpaceandPeople plc Gresham House Finance Limited Watlington Investments Limited	Chartermet Limited Deacon Commercial Development and Finance Limited Deacon Industrial Projects Limited Knowsley Industrial Property Limited New Capital Developments Limited New Capital Holdings Limited Newton Estate Limited Wolden Estates Limited

Director / Proposed Director	Current directorships / partnerships	Past directorships / partnerships
Antony Ebel	Napier Management Services Limited Underwoods Investments Limited DHPD Limited (<i>in administration</i>) Kemnal Investments Limited Manor Gardens Investments Limited Anjuna Digital Limited Lewis Entertainments Limited Kemnal Park Limited Hightown Securities Limited SMU Investments Ltd (<i>in liquidation</i>) Brasgas IS Carlisle Subsea IS Security Change Limited New Capital Holdings Limited RCP IT Systems Limited New Capital Enterprises Limited	Sports International Limited (<i>in liquidation</i>) Entertainment Corporation Sponsorship & Licensing Company Limited (<i>dissolved</i>) Watlington Securities Limited (<i>dissolved</i>) Memorial Management Limited (<i>dissolved</i>) Tribute Management Limited (<i>dissolved</i>)
Brian Hallett	Spirotec Limited Abshot Finance Company Limited Smearcheck Limited New Capital Enterprises Limited Lancashire Tea Limited (<i>in liquidation</i>) Chartermet Limited Deacon Commercial Development and Finance Limited Deacon Industrial Projects Limited Deacon Knowsley Limited Gresham House Finance Limited Knowsley Industrial Property Limited New Capital Holdings Limited New Capital Developments Limited Newton Estate Limited Security Change Limited Watlington Investments Limited Wolden Estates Limited	Kemnal Investments Limited Tribute Management Limited (<i>dissolved</i>) Memorial Management Limited (<i>dissolved</i>) Force 6 Limited (<i>dissolved</i>) Tower Street Properties Limited (<i>dissolved</i>) Watlington Securities Limited (<i>dissolved</i>)
John Lorimer	Parkwood (Port Talbot) LLP Motspur Park Developments Limited Attila (BR) Limited Parkwood (Accrington) LLP Attila (BR) (No. 2) Limited Parkwood (Wallasey) LLP Parkwood Europe LLP Frame Wiesbaden LLP Parkwood Asset Management Limited Parkwood (Retail) LLP New Park Lane Limited New Capital Holdings Limited Wolden Estates Limited Deacon Industrial Projects Limited Newton Estate Limited Deacon Commercial Development and Finance Limited Deacon Knowsley Limited Chartermet Limited Knowsley Industrial Property Limited Watlington Investments Limited Gresham House Finance Limited New Capital Developments Limited	Outland Limited (<i>dissolved previous Group company</i>) New Capital Construction Limited (<i>dissolved previous Group company</i>) Force 6 Limited (<i>dissolved</i>) Reddish Limited Liability Partnership Parkwood Property Investments LLP

<u>Director / Proposed Director</u>	<u>Current directorships / partnerships</u>	<u>Past directorships / partnerships</u>
Anthony Townsend	British & American Investment Trust Plc F&C Global Smaller Companies PLC Finsbury Growth & Income Trust PLC Miton Worldwide Growth Investment Trust plc Baronsmead VCT 3 plc Hansa Capital Limited Cranleigh School Cranleigh Enterprises Limited Cranleigh Foundation	Worldwide Healthcare Trust PLC
Anthony (Tony) Dalwood	Branton Capital Limited Reds Investments Limited St Albans School The London Pensions Fund Authority	Credo Investment Partners LLP SVG Strand LLP GVO Investment Management Limited Aberdeen SVG Private Equity Advisers Limited Farm Street Advisors Limited Aberdeen SVG Private Equity Managers Limited
Duncan Abbot	Coalition Holdings Limited LMG 1 Limited Reds Investments Limited C.O.A.L I.T. Services Limited Sofia Property Fund Limited Global Special Opportunities Trust Plc <i>(in liquidation)</i> Reds Technologies Limited <i>(in liquidation)</i>	Green Air Central Heating Ltd Reds Technologies Warranty Ltd Staywarm Ltd Global Energy Direct Ltd Longbow Growth and Income VCT plc Exeter Fund Managers Limited
Michael Phillips	Miton Worldwide Growth Investment Trust Plc Reds Investments Ltd Reds Technologies Limited <i>(in liquidation)</i> Quintex Systems Limited Quintex Systems Management Limited Quintex Systems Holdings Limited	Strategic Equity Capital Plc Staywarm Limited Reds Technologies Warranty Limited Green Air Central Heating Limited Global Energy Direct Limited Exeter Fund Managers Limited
Peter Moon	The Scottish American Investment Company plc Arden Partners plc Arden Partners EBT Limited Bell Potter Securities (UK) Limited Bell Potter Securities Limited First Property Group plc	USS Asset Management Limited Universities Investment Management Limited USS Investment Management Limited First Property General Partner Limited

4.3 Save as set out in section 4.2 above, none of the Directors or Proposed Directors has any business interests or activities outside the Group which are significant with respect to the Group.

4.4 Save as disclosed in sections 4.5 to 4.23 below, none of the Directors or Proposed Directors:

4.4.1 has any unspent convictions in relation to indictable offences;

4.4.2 has been made bankrupt or has made an individual voluntary arrangement with creditors or suffered the appointment of a receiver over any of his assets;

4.4.3 has been a director of any company which, whilst he was such a director or within 12 months after his ceasing to be such a director, was put into receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with the company's creditors generally or with any class of creditors of any company or had an administrator or an administrative or other receiver appointed;

4.4.4 has been a partner in any partnership which, whilst he was a partner, or within 12 months after his ceasing to be a partner, was put into compulsory liquidation or had an administrator or an administrative or other receiver appointed or entered into any partnership voluntary arrangement;

- 4.4.5** has had an administrative or other receiver appointed in respect of any asset belonging either to him or to a partnership of which he was a partner at the time of such appointment or within the 12 months preceding such appointment; or
- 4.4.6** has received any public criticisms by statutory or regulatory authorities (including recognised professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 4.5** Brian Hallett is a director of Lancashire Tea Limited, in which the Company has an equity investment and a secured loan, which was placed into creditors' voluntary liquidation on 7 May 2013. Lancashire Tea Limited previously leased premises from the Group (which was also a creditor of Lancashire Tea Limited when it was placed into liquidation). Lancashire Tea Limited had no preferential creditors at the time of liquidation and the Company was its only secured creditor. The Company expects to receive approximately £80,000 (being 28 per cent. of its claim) and it is further expected that the non-secured creditors will receive approximately 5 pence in the pound.
- 4.6** Brian Hallett was a director of Tower Street Properties Limited when, on 12 April 1996 an administrative receiver over the property of this company was appointed. This receivership was terminated on 24 March 1997 and Tower Street Properties Limited was subsequently voluntarily struck off in December 2011.
- 4.7** In November 2012, Reds Technologies Limited, a company of which Michael Phillips was chairman and Duncan Abbot was an executive director, was placed into creditors voluntary liquidation. This followed a considerable reduction in sales activity caused by the UK Government's (at times legally flawed) changes to the solar power Feed in Tariffs regime which had a significant impact upon consumer confidence in the market in which that company operated. Secured creditors are expected to receive less than 5 pence in the pound and unsecured creditors nothing.
- 4.8** In 2012, an unsatisfied county court judgment of £8,094 was entered against Reds Technologies Limited. In 2010 Reds Technologies Limited acquired Global Energy Direct Limited and Staywarm Limited, Michael Phillips and Duncan Abbot were both executive directors of these companies. In 2013, Staywarm Limited was liquidated with two outstanding charges to creditors. In 2014, Global Energy Direct Limited was liquidated.
- 4.9** In February 2003, LeggMason Investors Strategic Assets Trust plc, an investment trust company of which Michael Phillips was a director, was placed into creditors voluntary liquidation (its subsidiary LeggMason Investors Strategic Assets Securities plc, which had no creditors, was also placed in liquidation at the same time). Mr Phillips was advised by the liquidators of each of these companies that in relation to LeggMason Investors Strategic Assets Trust plc all preferential creditors were paid in full. Mr Phillips understands that non-preferential creditors received between 60 and 70 pence for every pound owed. The liquidators advised that for LeggMason Investors Strategic Assets Securities plc there were no creditors.
- 4.10** In March 2005, Exeter Fund Managers Limited ("EFM"), a company of which Michael Phillips and Duncan Abbot were directors, was put into administration approved by the Financial Conduct Authority (then, the Financial Services Authority ("FSA")). Mr Phillips and Mr Abbot became directors of EFM at a time when it was already being investigated by the FSA in order to liaise closely with the FSA in order to find a solution to difficulties then being experienced by EFM. The FSA approved administration was part of this solution which was designed to make EFM's assets available to meet claims and enable investors in EFM products to seek recompense from the Financial Services Compensation Scheme. Mr Phillips' and Mr Abbot's involvement ceased when the Company moved into administration.
- 4.11** Antony Ebel is a director of DHPD Limited which was placed into administration on 31 May 2012. DHPD Limited's primary asset was a potential development site in Dulwich. The unsecured creditors (including the Company) are not expected to receive any repayment from the distribution of the net assets.
- 4.12** Antony Ebel is a director of SMU Investments Limited. SMU Investments Limited was placed into compulsory liquidation on 20 May 2013 upon petition by an unsecured creditor. On 12 August 2013 a liquidator was appointed by resolution of a meeting of SMU Investments Limited's creditors and the liquidation is ongoing. Please also see the litigation summary at section 14.1 of this Part 6.
- 4.13** Antony Ebel was a director of Quest Manufacturing Limited which was placed in creditors voluntary liquidation in 1982. Quest Manufacturing Limited was subsequently dissolved on 12 August 1986.
- 4.14** Antony Ebel was a director of Omnitech (Europe) Limited and of Omnitech Manufacturing Limited when, on 2 April 1991, administrative receivers over the property of these companies were appointed. Both administrative receiverships were terminated in 1995. Subsequently, Omnitech (Europe) Limited was dissolved on 30 April 1996 and Omnitech Manufacturing Limited was dissolved on 21 May 1996.

- 4.15** Antony Ebel was a director of Wildsmith Control Systems Limited when it was placed into creditors' voluntary liquidation on 30 April 1991. Wildsmith Control Systems Limited was subsequently dissolved on 5 September 1994.
- 4.16** Antony Ebel was a director of Ultima Systems Limited when it was placed into compulsory liquidation on 18 December 1991. It was subsequently dissolved on 10 February 1995.
- 4.17** Antony Ebel was a director of The Entertainment Corporation (Circus) Limited when, in September 1991, an administrative receiver over the property of this company was appointed. This receivership was terminated in 1994 and The Entertainment Corporation (Circus) Limited was dissolved on 31 March 1995.
- 4.18** Antony Ebel was a director of EIT Group plc when it was placed into administration on 6 May 1993 (which passed into compulsory liquidation on 6 October 1997). EIT Group plc was subsequently dissolved on 4 February 1999.
- 4.19** Anthony Townsend was an executive director of Finville (Holdings) Limited when it was put into creditors' voluntary liquidation in January 1988. The liquidation was completed on 26 April 1996. According to the liquidators, the deficit to creditors on conclusion of the liquidation was £2,413,745.
- 4.20** Anthony Townsend was a non-executive director of PC Security Limited when joint administrative receivers over its property were appointed on 9 September 1999 due to financial support being terminated by one of its main investors. The company was dissolved on 24 July 2001. Mr Townsend was not provided with any subsequent financial statements but believes that it is likely that there were creditors who did not receive payment in full as a result of the administration.
- 4.21** Anthony Townsend was a director of Aberdeen High Income Trust when it became insolvent and joint administrative receivers were appointed on 26 July 2002. The amounts due to creditors were as shown in the statement of affairs sworn by the directors of the company and totalled £35,776,867.
- 4.22** Duncan Abbot was director of the following companies in the British & Commonwealth group of companies, which have either been placed into receivership, compulsorily liquidated, placed into creditors' voluntary liquidation or have entered into arrangements with creditors:
Atlantic Medical Holdings Limited, B&C (Charles Fulton Holdings) Limited, B&C Angus Holdings Inc., B&C Investment Holdings Limited, B&C Properties Limited, B&C Ventures Investments Limited, B&C Estates Limited, British & Commonwealth Securities Limited, Comin Limited, Fairfield (Bermuda) Limited, Kaines (Latin America) Limited, Kaines (UK) Limited, Kaines Corporation Limited, Kaines Forfeiting Limited, Kaines Holdings Limited, Mercantile House (FB) Limited, Mercantile House (FBE) Limited, Mercantile House (FBG) Limited, Mercantile House (WSH) Limited, Mercantile House Holdings Limited, Troika Trading Limited, Tunefair Australia Pty Limited, Rivalchain Limited and Wheatdart Limited.
- 4.23** Duncan Abbot was a director of Trafford Carpets (Bradford) Limited, Trafford Carpets (Manchester) Limited and Trafford Contracts Limited, which were placed in administrative receivership in 1994 with debts of approximately £600,000 owing to trade creditors.

5. Directors' and Proposed Directors' interests

- 5.1** The interests (all of which are or will be beneficial unless otherwise stated) of each Director and Proposed Director (including any interest known to that Director or Proposed Director or which could with reasonable diligence be ascertained by him of any person connected with a Director or Proposed Director within the meaning of sections 252 to 255 of the Act (a "**Connected Person**")) in the share capital of the Company at the date of this document and as they will be immediately following Admission (assuming the Placing is fully subscribed) are as follows:

Director/Proposed Director	Number of Ordinary Shares currently held	Percentage of issued share capital currently held	Number of Ordinary Shares held immediately following Admission	Percentage of Enlarged Share Capital ¹	Number of Supporter Warrants held immediately following Admission	Number of Shareholder Warrants held immediately following Admission
John Lorimer	97,537	1.82	97,537	1.0	—	19,507
Richard Chadwick	—	—	—	—	—	—
Antony Ebel	24,550	0.46	24,550	0.3	—	4,910
Brian Hallett	127,810	2.38	127,810	1.4	—	25,562
Anthony Townsend	—	—	34,855	0.4	34,000	—
Anthony (Tony) Dalwood	—	—	209,133	2.2	212,500	—
Duncan Abbot	—	—	87,138	0.9	93,500	—
Michael Phillips	—	—	87,138	0.9	187,000	—
Peter Moon	—	—	34,855	0.4	29,750	—

¹ Assuming the Placing is fully subscribed.

- 5.2** Save as disclosed in section 5.1 above, no Director or Proposed Director, nor any Connected Person has at the date of this document, or will have immediately following Admission, any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company or any of its subsidiaries or any related financial product referenced to such share or loan capital.
- 5.3** In addition to the interests of Directors and Proposed Directors disclosed in section 5.1 above, the Company is aware of the following persons who were on 7 October 2014, being the latest practicable date prior to the date of this document, or will be immediately following Admission (assuming the Placing is fully subscribed and that the Shareholders do not trade in any Ordinary Shares between the date of this document and Admission), interested, directly or indirectly, in 3 per cent. or more of the issued share capital of the Company:

Name	Number of Ordinary Shares currently held	Percentage of issued share capital currently held	Number of Ordinary Shares held immediately following Admission	Percentage of Enlarged Share Capital
Revcap Estates 24 Limited	1,170,452	21.80	1,170,452	12.5
The Trustees of the Rowe Trust	644,209	12.00	644,209	6.9
A P Stirling	468,436	8.72	468,436	5.0
Cayenne Asset Management Limited	266,000	5.0	266,000	2.8
Rathbone Investment Management	142,857	2.7	285,765	3.1
Helium Rising Stars Fund	107,143	2.0	629,976	6.7
River & Mercantile Asset Management	—	—	697,110	7.5
Majedie Asset Management	—	—	697,110	7.5

- 5.4** The Shareholders listed in 5.3 above do not have different voting rights to any other Shareholders.
- 5.5** The Company is not aware of any person or entity who, directly or indirectly, jointly or severally, will or could exercise control over the Company immediately following Admission and there are no arrangements the operation of which could result in a change of control of the Company.
- 5.6** No Director or Proposed Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and was effected during the current or immediately preceding financial year or was effected during any earlier financial year which remains outstanding and unperformed in any respect.
- 5.7** There are no loans or guarantees granted or provided by the Company and/or any of its subsidiaries to or for the benefit of any of the Directors or Proposed Directors which are now outstanding.

6. Service agreements and remuneration of the Directors and Proposed Directors

- 6.1** Anthony (Tony) Dalwood, Michael Phillips and Duncan Abbot have entered into the following service agreements with the Company, conditional upon Admission:

6.1.1 Tony Dalwood (*proposed Chief Executive*) entered into a service agreement (conditional on Admission) with the Company on 7 October 2014. Mr Dalwood will receive an annual salary of £150,000. The Company does not currently operate any bonus scheme. However, it is envisaged that a discretionary bonus scheme will be introduced by the Company in due course, and that Tony Dalwood will be eligible to participate in any such discretionary bonus scheme. Mr Dalwood's appointment is ongoing and is terminable at any time on twelve months' notice by either party. Mr Dalwood's appointment may be terminated summarily by the Company if he is, among other things, guilty of gross misconduct. Other than entitlement to notice and accrued but untaken holiday pay on termination, the service agreement does not provide for any payment to be given to Mr Dalwood upon termination of his appointment. Under the service agreement, Mr Dalwood shall be required to devote substantially the whole of his time and attention to the performance of his duties at such times as may reasonably be necessary in the interests of the Company (although he may continue as a non-executive director of certain other companies as are notified to and agreed with the Company's board from time to time).

6.1.2 Michael Phillips (*proposed Strategic Development Director*) entered into a service agreement (conditional on Admission) with the Company on 7 October 2014. Mr Phillips will receive an annual salary of £75,000. The Company does not currently operate any bonus scheme. However, it is envisaged that a discretionary bonus scheme will be introduced by the Company in due course, and

that Michael Phillips will be eligible to participate in any such discretionary bonus scheme. Mr Phillips' appointment is ongoing and is terminable at any time on six months' notice by either party. Mr Phillips' appointment may be terminated summarily by the Company if he is, among other things, guilty of gross misconduct. Other than entitlement to notice and accrued but untaken holiday pay on termination, the service agreement does not provide for any payment to be given to Mr Phillips upon termination of his appointment. Under the service agreement, Mr Phillips shall be required to devote substantially the whole of his time and attention to the performance of his duties as may reasonably be necessary in the interests of the Company (although he may continue as an executive of Quintex Systems Limited and Reds Investment Limited and a non-executive director of Miton Worldwide Growth Investment Trust PLC in accordance with his pre-existing contractual obligations to them, and such other companies as are notified to and agreed with the Company's board from time to time).

6.1.3 Duncan Abbot (*proposed Finance Director*) entered into a service agreement (conditional on Admission) with the Company on 7 October 2014. Mr Abbot will receive an annual salary of £125,000. The Company does not currently operate any bonus scheme. However, it is envisaged that a discretionary bonus scheme will be introduced by the Company in due course, and that Duncan Abbot will be eligible to participate in any such discretionary bonus scheme. Mr Abbot's appointment is ongoing and is terminable at any time on six months' notice by either party. Mr Abbot's appointment may be terminated summarily by the Company if he is, among other things, guilty of gross misconduct. Other than entitlement to notice and accrued but untaken holiday pay on termination, the service agreement does not provide for any payment to be given to Mr Abbot upon termination of his appointment. Under the service agreement, Mr Abbot shall be required to devote substantially the whole of his time and attention to the performance of his duties at such times as may reasonably be necessary in the interests of the Company (although he may continue as a director of certain other companies as are notified to and agreed with the Company's board from time to time).

Please also see section 8 of this Part 6 for information on pension arrangements.

6.2 Peter Moon, Anthony Townsend and Richard Chadwick have each entered into letters of appointment with the Company, conditional upon Admission. Summary details of each of these terms of appointment are set out below:

6.2.1 Anthony Townsend (*proposed Non-Executive Chairman*) has entered into the terms of an appointment letter (conditional on Admission) as non-executive director dated 7 October 2014. Mr Townsend's appointment is for an initial period of twelve months. The annual fee payable to Mr Townsend will be £50,000. The notice period for either party to terminate the agreement is three months.

6.2.2 Peter Moon (*proposed Non-Executive Director*) has entered into the terms of an appointment letter (conditional on Admission) as non-executive director dated 7 October 2014. Mr Moon's appointment is for an initial period of twelve months. The annual fee payable to Mr Moon will be £25,000. The notice period for either party to terminate the agreement is three months.

6.2.3 Richard Chadwick (*Non-Executive Director*) has entered into the terms of an appointment letter (conditional on Admission) as non-executive director dated 7 October 2014. Mr Chadwick's appointment will expire on 31 December 2015. The annual fee payable to Mr Chadwick will be £20,000.

6.3 As at the date of this document, each of Antony Ebel, Brian Hallett, Richard Chadwick and John Lorimer provide consultancy services to the Company. Those services are provided under the terms of consultancy agreements all dated 31 July 2014 between the Company and the following service companies: Antony Ebel's services are provided by Microdisc Limited, Brian Hallett's services are provided by Spirotec Limited, Richard Chadwick's services are provided by Richard Chadwick Finance Limited and John Lorimer's services are provided by New Park Lane Limited. All four consultancy agreements are terminable upon one months' written notice from either party and entitle the relevant consultancy company to a £750 day rate.

6.4 Antony Ebel, Brian Hallett, Richard Chadwick and John Lorimer have each also entered into letters of appointment with the Company whereby they agree to be non-executive directors of the Company (with no fee being payable by the Company for such a position). All four current letters of appointment were entered into on 31 July 2014, however Antony Ebel has been a director of the Company since 1 January 1977, Brian Hallett since 8 August 1996, Richard Chadwick since 17 June 2008 and John Lorimer since 9 October 2008. The letters of appointment are all terminable upon one months' written notice from either party and, unless terminated earlier, will terminate automatically upon Admission (although Richard Chadwick's appointment as a non-executive director of the Company will continue under the terms of the letter of appointment described in section 6.2 above).

- 6.5** Save as set out in section 6.1 above, on Admission there will be no existing or proposed service agreements between the Directors or the Proposed Directors and any member of the Group. Furthermore, save as set out in section 6.1 above, there are no commissions or profit-sharing arrangements with any of the Directors or Proposed Directors.
- 6.6** There is no arrangement under which any Director or Proposed Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

7. Subsidiaries

The Company is the holding company of the Group and has the following subsidiaries, subsidiary undertakings and other undertakings in which it has an interest held on a long-term basis. Details are shown below:

<u>Name</u>	<u>Country of incorporation</u>	<u>Proportion of Company ownership interest (direct and indirect)</u>
Security Change Limited	England and Wales	100
New Capital Holdings Limited	England and Wales	75
Gresham House Finance Limited	England and Wales	100
Watlington Investments Limited	England and Wales	100
Deacon Commercial Development and Finance Limited	England and Wales	100
Deacon Knowsley Limited	England and Wales	75
Chartermet Limited	England and Wales	75
New Capital Developments Limited	England and Wales	75
Knowsley Industrial Property Limited	England and Wales	75
Wolden Estates Limited	England and Wales	100
Newton Estate Limited	England and Wales	100
Deacon Industrial Projects Limited	England and Wales	100
DIPS (Aberdeen) LLP	England and Wales	70% members interest and 75% profit allocation

8. Employees and pensions

For the period of time covered by the historic financial information in this document, the Group had the following employees (all within the United Kingdom) on the following dates:

<u>Date</u>	<u>Employees</u>	<u>Details</u>
31 December 2011	7	3 executive directors and 4 general staff
31 December 2012	7	3 executive directors and 4 general staff
31 December 2013	6	3 executive directors and 3 general staff

As at the date of this document, the Group has only one employee who is the full time Northern Site Manager based in Speke, England. On Admission Anthony (Tony) Dalwood, Michael Phillips and Duncan Abbot will become employees under the terms of their service agreements fully described in section 6.1 of this Part 6.

For the period covered by the historic financial information in this document, the Group made contributions of £8,400 per annum to a personal pension scheme for the benefit of Brian Hallett. Those contributions ceased on 31 July 2014 when Mr Hallett ceased to be an employee of the Group (and became a consultant and non-executive director). No other pension contributions were made by the Company.

The Company does not currently operate a Company pension scheme. In the event that the Company establishes a Company pension scheme, Anthony (Tony) Dalwood, Michael Phillips and Duncan Abbot (who, on Admission, will become employees under the terms of their service agreements fully described in section 6.1 of this Part 6) will be eligible for membership of any such Company pension scheme. In the event that no Company pension scheme is established by 31 December 2015, these three employees will be entitled to receive a monthly cash supplement equivalent to the Company pension contribution each would have received pursuant to the Company pension scheme (had such a scheme been introduced).

The Company will comply with its pension auto-enrolment obligations in due course at the applicable staging date.

9. Arrangements relating to the Placing

The Company (1) and Westhouse (2) have entered into the Placing Agreement pursuant to which Westhouse has agreed, conditionally upon, *inter alia*, Admission taking place not later than 1 December 2014, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price.

The Company has undertaken to pay Westhouse a corporate finance fee and to pay all other costs, charges and expenses of, or incidental to, the Placing and the application for Admission and related arrangements.

The Placing Agreement, which contains certain warranties, undertakings and indemnities by the Company in favour of Westhouse, is conditional, *inter alia*, on (i) Admission occurring not later than 1 December 2014 (or such later date as the Company and Westhouse may agree not being later than 30 December 2014) and (ii) none of the warranties given to Westhouse prior to Admission being untrue, inaccurate or misleading in any material respect.

Westhouse may terminate the Placing Agreement in certain specified circumstances prior to Admission including, *inter alia*, if: the Company fails to comply with any of its obligations under the Placing Agreement which Westhouse (acting in good faith) considers to be material in the context of the Placing and Admission; any of the representations, warranties or undertakings set out in the Placing Agreement cease to be true, accurate and not misleading and which Westhouse (acting in good faith) considers to be material in the context of the Placing and Admission; in the opinion of Westhouse (acting in good faith) there has been a material and adverse change or any development reasonably likely to involve a material and adverse change after the date of the Placing Agreement which, when considered with other relevant changes or developments (if any), would or would be likely to cause a material and adverse change to the Adjusted NAV Per Ordinary Share, or on the occurrence of certain force majeure events.

10. United Kingdom taxation

Any person who is in any doubt as to his or her tax position, or who is subject to taxation in any jurisdiction other than that of the UK, should consult his or her professional advisers immediately.

The following statements do not constitute tax advice and are intended only as a general guide to current UK tax law and published practice of the HMRC, both of which are subject to change at any time, possibly with retrospective effect.

The statements refer to certain limited aspects of the tax treatment of Shareholders and Shareholder Warrantholders resident in the UK and (except to the extent stated otherwise) apply only to persons who are the absolute owners (i.e. the legal and beneficial owners) of the Ordinary Shares and Shareholder Warrants (and in circumstances where the Ordinary Shares are not held through an Individual Savings Account or a Self Invested Personal Pension); hold their Ordinary Shares and Shareholder Warrants as investments and not as securities to be realised in the course of a trade; have not (and are not deemed to have) acquired their Ordinary Shares and Shareholder Warrants by virtue of an office or employment (whether current or historic) and are not officers or employees of any member of the Group.

These statements may not apply to certain classes of investors who are subject to different tax rules. Such persons may include (but are not limited to): dealers in securities, insurance companies, collective investment schemes and Shareholders and Shareholder Warrantholders who are exempt from taxation in the UK.

10.1 Dividends

Under current UK tax legislation, the Company is not required to withhold tax at source from dividend payments it makes to Shareholders in respect of Ordinary Shares.

Individual Shareholders resident for tax purposes in the UK should generally be entitled to a tax credit in respect of any dividend received from the Company equal to one-ninth of the amount of the dividend.

An individual Shareholder's liability to income tax will be calculated on the sum of the dividend and the tax credit (the "**gross dividend**"). This will be regarded as the top slice of the individual's income and will be subject to UK income tax at the rates described below. The tax credit equals 10 per cent. of the gross dividend and should be available to set against an individual Shareholder's liability (if any) to income tax on that gross dividend.

Individual Shareholders liable to income tax at no more than the basic rate will be liable to income tax on dividend income received at the rate of 10 per cent. (2014/15) of the gross dividend. This means that the tax credit will satisfy in full the individual Shareholder's liability to pay income tax on the dividend received.

The rate of income tax applying to dividends received by an individual Shareholder liable to income tax at the higher rate will be 32.5 per cent. (2014/15) of the gross dividend. In the case of a dividend received by an individual Shareholder liable to income tax at the additional rate, the applicable rate of income tax will be 37.5 per cent. (2014/15). After taking into account the 10 per cent. tax credit, a higher rate taxpayer will be liable to income tax of 22.5 per cent. of the gross dividend, which is equal to 25 per cent. of the cash dividend received and an additional rate taxpayer will be liable to additional income tax at 27.5 per cent. of the gross dividend, which is equal to approximately 30.6 per cent. of the cash dividend received.

For example, an individual Shareholder receiving a dividend of £90 would receive a tax credit of £10. The gross dividend would be £100. If the Shareholder is a higher rate taxpayer, he would be taxed on the dividend at £32.50 (32.5 per cent. of £100), but can set against this the tax credit of £10. This leaves tax to pay of £22.50, which is 25 per cent. of the £90 dividend received.

An individual Shareholder who is resident in the UK cannot claim payment of the tax credit from HMRC, even if the tax credit exceeds the liability of that Shareholder to pay income tax on the dividend in question.

Trustees who are liable to income tax at the rate applicable to trusts (currently 45 per cent.) will pay tax on the gross dividend at the dividend trust rate of 37.5 per cent. (2014/15) against which they can set the tax credit. To the extent that the tax credit exceeds the trustees' liability to account for income tax, the trustees will have no right to claim repayment of the tax credit.

A corporate Shareholder (within the charge to corporation tax in the UK) which is a 'small company' for the purposes of the legislation which provides for the taxation of dividends in the UK will not generally be subject to corporation tax in the UK on dividends from the Company.

Other corporate Shareholders (within the charge to corporation tax in the UK) will not be subject to tax on dividends from the Company provided the dividends fall within an exempt class and certain conditions are met. In general, almost all dividends received by such corporate Shareholders will fall within an exempt class. Examples of dividends that fall within exempt classes include dividends paid on shares that are non-redeemable ordinary shares, and dividends paid to a person holding, broadly, less than 10 per cent. of the issued share capital of a company (or any class of that share capital).

The exemptions are not comprehensive and are subject to anti-avoidance rules. If the conditions for exemption are not, or cease to be, satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to corporation tax in the UK on dividends received from the Company. Corporation tax is charged on dividends at the rate applicable to that company.

UK registered pension schemes and charities are generally exempt from tax on dividends which they receive but they are not entitled to claim repayment of the tax credit.

Individual Shareholders who are resident for tax purposes in countries other than the UK but who are nationals of states which are part of the European Economic Area, residents of the Isle of Man or the Channel Islands, or certain other persons are entitled to a tax credit as if they were resident for tax purposes in the UK which they may set off against their total UK income tax liability. Such Shareholders will generally not be able to claim payment of the tax credit from HMRC.

Other Shareholders who are not resident in the UK for tax purposes will not generally be entitled to claim payment of any part of the tax credit from HMRC under any double taxation treaty or otherwise, or if they are entitled, any such payment is likely to be negligible.

10.2 Chargeable gains

A disposal or deemed disposal of Ordinary Shares by a Shareholder who is (at any time in the relevant tax year in the UK) resident in the UK for tax purposes, may give rise to a chargeable gain or an allowable loss for the purposes of taxation of chargeable gains in the UK, depending on the Shareholder's circumstances and subject to any available exemption or relief. The gain will be calculated as the difference between the sale proceeds and any allowable costs and expenses, including the original acquisition cost of the Ordinary Shares.

Shareholders who are not resident in the UK for tax purposes but who carry on a trade, profession or vocation in the UK through a branch, agency or fixed place of business in the UK may be liable to UK taxation on chargeable gains on any gain on a disposal or deemed disposal of their Ordinary Shares, if those Ordinary Shares are or have been held, used or acquired for the purposes of that trade, profession or vocation or for the purposes of that branch, agency or fixed place of business.

A Shareholder who is an individual and who acquires Ordinary Shares whilst a resident of the UK but subsequently ceases to be resident for tax purposes in the UK for a period five years or less and who disposes of the Ordinary Shares during that period may be liable, on his or her return to UK, to capital gains tax (subject to any available exemption or relief).

A disposal or deemed disposal of Shareholder Warrants by a Shareholder Warrantholder will be taxed in a similar way. However, any base cost of a Shareholder Warrantholder in their Shareholder Warrants will be subject to reduction under the “wasting asset” rules.

The tax implications for UK corporates holding Shareholder Warrants will in part depend on the accounting treatment adopted by the Shareholder Warrantholder. The Shareholder Warrants may be derivative contracts for the purposes of Part 7 CTA 2009 or they may be chargeable gains assets for the purposes of TCGA 1992. If in any doubt, such persons should consult their professional adviser.

The Shareholder Warrants will usually be capital gains tax assets for UK resident individuals. A Warrantholder will acquire his or her resulting Ordinary Shares with a base cost equal to the aggregate of any consideration paid to acquire the Shareholder Warrant and the amount paid to exercise that Shareholder Warrant.

10.3 Stamp duty and stamp duty reserve tax (“SDRT”)

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT, or to persons connected with depositary arrangements or clearance services, who may be liable at a higher rate.

- The allocation and issue of the new Ordinary Shares and Shareholder Warrants will not give rise to a liability to stamp duty or SDRT.
- Following Admission, and provided the Ordinary Shares remain admitted to trading only on AIM, and are not listed on any market, transfers of, and agreements to transfer, Ordinary Shares should qualify for full relief from stamp duty and SDRT respectively. Following Admission, transfers of, and agreements to transfer, Shareholder Warrants should also qualify for full relief from stamp duty and SDRT respectively, provided that the Shareholder Warrants remain admitted to trading only on AIM, and are not listed on any market.

10.4 IHT

Ordinary Shares held by individuals for at least two years may qualify for more generous exemptions from inheritance tax on death or in relation to lifetime transfers of those shares. Shareholders should consult their own professional advisers on whether this tax benefit may be available to them.

11. Material contracts

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of publication of this document and which are, or may be, material to the Group or have been entered into by any member of the Group at any time and contain a provision under which any member of the Group has any obligation or entitlement which is material to the Group at the date of this document:

11.1 Placing Agreement

The Placing Agreement, as described more fully in section 9 of this Part 6.

11.2 Nomad and broker engagement letter

Pursuant to an engagement letter dated 31 July 2014, the Company has appointed Westhouse (conditional on Admission) to be (and Westhouse has agreed to act as) its nominated adviser and broker under the AIM Rules for Companies. Pursuant to the engagement letter, Westhouse will receive a retainer fee of £60,000 per annum (calculated from the date of Admission) which will increase in line with the retail price index on an annual basis. Westhouse’s appointment under the engagement letter shall continue for 12 months from Admission and shall continue thereafter unless and until terminated by either party on 90 days’ notice. Westhouse has reserved the right to terminate the appointment forthwith if the Company is in material breach of the engagement letter.

11.3 Supporter Warrant Instrument

The Supporter Warrant Instrument under which the Supporter Warrants will be issued is described more fully in section 10.1 of Part 1 of this document.

11.4 Shareholder Warrant Instrument

The Shareholder Warrant Instrument is summarised in Part 5 of this document.

11.5 Co-operative loan agreement

A loan agreement dated 25 June 2014 (as amended by a side letter from the Co-operative Bank dated 19 September 2014) has been entered into between NCDL and the Co-operative Bank pursuant to which the Co-operative Bank has made available a term loan of £3,278,000 to NCDL. Interest on this loan is charged at 4 per cent. above the Co-operative Bank's base rate from time to time and the loan is repayable in quarterly instalments of £75,000 with £3,278,000 outstanding on 7 October 2014 (being the latest practicable date prior to the publication of this document). Notwithstanding any other provisions of this loan agreement, the loan is expressed to be repayable on demand by the Co-operative Bank at any time and in any event by 31 December 2014. The loan is secured over the Group's property and certain assets.

11.6 Persimmon sale agreement

Deacon Commercial Development and Finance Limited and Newton Estate Limited (both subsidiaries of the Company and in this paragraph referred to as the "**Sellers**") entered into a sale and purchase agreement with Persimmon on 29 April 2014 in respect of part of the site at Newton-le-Willows (the "**Persimmon Sale Agreement**"). Under the terms of the Persimmon Sale Agreement, Persimmon agreed to conditionally buy 22.8 acres gross (20 acres net) of the 30 acre site owned by the Sellers at Newton-le-Willows (the "**Site**"). Those conditions include, but are not limited to, Persimmon obtaining planning permission (acceptable to Persimmon in its absolute discretion) to construct dwellings on the Site. The aggregate consideration for the Site is to be £7,430,000 (less reallocated Section 106 payments, together with associated transport contributions and monitoring fees). Persimmon is able to pay that consideration in stages as follows: (i) 12.77% at completion (which the Directors expect to be by the end of January 2015), (ii) 28.15% within 18 months of completion, (iii) 28.15% within 30 months of completion and (iv) 30.93% within 42 months of completion.

11.7 Bruce Carnegie-Brown, Rupert Robinson and Matthew Peacock letters of appointment

Rupert Robinson and Bruce Carnegie-Brown have entered into appointment letters dated 7 October 2014 to become members of the Investment Committee of the Company. Matthew Peacock will also become a member of the Investment Committee of the Company, acting on a consultancy basis, providing his services through Hanover Investors General Partner II pursuant to the terms of a letter entered into between the Company and Hanover Investors General Partner II dated 7 October 2014. All three appointments to the Investment Committee are conditional upon Admission. The annual fee payable to each of Mr Robinson, Mr Carnegie-Brown and Hanover Investors General Partner II will be £25,000. The notice period for either party to terminate the respective appointment is one month.

12. Related party transactions

Save as set out in note 25 in the Group's accounts for the year ended 31 December 2011, note 23 in the Group's annual accounts for the year ended 31 December 2012, note 22 in the Group's annual accounts for the year ended 31 December 2013 (each incorporated by reference in Part 3A of this document) and note 14 in the Group's unaudited interim accounts for the six month period ended 30 June 2014 (contained in Part 3B of this document) as far as the Directors and Proposed Directors are aware, there have been and are currently no agreements or other arrangements between the Company and individuals or entities that (since 1 January 2011) may be deemed to be related parties.

13. Working capital

Having made due and careful enquiry, the Directors and the Proposed Directors are of the opinion that, taking into account the net proceeds of the Placing and Supporter Warrant Issue, the Company and the Group will have sufficient working capital available for their present requirements, that is, for at least the 12 months following the date of Admission.

14. Litigation and arbitration

- 14.1** The Company has been put on notice of a proposed claim by SMU Investments Limited (in liquidation) (“SMU”) for a sum of £661,946.20 plus interest. SMU states that these monies were wrongly paid to the Company in July 2012. It is the Company’s case, which is supported by a signed loan agreement and other documentary evidence, that it received the said sum in settlement of a loan (and interest) which it made to SMU pursuant to a loan agreement dated 3 April 2011. No proceedings have been issued but solicitors have been instructed to defend any proceedings as may be commenced by SMU and to seek security for costs. The Directors believe, having received advice from the Company’s litigation solicitors, that the claim is entirely without merit and wholly unsupported by the contemporaneous evidence.
- 14.2** Save as disclosed in section 14.1 above, neither the Company nor any member of the Group is, nor has at any time in the 12 months immediately preceding the date of this document been, involved in any governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened by or against the Company or any member of the Group, nor of any such proceedings having been pending or threatened at any time in the 12 months immediately preceding the date of this document, in each case which may have, or have had in the recent past, a significant effect on the Company’s or the Group’s financial position or profitability.

15. Mandatory bids, squeeze-out and sell-out rules relating to the Ordinary Shares

Mandatory bid

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- (a) a person acquires an interest in shares in the Company which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- (b) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquiror or its concert parties during the previous 12 months.

Compulsory Acquisition

Under sections 974 to 991 of the Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer.

In addition, pursuant to section 983 of the Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

16. General

- 16.1** The gross proceeds of the Placing and Supporter Warrant Issue are expected to be £11.46 million (assuming the Placing and the Supporter Warrant Issue are fully subscribed). The estimated net proceeds of the Placing and Supporter Warrant Issue are £10.6 million (assuming the Placing and the Supporter Warrant Issue are fully subscribed).
- 16.2** Westhouse has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its name in the form and context in which it is included.
- 16.3** Jones Lang LaSalle has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its valuations and name in the form and context in which they are included.
- 16.4** The financial information set out in this document relating to the Group does not constitute statutory accounts within the meaning of section 434 of the Act. BDO LLP of 55 Baker Street, London W1U 7EU (a member firm of the Institute of Chartered Accountants of England and Wales) have given an unqualified audit report on the consolidated statutory accounts of the Group for the financial year ended 31 December 2013 within the

meaning of section 495 of the Act. PKF (UK) LLP of Farringdon Place, 20 Farringdon Road, London EC1M 3AP (a member firm of the Institute of Chartered Accountants of England and Wales) have given unqualified audit reports on the consolidated statutory accounts of the Group for each of the two financial years ended 31 December 2011 and 31 December 2012 within the meaning of section 495 of the Act. None of these reports contained any statements under sub-section 498 of the Act, but the audit report on the consolidated statutory accounts of the Group for the financial year ended 31 December 2013 included a reference to matters to which the auditors drew attention by way of emphasis without qualifying the report. Statutory accounts of the Group for each of the three financial years ended 31 December 2011, 31 December 2012 and 31 December 2013 have been delivered to the Registrar of Companies in England and Wales pursuant to section 441 of the Act. BDO LLP took over as auditors of the Group following its merger with PKF (UK) LLP.

- 16.5** There are no arrangements in place under which future dividends are to be waived or agreed to be waived.
- 16.6** The Directors and the Proposed Directors are not aware of any patents or other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Group's business.
- 16.7** There has been no significant change in the trading or financial position of the Group since 30 June 2014 being the date to which the financial information contained in Part 3 of this document was prepared.
- 16.8** Save as disclosed in section 11 of this Part 6, no person (excluding the Company's other professional advisers to the extent disclosed elsewhere in this document (or Forsters LLP (property) or Sherrards Solicitors LLP (litigation) both being legal advisers to the Company) and trade suppliers) in the 12 months preceding the Company's application for Admission received, directly or indirectly, from the Company or has entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any of the following:
- (i) fees totalling £10,000 or more;
 - (ii) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
 - (iii) any other benefit with a value of £10,000 or more at the date of Admission.
- 16.9** Neither the Ordinary Shares nor the Shareholder Warrants have been sold, nor are they available, in whole or in part, to the public in conjunction with the application for Admission.
- 16.10** To the extent that information in this document has been sourced from a third party, the Company confirms that the information has been accurately reproduced and so far as the Company is aware, and is able to ascertain from information published by that party, no facts have been omitted that would render the information reproduced inaccurate or misleading.

Dated: 8 October 2014

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“Act”	the Companies Act 2006 (as amended)
“Adjusted NAV Per Ordinary Share”	323.27 pence, being the NAV Per Ordinary Share as adjusted for the movement in the share price of SpaceandPeople plc since 30 June 2014 described in section 15 of Part 1 of this document
“Admission”	the admission of the Ordinary Shares and Shareholder Warrants to trading on AIM becoming effective in accordance with the AIM Rules for Companies
“Admission Date”	the date on which Admission becomes effective
“Advisory Group”	the advisory group of the Company, described in section 4 of Part 1 of this document
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Note for Investing Companies”	the AIM note for investing companies published from time to time by the London Stock Exchange
“AIM Rules for Companies”	the rules for AIM companies published by the London Stock Exchange
“AIM Rules for Nominated Advisers”	the rules for nominated advisers to AIM companies published by the London Stock Exchange
“Authorised Investment Trust”	a company which has been approved as an investment trust by HMRC under section 1158 of the Corporation Tax Act 2010
“Board” or “Directors”	the directors of the Company whose names are set out on page 2 of this document
“Capital Reduction”	the capital reduction proposed under the Resolutions to cancel the amount standing to the credit of Company’s share premium account as enlarged by the Placing
“CEO”	chief executive officer
“Company” or “Gresham”	Gresham House plc, a company registered in England & Wales with registered number 871 and with its registered office at 235 Hunts Pond Road, Fareham, Hampshire PO14 4PJ
“Co-operative Bank”	The Co-operative Bank plc
“CTA 2009”	Corporation Tax Act 2009
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland is the operator (as defined in the Uncertificated Securities Regulations 2001)
“Delisting”	the cancellation of the listing of the Ordinary Shares on the premium listing segment of the Official List and from trading on the Main Market
“Disclosure and Transparency Rules”	the disclosure and transparency rules made by the FCA in exercise of its function as competent authority pursuant to Part VI of the FSMA, as amended from time to time
“Enlarged Share Capital”	the issued share capital of the Company on Admission (including the Placing Shares)
“FCA” or “Financial Conduct Authority”	the Financial Conduct Authority of the United Kingdom
“FSMA”	the Financial Services and Markets Act 2000 (as amended, modified, consolidated, re-enacted or replaced from time to time)

“General Meeting”	the general meeting of the Company convened to approve the Proposals at 10.00 a.m. on 31 October 2014 at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL, notice of which is set out at the end of the Shareholder Circular
“Group”	the Company and its subsidiaries
“HMRC”	HM Revenue & Customs
“Investment Committee”	the investment committee of the Company, described in section 4 of Part 1 of this document
“ISDX”	ICAP Securities & Derivatives Exchange Limited, a recognised investment exchange under section 290 of the FSMA
“ISDX Growth Market”	the primary market for unlisted securities operated by ISDX
“Jones Lang LaSalle”	Jones Lang LaSalle Limited, a company registered in England & Wales with registered number 1188567 and with its registered office at 30 Warwick Street, London W1B 5NH
“Listing Rules”	the listing rules made by the FCA in the exercise of its function as competent authority pursuant to Part VI of the FSMA, as amended from time to time
“London Stock Exchange”	the London Stock Exchange plc
“Main Market”	the London Stock Exchange’s main market for listed securities
“NAV”	the basic net asset value of the Company
“NAV Per Ordinary Share”	the NAV per Ordinary Share shown in the Company’s interim accounts as at 30 June 2014 (being 331.7 pence per Ordinary Share)
“NCDL”	New Capital Developments Limited, a subsidiary undertaking of the Company
“New Articles”	the new articles of association of the Company, a resolution to adopt which will be put to the General Meeting and will in any event be conditional upon Admission
“New Investing Policy”	the Company’s new investing policy as set out in section 3 of Part 1 of this document
“Notice” or “Notice of General Meeting”	the notice of General Meeting set out at the end of the Shareholder Circular
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	ordinary shares of 25 pence each in the share capital of the Company
“Persimmon”	Persimmon Homes Limited
“Placing”	the conditional placing of the Placing Shares by Westhouse, at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement between the Company and Westhouse dated 8 October 2014 relating to the Placing, details of which are set out in section 9 of Part 6 of this document
“Placing Price”	286.9 pence per Placing Share

“Placing Shares”	the 3,973,510 new Ordinary Shares to be allotted pursuant to the Placing
“Proposals”	collectively, the Delisting, Admission, the Placing, the issue of the Shareholder Warrants and the Supporter Warrants, the loss of Authorised Investment Trust status, the adoption of a New Investing Policy, the adoption of the New Articles, the appointment of the Proposed Directors and the Capital Reduction all as further described in the Shareholder Circular
“Proposed Directors”	the proposed directors of the Company whose names are set out on page 2 of this document that it is proposed be appointed as directors of the Company on Admission together with, where the context so permits, Richard Chadwick
“Prospectus Rules”	the prospectus rules made by the FCA in the exercise of its function as competent authority pursuant to Part VI of the FSMA, as amended from time to time
“QCA”	the Quoted Companies Alliance
“QCA Code”	the Corporate Governance Code for Small and Mid-Size Quoted Companies as published by the QCA
“Record Date”	6.00 p.m. on the last day of dealings of Ordinary Shares on the Main Market
“Reporting Accountants”	BDO LLP, whose offices are at 55 Baker Street, London W1U 7EU
“Resolutions”	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting
“Shareholder Circular”	the shareholder circular dated 8 October 2014 setting out details of the Proposals and containing the Notice of General Meeting to approve the Resolutions required for the Company to implement the Proposals
“Shareholder Warrantholders”	holders of the Shareholder Warrants
“Shareholder Warrant Instrument”	the warrant instrument dated 7 October 2014 which is summarised in Part 5 of this document
“Shareholder Warrant Issue”	the issue of up to 1,073,976 Shareholder Warrants to Shareholders on the Company’s register of members on the Record Date, details of which are set out in section 10.2 of Part 1 of this document
“Shareholder Warrants”	the warrants to subscribe for Ordinary Shares (further details of which are set out at section 10.2 of Part 1 this document) pursuant to the Shareholder Warrant Instrument
“Shareholders”	holders of Ordinary Shares, including (where the context so permits) holders of the Placing Shares
“subsidiary”	as defined in section 1159 and Schedule 6 of the Act
“Supporter Warrantholders”	holders of Supporter Warrants
“Supporter Warrant Instrument”	the warrant instrument dated 7 October 2014 under which the Supporter Warrants will be issued, more details of which are set out in section 10.1 of Part 1 of this document
“Supporter Warrant Issue”	the issue of up to 850,000 Supporter Warrants, conditional upon Admission, at the issue price of 7.5 pence per Supporter Warrant, further details of which are set out in section 10.1 of Part 1 of this document

“Supporter Warrants”	the warrants to subscribe for Ordinary Shares pursuant to the Supporter Warrant Instrument
“Takeover Code”	the City Code on Takeovers and Mergers published by the Takeover Panel
“TCGA 92”	Taxation of Chargeable Gains Act 1992
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council
“UK Listing Authority”	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of admission to the Official List
“United States” or “US”	the United States of America
“VWAP”	the volume weighted average price
“Warrantholders”	Shareholder Warrantholders and/or Supporter Warrantholders
“Warrants”	the Shareholder Warrants and the Supporter Warrants or either of them (as the context requires)
“Westhouse”	Westhouse Securities Limited, the Company’s financial adviser, nominated adviser and broker

[THIS PAGE INTENTIONALLY LEFT BLANK]

