

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or about what action to take, you are recommended to seek your own independent professional advice immediately from your stockbroker, solicitor, accountant or other appropriate independent financial adviser duly 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.

If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document together with the accompanying Form of Proxy and the Admission Document, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee.

This document does not constitute an offer to buy, acquire or subscribe for, or the solicitation of an offer to buy, acquire or subscribe for, Placing Shares or Shareholder Warrants or an invitation to buy, acquire or subscribe for Placing Shares or Shareholder Warrants.

If the Proposals set out in this document are implemented, the listing of the Ordinary Shares on the premium segment of the Official List will be cancelled and the Ordinary Shares will be removed from trading on the Main Market.

Application will be made to the London Stock Exchange for the Ordinary Shares (including the Placing Shares) and the Shareholder Warrants to be admitted to trading on AIM. Subject to, *inter alia*, the passing of the Resolutions at the General Meeting, it is expected that Admission will become effective and dealings in the Ordinary Shares and the Shareholder Warrants will commence on AIM on or around 1 December 2014.

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 Financial Conduct 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.

GRESHAM HOUSE PLC

(Incorporated in England and Wales with registered number 871)

Proposed Delisting from the Official List and Admission to AIM (and loss of Authorised Investment Trust status)

Proposed Placing of 3,973,510 new Ordinary Shares at 286.9 pence per share

Proposed adoption of New Investing Policy

Proposed issue of Warrants

Proposed Capital Reduction

Proposed adoption of New Articles

and

Notice of General Meeting

You are recommended to read the whole of this document but your attention is drawn, in particular, to the letter from the Chairman of the Company which is set out in Part I of this document. This letter explains the background to, and reasons for, the Proposals and contains a recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting.

The Notice convening a General Meeting of the Company, to be held at 10.00 a.m. on 31 October 2014 at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL, is set out at the end of this document. The action to be taken by Shareholders in respect of the General Meeting is set out on page 28 of this document.

If you hold your Ordinary Shares in certificated form, whether or not you plan to attend the General Meeting, you are encouraged to complete the accompanying Form of Proxy and return it in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by post or, during normal business hours only, by hand by the Company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA by no later than 10.00 a.m. on 29 October 2014 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting). The completion and return of a Form of Proxy will not prevent you from attending and voting at the meeting in person should you wish to do so.

If you hold your Ordinary Shares in uncertificated form (that is, in CREST) you may vote using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of General Meeting set out at the end of this document). Proxies submitted via CREST must be received by the Company's agent (ID 7RA11) by no later than 10.00 a.m. on 29 October 2014 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). The completion and return of the Form of Proxy will not prevent you from attending and voting in person at the General Meeting, or any adjournment thereof, should you wish to do so.

The Placing Shares described in this document have not been, and will not be, registered under the Securities Act or under the securities laws of any state 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, the Placing Shares and Shareholder Warrants have not been and will not 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.

Westhouse, which is authorised in the UK under the FSMA and which is regulated by the FCA, is acting as financial adviser, nominated adviser and broker in connection with the Proposals. Westhouse is acting exclusively for Gresham House plc in connection with the Proposals and for no-one else and will not be responsible to anyone other than Gresham House plc for providing the protections afforded to the clients of Westhouse nor for providing any advice in relation to the Proposals or the contents of this document or any transaction, arrangement or matter referred to herein. Westhouse has given and not withdrawn its written consent to the inclusion of its name in the form and context in which it appears in this document.

Jones Lang LaSalle has given and not withdrawn its written consent to the inclusion of its name in the form and context in which it appears in this document.

The contents of this document are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the contents of this document you should consult your own legal adviser, financial adviser or tax adviser for legal, business, financial or tax advice.

TABLE OF CONTENTS

	Page
Important information	2
Expected timetable of principal events	3
Placing and Admission statistics	4
Part I Letter from the Chairman of the Company	5
Part II Action to be taken	28
Part III Risk factors	29
Part IV Principal terms of the Warrants	37
Definitions	45
Notice of General Meeting	49

IMPORTANT INFORMATION

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 Listing Rules, Prospectus Rules, the Disclosure and Transparency Rules, the AIM Rules 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.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 29 October 2014
Voting Record Time	6.00 p.m. on 29 October 2014
General Meeting	10.00 a.m. on 31 October 2014
Last day of dealings in Ordinary Shares on the Main Market	28 November 2014
Cancellation of listing of Ordinary Shares on the Official List	8.00 a.m. on 1 December 2014
Admission and commencement of dealings in the Ordinary Shares (including the Placing Shares) and Shareholder Warrants on AIM	8.00 a.m. on 1 December 2014
CREST accounts credited with Placing Shares and Shareholder Warrants in uncertificated form	8.00 a.m. on 1 December 2014
Dispatch of definitive certificates in respect of Placing Shares, Shareholder Warrants and Supporter Warrants to be issued in certificated form	by 8 December 2014

Notes:

1. Each of the times and dates above are indicative only and are subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified by the Company to Shareholders by announcement through a regulatory information service.
2. All of the above times refer to London time unless otherwise stated.
3. The cancellation of listing of the Ordinary Shares on the Official List and Admission and commencement of dealings in the Ordinary Shares (including the Placing Shares) and Shareholder Warrants on AIM are conditional on, *inter alia*, the passing of the Resolutions at the General Meeting.

PLACING AND ADMISSION STATISTICS

Number of Ordinary Shares in issue at the date of this document	5,369,880
Placing Price	286.9 pence
Number of Placing Shares ¹	3,973,510
Number of Ordinary Shares in issue immediately following completion of the Placing ¹	9,343,390
Placing Shares as a percentage of the Enlarged Share Capital ¹	42.5%
Number of Shareholder Warrants in issue on Admission ²	1,073,976
Shareholder Warrants as a percentage of the Enlarged Share Capital ^{1 2}	11.5%
Number of Supporter Warrants in issue on Admission ³	850,000
Supporter Warrants as a percentage of the Enlarged Share Capital ^{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

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 I

LETTER FROM THE CHAIRMAN OF THE COMPANY

GRESHAM HOUSE PLC

(Incorporated in England and Wales with registered number 871)

Directors:

Antony Ebel (*Non-Executive Chairman*)
Brian Hallett (*Non-Executive Director*)
John Lorimer (*Non-Executive Director*)
Richard Chadwick (*Non-Executive Director*)

Registered Office:

235 Hunts Pond Road
Fareham
Hampshire
PO14 4PJ

Proposed Directors:

Anthony Townsend (*proposed Non-Executive Chairman*)
Anthony (Tony) Dalwood (*proposed Chief Executive*)
Michael Phillips (*proposed Strategic Development Director*)
Peter Moon (*proposed Non-Executive Director*)
Duncan Abbot (*proposed Finance Director*)

8 October 2014

To Shareholders and persons with information rights

Dear Shareholder

Proposed Delisting from the Official List and Admission to AIM (and loss of Authorised Investment Trust status), proposed Placing of 3,973,510 new Ordinary Shares at 286.9 pence per share, proposed adoption of New Investing Policy, proposed issue of Warrants, proposed Capital Reduction, proposed adoption of New Articles and Notice of General Meeting

1. Introduction

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, 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.

The purpose of this document is to provide you with details of, and the background to, the Proposals and to explain why the Directors believe that the Proposals are in the best interests of the Shareholders as a whole.

The Board believes that, if implemented, the Proposals provide an attractive alternative to the current plan of liquidation and distribution which is likely to involve a significant amount of the proceeds of realisation of the Company's assets being distributed to Shareholders in multiple stages, over a period of at least three to four years.

The Proposals are conditional, *inter alia*, on the approval of the Resolutions at the General Meeting. At the end of this document, you will find the Notice of General Meeting at which the Resolutions will be proposed. The General Meeting has been convened for 10.00 a.m. on 31 October 2014 and will take place at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL.

If any of the Resolutions are not passed at the General Meeting or if the Placing Agreement relating to the Admission of the Ordinary Shares and Shareholder Warrants to trading on AIM is terminated prior to Admission, the Proposals will not be implemented and the Company will, in the short term, continue as an Authorised Investment Trust with the objective of realising the Company's assets with a view to returning

capital to Shareholders and its Ordinary Shares will continue to be listed on the premium segment of the Official List and traded on the Main Market. In such circumstances, the directors of the Company would need to consider the most appropriate means of returning capital to Shareholders. The plan currently being contemplated by the Directors would involve a further circular being sent to Shareholders seeking their permission to restructure the Group (involving the hiving down of the Company's key assets into unquoted special purpose vehicles) and to appoint liquidators to the Company. Under this plan, a distribution could be made to Shareholders comprising (i) a small amount of cash, (ii) a distribution in specie of certain quoted shares held by the Company and (iii) shares in the special purpose vehicles. Shareholders would then hold the shares in the special purpose vehicles until the relevant assets held by each special purpose vehicle were realised, after which these special purpose vehicles would themselves be wound up in order to return capital to Shareholders. This process would be expected to take at least three to four years to complete (in particular because of the payment policies being adopted by residential developers who wish to spread the payment of consideration monies over an extended time frame as they phase residential developments to reduce risk (residential developers are among the targeted purchasers of the Group's property assets)).

2. Summary of the Proposals

New board of directors and appointment of the Investment Committee and the Advisory Group

Under the Proposals, the Proposed Directors comprising Anthony Townsend, Peter Moon, Anthony (Tony) Dalwood, Michael Phillips and Duncan Abbot will be appointed on Admission and the Directors (other than Richard Chadwick) will resign as directors of the Company. Richard Chadwick will remain on the board of the Company until at least December 2015 to assist the Proposed Directors with the process of familiarisation with the existing assets.

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

Biographies of the Proposed Directors and details of the proposed structure of the Investment Committee and Advisory Group are set out in section 4 of this Part I.

New investment objective, strategy and policy

Under the Proposals, the New Investing Policy would be adopted in the place of the current investing policy of liquidation and distribution as approved at the 2011 annual general meeting of the Company.

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 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) and instead becoming a trading company, the implications of which are explained in more detail in sections 5 and 6 of this Part I.

The proposed New Investing Policy will state, *inter alia*, that 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; and
- enter into derivative contracts (including but not limited to currency hedging, or other portfolio risk management techniques).

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 Company'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.

The proposed New Investing Policy is set out in section 6 of this Part I and the Proposed Directors' investment objectives and strategy are set out in section 5 of this Part I.

Delisting from the Official List and Admission to AIM (and loss of Authorised Investment Trust status)

Under the Proposals, the Company will cancel the listing of the Ordinary Shares on the premium segment of the Official List, remove such Ordinary Shares from trading on the Main Market and apply for admission of the Ordinary Shares (including the Placing Shares) and Shareholder Warrants to trading on AIM.

The Listing Rules require that if a company wishes to cancel its listing on the premium segment of the Official List it must seek the approval of not less than 75 per cent. of its shareholders in a general meeting voting in person or by proxy. Accordingly, a special resolution is being proposed at the General Meeting to authorise the directors of the Company to cancel the listing of the Ordinary Shares on the Official List, to remove such Ordinary Shares from trading on the Main Market and to apply for admission of the Ordinary Shares (including the Placing Shares) and Shareholder Warrants to trading on AIM.

An Admission Document, prepared in accordance with the AIM Rules, setting out full details of the admission of the Ordinary Shares and the Shareholder Warrants to trading on AIM is enclosed with this document.

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 losses available) on or after 1 January 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 accordingly bringing any capital gains and losses into tax.

Further details of the Delisting and Admission are set out in sections 7 and 10 of this Part I.

Placing

In order that the Company has sufficient funds to execute the New Investing Policy and to develop an asset management business, either organically or through one or more acquisitions, as described in this document, the Board is proposing to raise £11.4 million (before expenses) by way of a placing of 3,973,510 new Ordinary Shares (assuming the Placing is fully subscribed). The Placing Price (of 286.9 pence per new Ordinary Share) has been calculated by reference to an 11.25 per cent. discount to the Adjusted NAV Per Ordinary Share (being a 13.5 per cent. discount to the NAV Per Ordinary Share) and represents:

- a 9.3 per cent. premium to the Closing Price of 262.5 pence per Ordinary Share on 24 June 2014 (being the latest practicable date prior to the announcement that the Board was considering the Proposals); and
- a 4.9 per cent. premium to the Closing Price of 273.5 pence per Ordinary Share on 7 October 2014 (being the latest practicable date prior to the announcement of full details of the Proposals).

The Proposed Directors are, in aggregate, subscribing for 453,119 Ordinary Shares under the Placing (representing 11.4 per cent. of the number of Ordinary Shares contained in the Placing and 4.8 per cent. of the Enlarged Share Capital (assuming that the Placing is fully subscribed)) and for 556,750 Supporter Warrants (further details of which are set out below). In addition, members of the Investment Committee and the Advisory Group are, in aggregate, subscribing for 400,836 Ordinary Shares under the Placing (representing 10.1 per cent. of the number of Ordinary Shares contained in the Placing and 4.3 per cent. of the Enlarged Share Capital (assuming that the Placing is fully subscribed)) and for up to 293,250 Supporter Warrants (further details of which are set out below).

The Placing is conditional, *inter alia*, on the passing by the Shareholders of the Resolutions at the General Meeting, including an ordinary resolution to give the Directors authority to allot the Placing Shares and a special resolution which will give the Directors the required authority to disapply statutory pre-emption rights in respect of the allotment of the Placing Shares for cash and an ordinary resolution (required under the Listing Rules) to approve the issue of the Placing Shares at a discount to the NAV Per Ordinary Share without offering the Placing Shares pro-rata to existing holders of Ordinary Shares. Subject to all relevant conditions being satisfied (or, if applicable, waived), it is expected that the Ordinary Shares (including the Placing Shares) will be admitted to trading on AIM on or about 1 December 2014. For the avoidance of doubt, please note that the issue of the Placing Shares is conditional, *inter alia*, on Admission and therefore no application will be made for the Placing Shares to be admitted to trading on the premium segment of the Main Market. Should Admission not become effective, the existing Ordinary Shares will continue to be traded on the premium segment of the Main Market and the Placing Shares will not be allotted.

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. 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.

Further details of the reasons for the Placing and use of proceeds are set out in sections 3, 5, 6 and 8 of this Part I.

Issue of Shareholder Warrants

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 Warrantholders 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 Warrantholders 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).

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. 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 – fractional entitlements will not be issued and therefore 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.

The Resolutions being considered by Shareholders at the General Meeting therefore include an allotment authority and a disapplication of pre-emption rights in respect of the issue of these Shareholder Warrants.

Details of the terms of the Shareholder Warrants are set out in section A of Part IV of this document.

Issue of Supporter Warrants

Anthony Townsend, Anthony (Tony) Dalwood, Peter Moon, Michael Phillips and Duncan Abbot 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 Warrantholder) 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.

The Resolutions being considered by Shareholders at the General Meeting therefore include an allotment authority and a disapplication of pre-emption rights in respect of the issue of the Supporter Warrants.

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

Proposed Director	<i>Number of Supporter Warrants held immediately following Admission</i>
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, following Admission, 293,250 Supporter Warrants will be held by members of the Advisory Group and the Investment Committee.

Details of the terms of the Supporter Warrants are set out in section B of Part IV of this document.

Capital Reduction

From time to time after Admission, the board of the Company will consider the desirability of implementing a share buyback. 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. The Resolutions also include a standard share buyback authority.

Further details are set out in section 9 of this Part I.

Adoption of New Articles

Under the Proposals, the Company will adopt new articles of association and in particular delete all references in the memorandum and articles of association requiring that the Company maintain its status as an Authorised Investment Trust.

A summary of the changes to the articles of association of the company is set out in section 13 of this Part I.

Standard authorities

In addition to those Resolutions described above, the Resolutions include standard shareholder resolutions ordinarily sought at an annual general meeting by a company with shares admitted to trading on AIM.

A summary of all the Resolutions is set out in section 13 of this Part I.

3. Background to, reasons for and benefits of the Proposals

On 19 April 2011, the Company announced that, having reviewed its investing policy in light of the downturn in the commercial property market, coupled with the restricted availability of bank funding, the Board believed it was in the best interests of Shareholders to conduct an orderly realisation of the Company's assets over a period of approximately two years with a view to returning capital to Shareholders thereafter. This was subsequently approved by Shareholders at the Company's annual general meeting on 19 May 2011.

Whilst the Company has disposed of a number of its investments, it continues to hold two property assets that were independently valued by Jones Lang LaSalle, Chartered Surveyors, at a total of £16.55 million as at 30 June 2014. The Company also has a small investment portfolio consisting of quoted and unquoted securities which were valued at £3.44 million as at 30 June 2014. The quoted investments are valued at the market bid price and the unquoted investments are valued at the lower of cost or valuation taking into account the International Private Equity and Venture Capital Valuation guidelines.

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 the Company 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.

The Directors have been considering the most appropriate means of returning capital to Shareholders if the Proposals are not approved. The plan currently being contemplated by the Directors would involve a further circular being sent to Shareholders seeking their permission to restructure the Group (involving the hiving down of the Company's key assets into unquoted special purpose vehicles) and to appoint liquidators to the Company. Under this plan, a distribution could be made to Shareholders comprising (i) a small amount of cash, (ii) a distribution in specie of certain quoted shares held by the Company and (iii) shares in the special purpose vehicles. Shareholders would then hold the shares in the special purpose vehicles until the relevant assets held by each special purpose vehicle were realised, after which these special purpose vehicles would themselves be wound up in order to return capital to Shareholders. This process is likely to involve a significant amount of the proceeds of realisation being distributed to Shareholders in multiple stages, over a period of at least three to four years. This is driven by the payment policy currently being adopted by residential developers who wish to spread the payment of consideration monies over an extended time frame as they phase residential developments to reduce risk (residential developers are among the targeted purchasers of the Company's property assets).

The Directors believe that the Proposals are in the best interests of Shareholders and represent a better alternative to the current plan of liquidation and distribution for the following reasons:

- the successful business and investment track records of the Proposed Directors combined with the proposed New Investing Policy and the development of an asset management business set out in this document is expected to generate value for Shareholders over the long term;
- the Proposals include a fundraising (through the Placing and issue of Supporter Warrants) and the proceeds of the fundraising will increase the scale of the Company and enable the implementation of the New Investing Policy and the development of an asset management business;
- the Directors believe that the Proposals (in particular the adoption of the New Investing Policy to be implemented using the proceeds of the Placing and issue of Supporter Warrants) are likely to provide greater liquidity in the Ordinary Shares;
- existing Shareholders will receive Shareholder Warrants under the Proposals that will allow Shareholder Warrant holders to benefit from any uplift in the value of the Shareholder Warrants or any Ordinary Shares resulting from the exercise of the Shareholder Warrants; and
- there is no guarantee that the Company will be able to realise its assets in the next three to four years at prices that represent best value for Shareholders and the New Investing Policy provides time for the Company to realise its assets without the pressure of requiring such realisation under its current investing policy which may reduce the Company's negotiating position with counterparties and without incurring the costs of formulating an alternative plan involving the appointment of liquidators.

4. The Proposed Directors, the Investment Committee and the Advisory Group

Proposed Directors

Details of the Proposed Directors and Richard Chadwick are set out below. Richard Chadwick will remain on the board of the Company until at least 31 December 2015 to assist the Proposed Directors with the process of familiarisation with the existing assets.

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.

Peter Moon, aged 64, proposed 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 an 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.

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 Schroders 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.

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 holds an interest.

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 Schrodgers (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. The opportunity

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) 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 and instead becoming a trading company, the implications of which are explained in more detail in this section 5 of this Part I and in section 6 of this Part I.

New Investing Policy

The Proposed New Investing Policy is set out in section 6 of this Part I.

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 the 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).

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) 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. 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 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 and the AIM Note for Investing Companies would cease to apply to the Company.

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 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). 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, the Company will also be required to publish an AIM admission document and seek shareholder approval for the acquisition.

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.

Valuation principles

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.

Dividend policy

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.

Existing asset summary

The Proposed Directors' intentions in respect of the existing assets is summarised in this section 5 of Part I under the subheading above entitled "Existing assets and future plans".

The principal assets of the Group are its property investments consisting of two properties or sites which were independently valued by Jones Lang LaSalle, Chartered Surveyors, at a total of £16.55 million as at 30 June 2014. These external valuations were carried out on the basis of market value in accordance with the latest edition of the Valuation Standards published by the Royal Institution of Chartered Surveyors.

These property assets were classified in the unaudited interim accounts of the Company as at 30 June 2014, announced on 28 August 2014, as: (i) "non-current assets – property investments" with a valuation of £10.00 million; and (ii) "non-current assets held for sale – property investments" with a valuation of £6.55 million.

These investments represented 76.09 per cent. of the total assets of the Group as at 30 June 2014. The two principal property investments comprised:

	<u>Location</u>	<u>Nature of site</u>
Force 6 Trading Estate	Newton-le-Willows	Development site
Southern Gateway	Speke, Liverpool	Industrial

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 at Newton-le-Willows owned by the Group for £7.43 million in cash, plus overage, conditional upon Persimmon obtaining satisfactory detailed planning permission. 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 (hence it was categorised as "non-current assets held for sale – property investments").

As at 30 June 2014, the Company held a small diversified portfolio of securities, details of which are shown below and which was valued at a total of £3.44 million. These investments represented 15.82 per cent. of the total assets of the Group as at 30 June 2014.

	<u>Value £000s</u>
Listed	
RSA Insurance Group plc 7.375% pref share	105
AIM	
SpaceandPeople plc	1,382
ISDX Growth Market	
Wheelsure Holdings plc	86
Unquoted	
Attila (BR) Ltd – loan notes	945
Kemnal Investments Ltd – loan notes	466
Lancashire Tea Ltd (in liquidation) – loan notes	15
Memorial Holdings Ltd	441
Others	—
Total	<u>3,440</u>

As at 30 June 2014, the remainder of the Group's total assets consisted of current assets (£1.76 million), including cash and cash equivalents (£1.044 million). These current assets represented 8.09 per cent. of the total assets of the Group as at 30 June 2014.

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 Board does not anticipate that the approval, or not, of the Proposals will materially affect any potential refinancing negotiations or the terms thereof.

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

6. 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.

7. Details of the Delisting, Admission and the issue of the Placing Shares and Warrants

In order to effect the Delisting, Admission and Placing, the Company will require, *inter alia*, shareholder approval of the Resolutions at the General Meeting. The Resolutions (as set out in the Notice of General Meeting) will, *inter alia*, authorise the directors of the Company to:

- (i) cancel the listing of Ordinary Shares on the Official List, remove such Ordinary Shares from trading on the Main Market and apply for Admission of the Ordinary Shares and Shareholder Warrants to trading on AIM; and
- (ii) allot the Placing Shares and issue the Shareholder Warrants and Supporter Warrants and disapply statutory pre-emption rights in respect of their issue.

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.

Conditional on the Resolutions being approved at the General Meeting and the Placing Agreement not having been terminated in accordance with its terms, the Company will apply to cancel the listing of Ordinary Shares on the Official List and to trading on the Main Market and give 20 business days' notice of its intention to seek admission to trading on AIM. Conditional on the Resolutions being approved at the General Meeting and Admission taking place, the Company will issue the Placing Shares, the Shareholder Warrants and Supporter Warrants.

It is anticipated that the last day of dealing in the Ordinary Shares on the Main Market will be 28 November 2014. Cancellation of the listing of Ordinary Shares on the Official List will take effect at 8.00 a.m. on 1 December 2014, being not less than 20 business days from the passing of the Resolutions. Admission is expected to take place, and dealings in Ordinary Shares (including the Placing Shares) and the Shareholder Warrants are expected to commence on AIM, at 8.00 a.m. 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.

Although it is their intention, there is no guarantee that the Directors will be successful in achieving Admission of the Ordinary Shares to trading on AIM. The Company must meet the following requirements in order for the Ordinary Shares to be considered eligible for Admission: (i) it must appoint and retain a nominated adviser and broker; (ii) the Ordinary Shares must be freely transferable; (iii) electronic settlement arrangements must be put in place with regard to the Ordinary Shares; (iv) all of the Ordinary Shares must be admitted to AIM; and (v) the Company must produce an Admission Document. In addition, as an investing company (as defined in the AIM Rules) the Company must meet certain additional specific requirements. The Company must: (i) raise a minimum of £3 million in cash via an equity fundraising at or shortly prior to Admission; and (ii) have a stated investing policy. The Company should also (i) be a close-ended entity not requiring a restricted investor base; (ii) not have a complex structure; and (iii) issue primarily ordinary shares. The Directors note the proposed issue of Shareholder Warrants and Supporter Warrants, which matter has been discussed in advance with AIM. The London Stock Exchange may also make Admission subject to one or more special conditions, and a failure to satisfy any such condition may mean that Admission is refused. The Directors and the Proposed Directors believe that the Company either already does or will satisfy the above requirements, and will therefore be considered to be eligible for Admission.

The Company's nominated adviser must also satisfy itself that the Company is appropriate for Admission. In assessing this, the nominated adviser must satisfy itself as to the appropriateness of: (i) the Directors and Proposed Directors and the efficacy of the board of the Company; (ii) the pre-Admission due diligence process; (iii) the Admission Document; (iv) the Company's systems and controls; and (v) certain other matters relating to the Company's status as an investing company (as defined in the AIM Rules). Westhouse has confirmed that, as at the date of this document, it is not aware of any reason why it will not be able to give the required confirmation.

Furthermore, before Admission can be effective, all of the conditions in the Placing Agreement must be either satisfied or waived. If any of the Resolutions are not passed at the General Meeting, the requirements for Admission are not met, the conditions in the Placing Agreement are not either satisfied or waived, the Placing Agreement is terminated prior to Admission or if it becomes clear that Admission will not take place on 1 December 2014 (or such later date as may be agreed in writing between the Company and Westhouse but in any event not later than 30 December 2014), the Directors will not apply for the cancellation of the listing of the Ordinary Shares on the Official List.

8. Information on the Placing and use of proceeds

Information on the Placing

The Company is proposing to raise £11.4 million (assuming the Placing is fully subscribed and before expenses) by way of a placing of 3,973,510 new Ordinary Shares at the Placing Price. The Placing Shares will represent approximately 42.5 per cent. of the Enlarged Share Capital of the Company (assuming the Placing is fully subscribed). The Placing Price represents:

- a 9.3 per cent. premium to the Closing Price of 262.5 pence per Ordinary Share on 24 June 2014 (being the latest practicable date prior to the announcement that the Board was considering the Proposals); and
- a 4.9 per cent. premium to the Closing Price of 273.5 pence per Ordinary Share on 7 October 2014 (being the latest practicable date prior to the announcement of full details of the Proposals).

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 produce the Adjusted NAV Per Ordinary Share, the NAV Per Ordinary Share has been adjusted for the movement in the share price of SpaceandPeople plc (being the Company's most significant quoted shareholding — see section 5 of this Part I) 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). 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.

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 with certain institutional and other investors. 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. On the basis of such commitments and holdings of Ordinary Shares as at 7 October 2014, being the latest practicable date prior to the date of this document, the Company is aware of the following persons who were (as at 7 October 2014) or will be immediately following Admission (assuming the Placing is fully subscribed and that the Shareholders do not trade in any Ordinary Shares between 7 October 2014 and Admission), interested, directly or indirectly, in three per cent. or more of the issued share capital of the Company:

<u>Name</u>	<u>Number of Ordinary Shares currently held</u>	<u>Percentage of issued share capital currently held</u>	<u>Number of Ordinary Shares held immediately following Admission</u>	<u>Percentage of Enlarged Share Capital</u>
Revcap Estates 24 Limited	1,170,452	21.8	1,170,452	12.5
The Trustees of the Rowe Trust	644,209	12.0	644,209	6.9
A P Stirling	468,436	8.7	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

The Placing is conditional, *inter alia*, on:

- the passing of the Resolutions;
- the conditions in the Placing Agreement having been satisfied or (if applicable) waived and the Placing Agreement not having been terminated in accordance with its terms prior to Admission; and
- Admission becoming effective by no later than 8.00 a.m. on 1 December 2014 (or such later time and/or date, being no later than 8.00 a.m. on 30 December 2014, as the Company and Westhouse may agree).

The Placing Agreement contains customary warranties given by the Company to Westhouse as to matters relating to the Group and its business and a customary indemnity given by the Company to Westhouse in respect of liabilities arising out of or in connection with the Placing. 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.

The Placing Shares will be issued credited as fully paid and will rank in full for all dividends and other distributions declared, made or paid in respect of Ordinary Shares following Admission and will otherwise rank on Admission *pari passu* in all respects with the existing Ordinary Shares. The Placing Shares are not being made available to the public and are not being offered or sold in or into any jurisdiction where it would be unlawful to do so.

Application will be made to the London Stock Exchange for the Ordinary Shares (including the Placing Shares) and Shareholder Warrants to be admitted to trading on AIM. On the assumption that, *inter alia*, the Resolutions are passed, it is expected that Admission will become effective on 1 December 2014.

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 Warrants 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.

9. Information on the Capital Reduction

Share buybacks

The board of the Company will, from time to time, consider the desirability of implementing a share buyback and the Resolutions include a standard share buyback authority. 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.

Capital Reduction

Amounts credited to the share premium account of the Company have arisen on the issue by the Company of Ordinary Shares at a premium to their nominal value and form a non-distributable capital reserve. The Company's share premium account will be increased by the issue of Ordinary Shares at the Placing Price (being an issue at a premium to the nominal value of the Ordinary Shares of 25 pence each). The Company's ability to distribute any amount credited to the share premium account is limited by the Act. In particular, it cannot be used for the payment of dividends or to fund share buybacks.

Under the Act, a public company may reduce its capital and share premium account provided that it obtains the approval of its shareholders by special resolution in a general meeting and that the Court confirms the reduction. The reserve arising on such a reduction in capital may be credited to the public company's profit and loss account.

As set out above, from time to time after Admission, the board of the Company will consider the desirability of implementing a share buyback. In order to generate the distributable reserves to facilitate any such share buyback or payment of dividends that the board of the Company may in the future approve, it is proposed that, subject to the approval of the Court, the share premium account be reduced by cancelling the entire amount of the share premium account following the Placing. The amount standing to the credit of the share premium account immediately following Admission (and therefore being the amount reduced by the Capital Reduction) is expected to be approximately £12.7 million (assuming the Placing is fully subscribed). The Resolutions being considered by Shareholders at the General Meeting therefore include a special resolution to approve the Capital Reduction.

Court confirmation

If the Capital Reduction is approved by Shareholders, the Company intends to apply to the Court for an appropriate Court order by the end of January 2015. The Capital Reduction will only take effect if confirmed by the Court and upon the order of the Court confirming the Capital Reduction being registered with the Registrar of Companies in England and Wales.

In seeking the Court's approval, it will be necessary for the Company to satisfy the Court that the interests of the Company's creditors are not prejudiced by the Capital Reduction and accordingly, if required by the Court, the Company will give such undertakings to the Court as are appropriate.

If, for any reason, the Capital Reduction is not confirmed by the Court, the Capital Reduction will not proceed. The Capital Reduction will not affect the validity or the number of the Ordinary Shares held by Shareholders and existing share certificates will remain valid.

10. Consequences of the move to AIM

Following Admission, the Company will be subject to the AIM Rules. Shareholders should note that AIM is operated by the London Stock Exchange but self-regulated and the protections afforded to investors in AIM companies are less rigorous than those afforded to investors in companies listed on the premium segment of the Official List.

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 premium segment of the Official List, there are certain exceptions, including those referred to below:

- Under the AIM Rules, prior shareholder approval is required only for: (i) reverse takeovers (being an acquisition or acquisitions in a twelve month period which would: (a) exceed 100 per cent. in various class tests; (b) result in a fundamental change in the Company's business, board or voting control; or (c) in case of

an investing company result in a material departure from the Company's investing policy (both as defined in the AIM Rules), save that an acquisition made by an investing company in accordance with its investing policy, which only breaches the profit and turnover class tests and does not result in a fundamental change of business, board or voting control would not be considered a reverse takeover); (ii) disposals which, when aggregated with any other disposals over the previous twelve months, would result in a fundamental change of business (being disposals that exceed 75 per cent. in various class tests); or (iii) any material change to the investing policy. Under (i)(b) above, shareholder approval is in particular required when an acquisition not exceeding 100 per cent. in any of the relevant class tests is, following consultation with AIM, nonetheless considered to be a reverse takeover pursuant to the AIM Rules. Under the Listing Rules, a more extensive range of transactions, including certain related party transactions, are conditional on shareholder approval and require publication of a detailed circular.

- There is no requirement under the AIM Rules for a prospectus or an admission document to be published for further issues of securities to institutional investors, except when seeking admission for a new class of securities to be admitted to trading on AIM or as otherwise required by law.
- Unlike the Listing Rules, the AIM Rules do not specify any required structures or discount limits in relation to further issues of securities.
- Compliance with the Corporate Governance Code is not mandatory for companies whose shares are admitted to trading on AIM and the Proposed Directors intend to comply with the QCA Code following Admission where appropriate and practicable given the size of the Company.
- The ABI Guidelines, which give guidance on issues such as executive compensation and share based remuneration, corporate governance, share capital management and the issue and allotment of shares on a pre-emptive or non pre-emptive basis, do not apply directly to companies whose shares are admitted to trading on AIM. The Proposed Directors will nevertheless give due regard to these rules in the context of the establishment of long-term retention share schemes as outlined in section 12 of this Part I.
- Under the Listing Rules, a company is required to appoint a 'sponsor' for the purposes of certain corporate transactions, such as when undertaking a large transaction or capital raising. The responsibilities of the sponsor include providing assurance to the FCA, when required, that the responsibilities of the listed company have been met. The AIM Rules do not contain an obligation to appoint a 'sponsor'. However, the AIM Rules require that AIM companies retain a nominated adviser and broker at all times.
- 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.
- Certain securities laws will no longer apply to the Company following Admission, for example the Disclosure and Transparency Rules (save that DTR Chapter 5 in respect of significant shareholder notifications will continue to apply to the Company). This is because AIM is not a regulated market for the purposes of the European Union's directives relating to securities.
- The cancellation may have implications for Shareholders holding shares in a Self-Invested Personal Pension (SIPP). For example, shares in unlisted companies may not qualify for certain SIPPs under the terms of that SIPP and, if in any doubt, Shareholders should consult with their SIPP provider immediately.
- Transactions in securities admitted to trading solely on AIM are not subject to stamp duty and stamp duty reserve tax.
- Following Admission, there will be no requirement under the Act for the Company to table at its annual general meeting shareholder resolutions in respect of a directors' remuneration report or directors' remuneration policy.

The comments on the tax implications described in this document are based on the Directors' current understanding of tax law and practice, are not tailored to any individual circumstances and are primarily directed at individuals who are UK resident and domiciled. Tax rules can change and the precise tax implications for you will depend on your particular circumstances. If you are in any doubt as to your tax position, you should consult your own independent professional adviser.

Following Admission, Ordinary Shares that are held in uncertificated form will continue to be held in and dealt with through CREST. Share certificates representing those Ordinary Shares held in certificated form will continue to be valid and no new Ordinary Share certificates will be issued. 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.

11. Risk factors

Please refer to Part III of this document for information on the risks relating to the Proposals.

12. 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.

13. General Meeting

The Notice of General Meeting is set out at the end of this document. Entitlement to attend and vote at the General Meeting and the number of votes which may be cast at the General Meeting will be determined by reference to holdings in Ordinary Shares at the Voting Record Time.

The General Meeting has been convened for 10.00 a.m. on 31 October 2014 at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL to enable Shareholders to consider and, if thought fit, pass the Resolutions set out in the Notice of General Meeting. Each of Resolutions 1, 3, 4, 6 and 7 will be proposed as special resolutions and the majority required for the passing of each such Resolution at the General Meeting is 75 per cent. or more of the votes cast. Resolutions 2, 5 and 8 will be proposed as ordinary resolutions and the majority required for the passing of such Resolutions at the General Meeting is more than 50 per cent. of the votes cast.

The Proposals are conditional on all of the Resolutions being passed.

Resolution 1 – Delisting from the Official List and Admission to AIM

Resolution 1 will be proposed as a special resolution to authorise the directors of the Company to cancel the listing of the Ordinary Shares on the Official List, to remove such Ordinary Shares from trading on the Main Market and to apply for admission of the Ordinary Shares (including the Placing Shares) to trading on AIM.

Resolution 2 – Authority to allot the Placing Shares, to grant the Shareholder Warrants and the Supporter Warrants and the granting of additional standard authorities

Resolution 2 will be proposed as an ordinary resolution. It contains five separate authorities (2(i)-2(v)), of which 2(i)-2(iii) are specifically related to the Proposals as distinct from 2(iv) and 2(v) which are standard shareholder resolutions ordinarily sought at an annual general meeting by a company with shares admitted to trading on AIM:

- Resolution 2(i) will authorise the directors of the Company to allot the Placing Shares under section 551 of the Act up to a maximum aggregate nominal value of £993,377.50, being 74 per cent. of the nominal value of the issued ordinary share capital of the Company as at 7 October 2014. (As at the date of this document, the Company holds no treasury shares.) The Directors intend to exercise such authority to conduct the Placing as described in more detail in section 7 of this Part I.
- Resolution 2(ii) will further authorise the directors of the Company to grant the Shareholder Warrants under section 551 of the Act to subscribe for, in aggregate, up to 1,073,976 Ordinary Shares up to a maximum aggregate nominal value of £268,494, being 20 per cent. of the nominal value of the issued ordinary share capital of the Company as at 7 October 2014 and 11.5 per cent. of the Enlarged Share Capital (assuming the Placing is fully subscribed). The Directors intend to exercise such authority to issue the Shareholder Warrants to the existing Shareholders as described in more detail in section 2 of Part I of this document and such Shareholder Warrants shall have the rights described in section A of Part IV of this document.
- Resolution 2(iii) will further authorise the directors of the Company to grant the Supporter Warrants under section 551 of the Act to subscribe for, in aggregate, up to 850,000 Ordinary Shares up to a maximum aggregate nominal value of £212,500, being 15.8 per cent. of the nominal value of the issued ordinary share

capital of the Company as at 7 October 2014 and 9.1 per cent. of the Enlarged Share Capital (assuming the Placing is fully subscribed). The Directors intend to exercise such authority to issue the Supporter Warrants to the persons described in more detail in section 2 of Part I of this document and such Supporter Warrants shall have the rights described in section B of Part IV of this document.

The authorities granted pursuant to Resolutions 2(i)–2(iii) will expire on the earlier of (i) the date immediately following Admission (unless otherwise agreed between the Company and Westhouse) and (ii) the conclusion of the Company's next annual general meeting.

- The Directors and Proposed Directors of the Company consider it important to have the maximum ability and flexibility commensurate with good corporate governance guidelines to raise finance to enable the Company to respond to market developments and conditions. Resolutions 2(iv) and 2(v) are standard authorities sought at an annual general meeting by similar companies with shares admitted to trading on AIM, and will further authorise the directors of the Company to allot shares or grant such subscription or conversion rights under section 551 of the Act up to a maximum aggregate nominal value of £1,557,232, being approximately two-thirds of the nominal value of the Enlarged Share Capital (assuming the Placing is fully subscribed). To the extent that such nominal value represents more than two-thirds of the nominal value of the Enlarged Share Capital the directors of the Company undertake not to exercise such powers in respect of the amount by which that authority exceeds such two-thirds amount. £778,616 of this authority is reserved for a fully pre-emptive rights issue. The Directors have no present intention of exercising such authority. If the directors of the Company use the authorities granted under Resolutions 2(iv) and 2(v) to issue (in aggregate) more than one-third of the nominal value of the Enlarged Share Capital, then all of the directors of the Company would submit themselves for re-election at the following annual general meeting of the Company.

The authorities granted pursuant to Resolutions 2(iv) and 2(v) will expire at the conclusion of the next annual general meeting of the Company.

Resolution 3 – Disapplication of pre-emption rights

If the directors of the Company wish to allot new shares or other equity securities for cash, the Act requires that such shares or other equity securities are offered first to existing Shareholders in proportion to their existing holding. The allotment of equity securities as referred to in this Resolution includes the sale of any shares which the Company holds in treasury following a purchase of its own shares.

Resolution 3 will be proposed as a special resolution and asks the Shareholders to authorise the directors of the Company to allot equity securities for cash without offering them first to existing Shareholders in proportion to their existing holding.

Resolutions 3(i)–3(iii) are related to Resolutions 2(i)–2(iii) above and are therefore related to the Proposals, whereas Resolutions 3(iv) and 3(v) are standard authorities sought at an annual general meeting by similar companies with shares admitted to trading on AIM.

- Resolutions 3(i)–3(iii) will respectively authorise the directors of the Company to allot:
 - equity securities for cash up to an aggregate nominal value of £993,377.50 (being 74 per cent. of the Company's issued ordinary share capital as at 7 October 2014) pursuant to the issue of the Placing Shares;
 - equity securities for cash up to an aggregate nominal value of £268,494 (being 20 per cent. of the Company's issued ordinary share capital as at 7 October 2014 and 11.5 per cent. of the Enlarged Share Capital) pursuant to the issue of the Shareholder Warrants; and
 - equity securities for cash up to an aggregate nominal value of £212,500 (being 15.8 per cent. of the Company's issued ordinary share capital as at 7 October 2014 and 9.1 per cent. of the Enlarged Share Capital) pursuant to the issue of the Supporter Warrants,

in each case as described in more detail in sections 2, 7 and 8 of this Part I, without offering them first to existing Shareholders in proportion to their existing holding.

- Resolutions 3(iv) and 3(v) will authorise the directors of the Company to allot further equity securities for cash up to an aggregate nominal value of £116,792.50 (being 8.7 per cent. of the Company's issued share capital as at 7 October 2014 and 5 per cent. of the Enlarged Share Capital) without first offering the securities to existing Shareholders. They will also disapply the statutory pre-emption provisions in connection with a rights issue only in relation to the amount permitted under Resolution 2(v), allowing the directors of the Company to make appropriate arrangements in relation to fractional entitlements or other legal or practical problems which might arise.

The authorities granted pursuant to Resolutions 3(i)–3(iii) will expire on the earlier of (i) the date immediately following Admission (unless otherwise agreed between the Company and Westhouse) and (ii) the conclusion of the Company's next annual general meeting. The authorities granted pursuant to Resolutions 3(iv) and 3(v) will expire at the conclusion of the next annual general meeting of the Company.

Resolution 4 – Capital Reduction

Resolution 4 will be proposed as a special resolution in order to cancel the share premium account of the Company, including the share premium arising on the issue of the Placing Shares. The cancellation of the share premium account will generate distributable reserves to facilitate the payment of dividends and any share buyback that the directors of the Company may in the future approve. The Capital Reduction process, including the required Court confirmation, is described in more detail in section 9 of this Part I.

Resolution 5 – Change of the Company's investing policy

Resolution 5 will be proposed as an ordinary resolution to change the Company's investing policy being an integral part of the Proposals as described in more detail in sections 2, 5 and 6 of this Part I.

Resolution 6 – Share buyback authority

Resolution 6 will be proposed as a special resolution to authorise the directors of the Company to make market purchases of the Company's own Ordinary Shares, such authority being limited to the purchase of 10 per cent. of the Ordinary Shares in issue immediately following Admission. The maximum and minimum prices payable are also prescribed by Resolution 6. The authority will only be exercised if the directors of the Company consider that it is in the best interests of the Shareholders at the time. The Company will be able to hold the Ordinary Shares which have been repurchased as treasury shares and re-sell them for cash or cancel them.

Resolution 7 – Adoption of New Articles

Resolution 7 will be proposed as a special resolution to adopt New Articles in a form appropriate for the Company from Admission.

The broad effect of the proposed amendments are:

- deleting the memorandum of association (including reference to the Company carrying on the business of an Authorised Investment Trust);
- in accordance with the Act, expressly stating that the liability of the members is limited and that the registered office is in England & Wales;
- deleting references to the authorised share capital;
- deleting an article prohibiting the directors of the Company from making any distribution as dividend or surplus arising from the realisation of investments (this restriction had been required in order to operate as an Authorised Investment Trust);
- increasing the cap on directors' fees from £72,000 to £200,000;
- updating references from the Companies Act 1985 to the Act;
- updating references from the Mental Health (Scotland) Act 1960 to the Mental Health (Scotland) Act 1984; and
- updating references from the Financial Services Act 1986 to the FSMA.

The New Articles (together with a comparison showing the proposed changes) will be available for inspection from the date of this document until the close of the General Meeting at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL and at www.greshamhouse.com.

Resolution 8 – Approval of the issue of Placing Shares at a discount to the NAV Per Ordinary Share

Resolution 8 will be proposed as an ordinary resolution to authorise the directors of the Company to issue the Placing Shares for cash at a price of 286.9 pence each. This Resolution 8 is required under the Listing Rules as the Company is a closed-ended investment fund (for Listing Rule purposes) and the Placing Price is at a 13.5 per cent. discount to the NAV Per Ordinary Share and the Placing Shares are not being offered pro rata to existing Shareholders.

The Resolutions are all inter-conditional and the Proposals will not proceed unless all of the Resolutions are passed. Resolutions 2-8 are also all conditional upon Admission.

14. Irrevocable Undertakings

To become effective, the Proposals require, amongst other things, the approval of the Resolutions at the General Meeting convened for 10.00 a.m. on 31 October 2014.

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.

15. Recommendation

The Board, which has received financial advice from Westhouse, considers the Proposals and the passing of all of the Resolutions to be in the best interests of the Shareholders as a whole and, accordingly, unanimously recommends that Shareholders vote in favour of all of the Resolutions at the General Meeting. The Company's Directors intend to vote their own shareholdings, totalling 249,897 Ordinary Shares, representing approximately 4.65 per cent. of the Company's existing issued ordinary share capital, in favour of each of the Resolutions.

In providing its advice, Westhouse has taken into account the commercial assessments of the Board.

Yours sincerely,

Antony Ebel
Non-Executive Chairman

PART II

ACTION TO BE TAKEN

For the reasons set out in this document, the Directors unanimously consider that the Proposals, details of which are contained in this document, are in the best interests of Shareholders. Accordingly, in order to implement the Proposals, the Directors recommend that you vote in favour of the Resolutions, as the Directors intend to do in respect of their own beneficial holdings of Ordinary Shares, and that you take the action described below.

Implementation of the Proposals requires the passing of all of the Resolutions by the Shareholders at the General Meeting.

Please check you have received the following with this document:

- a Form of Proxy for use in respect of the General Meeting; and
- (if you live in the United Kingdom) a reply paid envelope for use in the United Kingdom.

If you have not received all of these documents please contact the Company's registrars, Neville Registrars, on the telephone number set out at the end of this section.

To vote on the Proposals:

Whether or not you plan to attend the General Meeting, PLEASE COMPLETE AND SIGN the Form of Proxy and return it to the Company's registrars, Neville Registrars, at Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA as soon as possible, but in any event so as to be received by no later than 10.00 a.m. on 29 October 2014 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned General Meeting). The Form of Proxy has a pre-paid address for your convenience for use in the UK only. Unless the Form of Proxy is returned by the time mentioned in the instructions printed thereon, it will be invalid.

If you hold your Ordinary Shares in uncertificated form (that is, in CREST) you may vote using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes in the Notice of General Meeting set out at the end of this document). Proxies submitted via CREST (under CREST participant **ID 7RA11**) must be received by the Company's registrars, Neville Registrars, not later than 10.00 a.m. on 29 October 2014 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned General Meeting).

The completion and return of the Form of Proxy will not prevent you from attending and voting at the General Meeting, or any adjournment thereof, in person should you wish to do so and are so entitled.

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. **No such existing Shareholders need take any action in order to receive such Shareholder Warrants, which will be issued to such existing Shareholders automatically if the Proposals are approved and Admission occurs.**

Helpline:

If you have any questions relating to this document or the completion and return of the Form of Proxy, please call the Company's registrars, Neville Registrars, on +44(0) 121 585 1131 between 9.00 a.m. and 5.00 p.m. (London time), Monday to Friday (excluding bank or public holidays). Please note that, for legal reasons, Neville Registrars cannot give you any advice on the merits of the Proposals or provide any personal financial, legal or taxation advice in connection with the Proposals. Calls to the helpline from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be monitored and recorded for security and training purposes.

PART III

RISK FACTORS

You should carefully consider the risks and uncertainties described below, together with all other information in this document.

The risk factors described below do not purport to be an exhaustive list and do not necessarily comprise all of the risks and uncertainties facing the Group or which are associated with an investment in the Ordinary Shares. 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 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; and
- 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

Resolution 1 contained in the Notice of General Meeting is proposed to authorise the directors of the Company to cancel the listing of the Ordinary Shares on the Official List, to remove such Ordinary Shares from trading on the Main Market and to apply for admission of the Ordinary Shares (including the Placing Shares) to trading on 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. 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 as set out in more detail in section 10 of Part I above, 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 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.

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 to be issued pursuant to Resolutions 2 and 3 contained in the Notice of General Meeting 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.

2. Risks if Shareholders do not approve the Proposals or if Admission to AIM does not otherwise occur

If any of the Resolutions are not passed at the General Meeting or if the Placing Agreement relating to the Admission of the Ordinary Shares and Shareholder Warrants to trading on AIM is terminated prior to Admission, then Admission will not occur and the Proposals will not be implemented and the Company will, in the short term, continue as an Authorised Investment Trust with the objective of realising the Company's assets with a view to returning capital to Shareholders and its Ordinary Shares will continue to be listed on the premium segment of the Official List and traded on the Main Market. In such circumstances, the Directors would need to consider the most appropriate means of returning capital to Shareholders. The plan currently being contemplated by the Directors would involve a further circular being sent to Shareholders seeking their permission to restructure the Group (involving the hiving down of the Company's key assets into unquoted special purpose vehicles) and to appoint liquidators to the Company. Under this plan, a distribution could be made to Shareholders comprising (i) a small amount of cash, (ii) a distribution in specie of certain quoted shares held by the company and (iii) shares in the special purpose vehicles. Shareholders would then hold the shares in the special purpose vehicles until the relevant assets held by each special purpose vehicle was realised, after which these special purpose vehicles would themselves be wound up in order to return capital to Shareholders. This process would be expected to take at least three to four years to complete (in particular because of the payment policies being adopted by residential developers who wish to spread the payment of consideration monies over an extended time frame as they phase residential developments to reduce risk (residential developers are among the targeted purchasers of the Group's property assets)).

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.

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

Resolution 5 contained in the Notice of General Meeting proposes that the Company adopt the New Investing Policy as its investing policy.

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 Director's 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 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 (including under the allotment authority contained in Resolution 2 would result in dilution of existing Shareholders

Under the Proposed Directors' strategy, the Company may make acquisitions for cash or share consideration. Resolution 2 contained in the Notice of General Meeting includes a "one-third" general allotment authority (as more fully described in section 13 of Part I of this document). In circumstances where Ordinary Shares are used as consideration to make an acquisition by the Company, it may be that the directors of the Company use some or all of this authority to issue Ordinary Shares as consideration without the requirement for any further shareholder approvals (as share for share transactions of this kind do not, in themselves, require separate disapplication of Shareholders' pre-emption rights). 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.

4. 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 investments 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.

For the potential effect of the outcome of the Proposals on the refinancing see section 2 of this Part III.

PART IV

PRINCIPAL TERMS OF THE WARRANTS

SECTION A : SHAREHOLDER WARRANTS

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).

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 Warrantholders 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 Warrantholders 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 Warrantholders 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 Warrantholder 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 Warrantheolders 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 Warrantheolders as if their respective Shareholder Warrants had been exercised and the Shareholder Warrantheolders 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 Warrantheolders 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 Warrantheolders:

- 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 Warrantheolders, 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 Warrantheolder 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 Warrantheolders 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 Warrantheolders 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 Warrantheolders

Meetings of Shareholder Warrantheolders 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 Warrantheolders, by way of Extraordinary Resolution, shall have power to:

- sanction any compromise or arrangement proposed to be made between the Company and the Shareholder Warrantheolders 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 Warrantheolders, 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 Warrantheolders 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 Warrantheolders 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 Warrantheolders 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 Warrantheolders 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 Warrantheolders. 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 Warrantheolders duly convened and held in accordance with the Shareholder Warrant Instrument shall be binding upon all Shareholder Warrantheolders whether or not present at the meeting and each of the Shareholder Warrantheolders 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 Warrantheolder 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.

SECTION B : SUPPORTER WARRANTS

The Supporter Warrants are on the same terms as the Shareholder Warrants, save as set out below:

Transfer

The Supporter Warrants will be transferable only to certain family members, trusts or companies connected with the relevant Warrantheolder

Exercise of Warrants

Each Supporter Warrant may be exercised by its Warrantheolder on any day from the first anniversary of the Admission Date to (and including) 31 December 2019.

Listing

The Supporter Warrants will not be listed.

DEFINITIONS

The following definitions apply throughout this document (including the Notice of General Meeting) and the Form of Proxy unless the context requires otherwise:

“ABI Guidelines”	the guidelines issued by the Association of British Insurers and other members of the Institutional Shareholders Committee
“Act”	the Companies Act 2006 (as amended) from time to time
“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 8 of Part I of this document
“Admission”	the admission of the issued and to be issued Ordinary Shares (including the Placing Shares) and the Shareholder Warrants to trading on AIM (or any of them as the context requires)
“Admission Date”	the date on which Admission becomes effective
“Admission Document”	the document published by the Company in accordance with Rule 3 of the AIM Rules in connection with Admission
“Advisory Group”	the advisory group of the Company, described in section 4 of Part I 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”	the AIM Rules for Companies published by the London Stock Exchange from time to time
“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 current directors of the Company whose names are set out on page 5 of this document
“Capital Reduction”	the capital reduction proposed under the Resolutions and as described in section 9 of Part I of this document
“CEO”	chief executive officer
“certificated” or “in certificated form”	a share or other security not held in uncertificated form (i.e. not in CREST)
“Closing Price”	the closing middle market quotation of an Ordinary Share as derived from the Daily Official List of the London Stock Exchange
“Company” or “Gresham”	Gresham House plc, a company registered in England and Wales with registered number 871
“Co-operative Bank”	The Co-operative Bank plc
“Corporate Governance Code”	the UK Corporate Governance Code issued by the Financial Reporting Council in September 2012, as amended from time to time
“Court”	the High Court of England and Wales
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time

“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” or “DTR”	the disclosure and transparency rules made by the FCA in exercise of its functions 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)
“Financial Conduct Authority” or “FCA”	the Financial Conduct Authority of the UK
“Form of Proxy”	the enclosed form of proxy for use by Shareholders in connection with the General Meeting
“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 for 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 this document
“Group”	the Company and its subsidiary undertakings
“HMRC”	HM Revenue & Customs
“Investment Committee”	the investment committee of the Company, described in section 4 of Part I of this document
“ISDX Growth Market”	the ISDX Growth Market operated by ICAP Securities & Derivatives Exchange Limited, for dealings in unlisted securities
“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”	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)
“Neville Registrars”	Neville Registrars Limited, the Company’s registrars
“New Articles”	the new articles of association to be adopted by the Company under the Resolutions
“New Investing Policy”	the Company’s proposed new investing policy, as set out in section 6 of Part I of this document
“Notice” or “Notice of General Meeting”	the notice of General Meeting set out at the end of this document

“Official List”	the Official List of the Financial Conduct 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 with investors 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
“Placing Price”	the price of 286.9 pence per Placing Share
“Placing Shares”	the 3,973,510 new Ordinary Shares conditionally placed pursuant to the Placing that will be allotted subject to, <i>inter alia</i> , the passing of the Resolutions and Admission
“Proposals”	collectively, the Delisting, Admission, the Placing (at an 11.25 per cent. discount to the Adjusted NAV Per Ordinary Share), 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
“Proposed Directors”	those individuals whose names appear on page 5 of this document and whose biographies appear in section 4 of Part I 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 published by the QCA in May 2013
“Record Date”	6.00 p.m. on the last day of dealings of Ordinary Shares on the Main Market
“Resolutions”	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting
“Securities Act”	United States Securities Act of 1933 (as amended)
“Shareholder Warrantholders”	holders of the Shareholder Warrants
“Shareholder Warrant Instrument”	the warrant instrument dated 7 October 2014, more details of which are set out in Section A of Part IV 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 2 of Part I of this document
“Shareholder Warrants”	warrants to subscribe for Ordinary Shares on the terms set out in 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, more details of which are set out in Section B of Part IV 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 2 of Part I of this document
“Supporter Warrants”	warrants to subscribe for Ordinary Shares on the terms set out in the Supporter Warrant Instrument
“uncertificated” or “in uncertificated form”	recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of the CREST system
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America
“Voting Record Time”	6.00 p.m. on 29 October 2014
“VWAP”	the volume weighted average price
“Warranholders”	the holders of Shareholder Warrants and/or Supporter Warrants
“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

NOTICE OF GENERAL MEETING

GRESHAM HOUSE PLC

(Incorporated in England and Wales with registered number 871)

NOTICE is hereby given that a General Meeting of Gresham House plc (the “**Company**”) will be held at the offices of Travers Smith LLP at 10 Snow Hill, London EC1A 2AL on 31 October 2014 at 10.00 a.m. for the purpose of considering and (if thought fit) passing the Resolutions set out below of which Resolutions 2, 5 and 8 will be proposed as ordinary resolutions and resolutions 1, 3, 4, 6 and 7 will be proposed as special resolutions.

Defined terms in this Notice of General Meeting shall have the same meaning as contained in the document of which this Notice forms part.

SPECIAL RESOLUTION

1. THAT, subject to and conditional upon Resolutions 2 to 8 set out in this Notice being duly passed (save insofar as they relate to this Resolution 1 being passed), the directors of the Company be and are hereby authorised to cancel the listing of the ordinary shares in the capital of the Company on the Official List of the Financial Conduct Authority and to remove such ordinary shares from trading on the Main Market for listed securities and to apply for admission of the ordinary shares to trading on AIM, a market operated by the London Stock Exchange.

ORDINARY RESOLUTION

2. THAT, subject to and conditional upon (i) Admission and (ii) Resolutions 1 and 3 to 8 set out in this Notice being duly passed (save insofar as they relate to this Resolution 2 being passed), for the purposes of section 551 of the Act (and so that expressions used in this Resolution 2 shall bear the same meanings as in the said section 551):
 - (i) the directors of the Company be and are generally and unconditionally authorised to exercise all powers of the Company 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 to such persons and at such times and on such terms as they think proper, such authority to expire, unless sooner revoked or varied by the Company in general meeting, 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 Securities Limited) and (ii) the conclusion of the Company’s next annual general meeting; and further
 - (ii) the directors of the Company be and are generally and unconditionally authorised to exercise all powers of the Company to issue warrants (the “**Shareholder Warrants**”) to Shareholders of the Company as at 6.00 p.m. on the last day of dealings in Ordinary Shares on the Main Market 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, unless sooner revoked or varied by the Company in general meeting, 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 Securities Limited) 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; and further
 - (iii) the directors of the Company be and are generally and unconditionally authorised to exercise all powers of the Company to issue warrants (the “**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, unless sooner revoked or varied by the Company in general meeting, 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 Securities Limited) and (ii) the conclusion of the Company’s next annual general meeting; and further
 - (iv) the directors of the Company be and are generally and unconditionally authorised to exercise all powers of the Company 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 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) 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); and further

- (v) the directors of the Company be and are generally and unconditionally authorised to exercise all powers of the Company 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 hereby authorised to make prior to the expiry of any such periods 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 this Resolution 2.

SPECIAL RESOLUTION

3. THAT, subject to and conditional upon (i) Admission and (ii) Resolutions 1, 2 and 4 to 8 set out in this Notice being duly passed (save insofar as they relate to this Resolution 3 being passed), the directors of the Company be and are empowered in accordance with section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash, pursuant to the authority conferred on them in paragraph (2) 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 this Resolution 3 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-paragraphs (i)-(iii) of this paragraph 3) of equity securities in connection with an issue or offering in favour of holders of equity securities (but in the case of the authority granted in paragraph 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-paragraphs (i)-(iv) of this paragraph 3) 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-paragraphs (i), (ii) and (iii) of this paragraph 3, expire on the earlier of (a) the date immediately following Admission (or upon such later date as shall be agreed in writing between the Company and Westhouse Securities Limited) and (b) the conclusion of the Company's next annual general meeting, and in the case of sub-paragraphs (iv) and (v) of this paragraph 3, 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.

SPECIAL RESOLUTION

4. THAT, subject to and conditional upon (i) Admission, (ii) Resolutions 1 to 3 and 5 to 8 set out in this Notice being duly passed (save insofar as they relate to this Resolution 4 being passed) and (iii) confirmation of the Court, the amount standing to the credit of the share premium account of the Company as enlarged by the Placing be cancelled.

ORDINARY RESOLUTION

5. THAT, subject to and conditional upon (i) Admission (ii) Resolutions 1 to 4 and 6 to 8 set out in this Notice being duly passed (save insofar as they relate to this Resolution 5 being passed), the Company's investing policy be changed to the New Investing Policy as set out in the Circular of which this Notice forms part.

SPECIAL RESOLUTIONS

6. THAT, subject to and conditional upon (i) Admission and (ii) Resolutions 1 to 5, 7 and 8 set out in this Notice being duly passed (save insofar as they relate to this Resolution 6 being passed), the Company be and is hereby generally and unconditionally authorised 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:
 - (i) the maximum number of Ordinary Shares hereby authorised to 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);
 - (ii) the minimum price (exclusive of expenses) which may be paid for such Ordinary Shares is 25 pence per share, being the nominal amount thereof;
 - (iii) the maximum price (exclusive of expenses) which may be paid for such Ordinary Shares shall be an amount equal to the higher of: (i) 5 per cent. above the average of the middle market quotations for an Ordinary Share as derived from the 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;
 - (iv) the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date which is 18 months after the date on which this Resolution 6 is passed; and
 - (v) the Company may make a contract to purchase its own Ordinary Shares under the authority conferred by this Resolution 6 prior to the expiry of such authority, and such contract will or may be executed wholly or partly after the expiry of such authority, and the Company may make a purchase of its own Ordinary Shares in pursuance of any such contract.
7. THAT, subject to and conditional upon (i) Admission and (ii) Resolutions 1 to 6 and 8 set out in this Notice being duly passed (save insofar as they relate to this Resolution 7 being passed), pursuant to section 21 of the Act, the articles of association of the Company submitted to the General Meeting and for the purposes of identification signed by the Chairman, be approved and adopted as the articles of association of the Company in substitution for, and to the exclusion of the existing articles of association of the Company as deemed to be altered by virtue of section 28 of the Act.

ORDINARY RESOLUTION

8. THAT, subject to and conditional upon (i) Admission and (ii) Resolutions 1 to 7 set out in this Notice being duly passed (save insofar as they relate to this Resolution 8 being passed), the directors of the Company be and are unconditionally authorised 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 places without first offering such Placing Shares pro rata to existing Shareholders.

BY ORDER OF THE BOARD

B.J. Hallett
Secretary

Registered Office:
235 Hunts Pond Road
Fareham
Hampshire
PO14 4PJ

Date: 8 October 2014

Notes:

- (1) A member of the Company entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and/or vote on their behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the General Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.
- (2) Any member or his proxy attending the General Meeting has the right to ask any questions at the General Meeting relating to the business proposed at it.
- (3) A Form of Proxy is enclosed with this Notice. Instructions for use are shown on the form. Lodging a Form of Proxy will not prevent the member from attending and voting in person. To appoint a proxy you may:
 - (a) use the Form of Proxy enclosed with this Notice of General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be deposited by 10.00 a.m. on 29 October 2014 at the Company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA; or
 - (b) if you are a CREST member, appoint a proxy or proxies through the CREST electronic proxy appointment service which must be settled by 10.00 a.m. on 29 October 2014 and as detailed in notes 5 to 9 below.
- (4) The Company, pursuant to Regulation 41 of the CREST Regulations, specifies that entitlement to attend and vote at the General Meeting or any adjournment thereof, and the number of votes which may be cast thereat, will be determined by reference to the register of members of the Company not more than 48 hours before the time of such meeting or adjourned meeting. Therefore, changes to the register of members after the Voting Record Time or, if the General Meeting is adjourned, after 6.00 p.m. two days prior to the day fixed for the adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the General Meeting.
- (5) If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact Neville Registrars Limited. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior). If you submit more than one valid proxy appointment, the appointment executed last before the latest time for the receipt of proxies will take precedence.
- (6) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual on the Euroclear UK & Ireland website (www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (7) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID 7RA11), by the latest time for receipt of proxy appointments specified in this Notice of General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (8) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

- (9) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the CREST Regulations.
- (10) Any person to whom this Notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a “Nominated Person”) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. Such Nominated Persons are advised to contact the members who nominated them for further information on this.
- (11) The statement of the rights of shareholders in relation to the appointment of proxies in notes 1, 3 and 5-9 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
- (12) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all of its powers as a member provided that no more than one corporate representative exercises powers over the same share.
- (13) In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly revoking your proxy appointment to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Neville Registrars Limited if the General Meeting or any adjourned meeting
- (14) You may not use any electronic address provided in this Notice or any relevant document to communicate with the Company for any purpose other than those expressly stated.
- (15) Copies of the Company’s existing articles of association and copies of the New Articles as amended pursuant to Resolution 7 is available for inspection at www.greshamhouse.com, and can be inspected at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL and at the Company’s registered office, 235 Hunts Pond Road, Fareham, Hampshire PO14 4PJ, until opening of business on the day on which the General Meeting is held and will also be available for inspection at the place of the General Meeting for at least 15 minutes prior to and during the General Meeting.
- (16) As at 7 October 2014 (being the last business day prior to the publication of this Notice), the Company’s issued share capital consists of 5,369,880 Ordinary Shares, carrying one vote each. Therefore the total voting rights in the Company as at 7 October 2014 are 5,369,880.
- (17) The information required to be published by section 311A of the Act may be found at www.greshamhouse.com

[THIS PAGE INTENTIONALLY LEFT BLANK]

