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This document is an admission document prepared in accordance with the AIM Rules for Companies. AIM is a market operated by the London Stock Exchange and this document does not comprise a prospectus for the purposes of the Prospectus Rules and has not been approved by or filed with the Financial Conduct Authority. This document does not constitute an offer of transferable securities to the public within the meaning of the FSMA or otherwise.

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

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GRESHAM HOUSE PLC

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

PROPOSED ACQUISITION OF AITCHESSE LIMITED

AND

ADMISSION OF THE ENLARGED SHARE CAPITAL AND SHAREHOLDER WARRANTS TO TRADING ON AIM

AND

APPROVAL OF INCENTIVE ARRANGEMENTS

AND

NOTICE OF GENERAL MEETING

Nominated Adviser and Broker

Liberum Capital Limited

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

The Ordinary Shares and Shareholder Warrants are currently admitted to trading on AIM. As the Acquisition is classified as a reverse takeover under the AIM Rules for Companies, upon Completion occurring the admission of the Ordinary Shares and the Shareholder Warrants to trading on AIM will be cancelled and application will be made for the admission of the Enlarged Share Capital and the Shareholder Warrants to trading on AIM. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital and Shareholder Warrants will commence on AIM on 23 November 2015.

Neither the Ordinary Shares, nor the Consideration Shares nor the Shareholder Warrants have been nor will they be, registered under the US Securities Act of 1933, as amended, (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States.

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

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

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Notice convening a general meeting of Gresham House to be held at the offices of Travers Smith LLP at 10 Snow Hill, London EC1A 2AL at 2.30 p.m. on 20 November 2015 is set out at the end of this document. The accompanying Form of Proxy for use at the General Meeting should be completed and returned to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA as soon as possible and in any event so as to arrive by no later than 2.30 p.m. on 18 November 2015.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the offices of Liberum Capital Limited at Level 12 Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY from the date of this document and for a period of one month from the date of Admission. This document will be available to download from the Gresham House website at www.greshamhouse.com.

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IMPORTANT INFORMATION

In deciding whether or not to accept the Proposals, Shareholders and Warranholders should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors or Liberum. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained herein is correct as at any time after its date.

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

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

Forward-looking Statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “anticipates”, “targets”, “aims”, “continues”, “expects”, “intends”, “hopes”, “may”, “will”, “would”, “could” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not facts. They appear in a number of places throughout this document and include statements regarding the Directors’ intentions, beliefs or current expectations concerning, amongst other things, the Enlarged Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Enlarged 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 Enlarged Group; conditions in the public markets; the market position of the Enlarged Group; the earnings, financial position, cash flows, return on capital and operating margins of the Enlarged Group; the anticipated investments and capital expenditures of the Enlarged Group; changing business or other market conditions; and general economic conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this document based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to any requirement under the Prospectus Rules, the Disclosure and Transparency Rules, the AIM Rules for Companies or other applicable legislation or regulation, neither the Company nor Liberum undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on forward-looking statements, which speak only as of the date of this document.

No Profit Forecast

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

Currency Presentation

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

No Incorporation of Website

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

DIRECTORS, SECRETARY AND ADVISERS

| | |
|---|--|
| Directors | Anthony Townsend (<i>Non-Executive Chairman</i>) Anthony (Tony) Dalwood (<i>Chief Executive</i>) Duncan Abbot (<i>Finance Director</i>) Richard Chadwick (<i>Non-Executive Director</i>) Peter Moon (<i>Senior Non-Executive Director</i>) Michael Phillips (<i>Strategic Development Director</i>) |
| Company Secretary | Duncan Abbot |
| Registered Office | 5 New Street Square London EC4A 3TW |
| Head Office | 12 Austin Friars London EC2N 2HE |
| Website | www.greshamhouse.com |
| Nominated Adviser and Broker to the Company | Liberum Capital Limited Level 12 Ropemaker Place 25 Ropemaker Street London EC2Y 9LY |
| Solicitors to the Company | Travers Smith LLP 10 Snow Hill London EC1A 2AL Eversheds LLP 11 Colmore Row Birmingham B3 3AL |
| Solicitors to the Nominated Adviser and Broker | Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD |
| Reporting Accountant and Auditor | BDO LLP 55 Baker Street London W1U 7EU |
| Registrars | Neville Registrars Limited Neville House 18 Laurel Lane Halesowen B63 3DA |
| Property valuers | Jones Lang LaSalle Limited One Picadilly Gardens Manchester M1 1RG |

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| | |
|--|-------------------------------|
| Publication of this document | 4 November 2015 |
| Latest time and date for receipt of Forms of Proxy | 2.30 p.m. on 18 November 2015 |
| General Meeting | 2.30 p.m. on 20 November 2015 |
| Completion of the Acquisition, Admission and expected commencement of dealings in the Enlarged Share Capital and Shareholder Warrants | 8.00 a.m. on 23 November 2015 |

Each of the times and dates in the above timetable is subject to change, and if the above times and/or dates change, the revised time and/or date will be notified by an announcement through a Regulatory Information Service.

All times are London times unless otherwise stated.

ADMISSION AND ACQUISITION STATISTICS

| | |
|---|---------------|
| Number of existing Ordinary Shares in issue as at the date of this document | 9,343,439 |
| Number of Initial Consideration Shares | 507,522 |
| Number of Ordinary Shares in issue immediately following Admission ¹ | 9,850,961 |
| Initial Consideration Shares as a percentage of Enlarged Share Capital ¹ | 5.2% |
| Number of Additional Consideration Shares | up to 736,074 |
| Number of Shareholder Warrants in issue as at the date of this document | 1,073,855 |
| Shareholder Warrants as a percentage of Enlarged Share Capital immediately following Admission ¹ | 10.9% |
| Number of Supporter Warrants in issue as at the date of this document | 850,000 |
| Supporter Warrants as a percentage of Enlarged Share Capital immediately following Admission ¹ | 8.6% |
| ISIN for the Ordinary Shares | GB0003887287 |
| ISIN for the Shareholder Warrants | GB000BPYP3515 |

¹ *Assuming no Warrants are exercised prior to Admission.*

PART 1

LETTER FROM THE CHAIRMAN OF GRESHAM HOUSE PLC

(Incorporated in England with Registered Number 871)

Directors:

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

Registered Office:

5 New Street Square
London
EC4A 3TW

4 November 2015

To Shareholders, Warrantheolders and persons with information rights

Dear Shareholders and Warrantheolders

Proposed Acquisition of Aitchesse Limited, Admission of the Enlarged Share Capital and Shareholder Warrants to trading on AIM, approval of Incentive Arrangements and Notice of General Meeting

1. Introduction

On 4 November 2015, the Company announced that Gresham House Holdings Limited (a wholly owned subsidiary of the Company) had agreed to acquire the entire issued and to be issued share capital of Aitchesse, an asset management company based in Scotland that focuses on managing forestry and timber assets.

The consideration for the acquisition comprises initial consideration of £4.02 million and, subject to achieving an EBITDA target, up to £3.7 million of additional consideration. The initial consideration is to be satisfied by the payment of £1.84 million in cash (of which £0.37 million shall be used to repay to Aitchesse amounts owing by certain of the Sellers), £0.67 million by the issue of the Short Term Loan Notes to the Sellers and £1.5 million by the issue of 507,522 Ordinary Shares (based on a price of 298.5p per Ordinary Share (being the NAV at 30 June 2015)). The initial cash consideration will be satisfied out of the Group's existing cash resources. Subject to achieving an EBITDA target during the period to 28 February 2018, the additional consideration is to be satisfied by the payment of up to £1.5 million in cash and up to £2.2 million by the issue of up to 736,074 Ordinary Shares to the Sellers (based on a price of 298.5p per Ordinary Share).

The Acquisition constitutes a reverse takeover under the AIM Rules for Companies and is therefore conditional, *inter alia*, upon the approval of Gresham House Shareholders at the General Meeting of the Company to be held at Travers Smith LLP, 10 Snow Hill, London EC1A 2AL at 2.30 p.m. on 20 November 2015 and Admission taking place.

The Acquisition, if completed, will result in Gresham House becoming a trading company instead of an investing company and consequently it will cease to be subject to those AIM Rules that relate to Investing Companies.

As initially highlighted in the admission document issued by the Company on 8 October 2014, the Company is now also seeking the approval of Gresham House Shareholders at the General Meeting to implement a long term incentive plan and a bonus share matching plan for its directors and employees. The purpose of these plans is to align the interests of Shareholders and management in the long-term success of the Company and to attract and retain key talent for execution of the Company's strategy. Further details of the Incentive Arrangements are set out in section 6 of this Part 1.

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 the Proposals are in the best interests of the Shareholders as a whole.

2. Background on Gresham House

Gresham House was incorporated in 1857 and from 1950 to 2014 its Ordinary Shares were listed on the Official List. From 1966 until 2014, Gresham House operated as an Authorised Investment Trust.

On 8 October 2014, the Company announced the final terms of a new strategic direction including the appointment of certain new directors namely, Anthony Townsend, Tony Dalwood, Michael Phillips, Peter Moon and Duncan Abbot and the retirement of Antony Ebel, Brian Hallett and John Lorimer as directors of the Company, a placing to raise gross proceeds of £11.46 million, the issue of the 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 cancelled its listing of Ordinary Shares on the premium segment of the Official List, removed such Ordinary Shares from trading on the Main Market, and successfully applied for the admission of the Ordinary Shares and the Shareholder Warrants to trading on AIM as an investing company on 1 December 2014.

Since 1 December 2014, the Directors have been pursuing a strategy 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;
- develop an asset management business organically or through one or more acquisitions; and
- manage and develop an appropriate strategy for each of the Company's legacy assets (including its property assets) so as to maximise the value of the assets over the medium term, in order to recycle the capital into areas the Directors believe will generate superior returns.

In continuance of the strategy described above, the Company has begun to focus on investment management of relatively differentiated, specialist or illiquid assets, through the asset management mandate with Gresham House Strategic (described below), and also is seeking out new investment fund opportunities.

In line with the Directors' strategy to develop the Company as a quoted platform for investment in, and the investment management of, relatively differentiated, specialist or illiquid assets, the Company established its strategic equity investment team. The team is led by Graham Bird and Tony Dalwood, and has a mandate to target superior long-term investment returns through applying private equity techniques to investing in public markets. On 21 July 2015, GHAM (a subsidiary of Gresham House) entered into its first asset management mandate with SPARK Ventures plc (now called Gresham House Strategic plc) to be led by the strategic equity investment team and, at the same time, Gresham House agreed to invest £5 million in SPARK and swapped its entire 10.6 per cent. shareholding in SpaceandPeople plc for new shares in SPARK. The appointment and associated fundraising by SPARK was approved by its shareholders on 6 August 2015. On 28 October 2015, SPARK's name was changed from SPARK Ventures plc to Gresham House Strategic plc.

The Company is currently in the process of applying for GHAM, to be authorised by the Financial Conduct Authority so that in the future, GHAM can act as the investment management vehicle for the Group's operations. The Company has received notification from the FCA that it is minded to authorise GHAM subject to completion of certain administrative steps that are within the control of the Company and that are expected to be completed by the end of November 2015.

Since 1 December 2014, the Directors have developed a strategy for each of the Group's material legacy assets. In particular:

- on 21 July 2015, the Company swapped its entire 10.6 per cent. shareholding in SpaceandPeople plc for 151,250 new shares in Gresham House Strategic;
- on 22 September 2015, the sale of 25.8 acres gross of the site at Newton-le-Willows to Persimmon was completed in accordance with the sale and purchase contract that was exchanged in April 2014, for a total consideration of £7.25 million (excluding overage payments). The Directors are now considering the sale of the remaining five acres of the site; and
- the property at Speke (as described in further detail below) is now virtually fully let and the Directors are now working with James Lang LaSalle to sell the property at Speke.

On 4 November 2015, the Company announced that, in line with its strategy to develop an asset management business, GHHL had agreed to acquire the entire issued share capital of Aitchesse, an asset management business based in Scotland that focuses on managing forestry and timber assets.

3. Strategy of the Enlarged Group

The Acquisition, if completed, will result in Gresham House being an operating company instead of an investing company. The Company will cease to be subject to the AIM Rules that relate to Investing Companies and therefore

will no longer be required to have an investing policy. Instead, the Directors intend to pursue a strategy to develop an asset management business focusing on the management of relatively differentiated, specialist or illiquid assets. It is expected that the strategy of the Enlarged Group will initially focus on strategic equity, real asset management and the continued realisation of the Group's legacy assets:

Strategic equity

The strategic public equity investment strategy includes applying a private equity approach to making influential "block" stake investments in smaller quoted companies. Central to this strategy is constructive engagement with management and shareholders of investee companies in support of a clear equity value creation plan, which combined with the adoption of private equity techniques, including an investment committee and advisory group, aims for a significant de-risking of an investment.

The Directors believe the private equity approach described above can lead to superior investment returns as it targets inefficiencies in certain segments of the public markets. There are over 1,200 companies in the FTSE Small Cap index and on AIM: the Directors believe that these companies typically have limited research coverage and may often have limited access to growth capital often leading to valuation opportunities being overlooked by the wider market.

The Company has created an investment team, led by Graham Bird and Tony Dalwood, to focus on these opportunities. In line with its plans for this core element of the business, on 21 July 2015 GHAM was awarded its first investment advisory mandate to manage Gresham House Strategic using the strategic equity investment strategy. As at 2 November 2015 (being the latest available weekly net asset value update released by Gresham House Strategic prior to the publication of this document), Gresham House Strategic had assets under management of approximately £36.6 million. As at 2 November 2015, Gresham House Strategic held four investments which together represent 53.7 per cent. of its AUM. The largest investment is its holding in AIM-listed IMImobile plc, which was valued at approximately £15.6 million as at 2 November 2015.

Gresham House Strategic will focus mainly on cash generative companies where there is scope through management engagement to identify opportunities to implement either strategic, management or operational changes to create shareholder value in the business and to generate improved equity returns.

Under the Gresham House Strategic Investment Management Agreement, GHAM has been appointed as investment adviser to Gresham House Strategic, for which GHAM receives a fee of 0.125 per cent. per month of the net asset value of the Gresham House Strategic portfolio. In addition, GHAM is entitled to a performance fee of 15 per cent. of the increase in net asset value per share of Gresham House Strategic over a 7 per cent. hurdle. Sapia Partners LLP has agreed to act as investment manager of Gresham House Strategic until GHAM has received its FCA authorisation (which is expected to happen by the end of November 2015), at which point GHAM will become the investment manager of Gresham House Strategic.

As part of the transaction, the Company made an investment of £5 million in Gresham House Strategic and swapped its entire 10.6 per cent. shareholding in SpaceandPeople plc for new shares in Gresham House Strategic. The Company now holds 19.2 per cent. of Gresham House Strategic's issued share capital.

The Company also plans to launch a limited partnership for those investors who prefer to invest alongside Gresham House Strategic in a limited partnership vehicle. The Directors believe there to be a demand for this from ultra-high-net-worth individuals, family offices and smaller institutional investors. The Company intends to grow its strategic equity division and will continue to seek out new mandates to achieve this goal.

Real asset management business

The Directors believe that there is an increasing demand for long-term superior returns from illiquid and alternative asset management strategies. Institutions, family offices and ultra-high-net-worth individuals are increasing allocation to alternative strategies and private equity. Real assets can offer attractive benefits to investors, including superior investment returns which are typically uncorrelated to equities, funds and UK commercial property. The increase in asset allocation towards this area has been significant over the last 20 years and is ongoing, reflected by the fact that pension funds, who had a zero per cent. allocation on average to "alternatives" (ex-property) in 1995, are now allocating approximately 9 per cent. of their assets under management to this asset class¹.

The Company intends to build on its specialist asset management group which will incorporate various illiquid or differentiated asset strategies. The Acquisition forms part of this plan. Aitchesse (described more fully below) is a

¹ UBS Pension Fund Indicators 2015. "Alternatives" are defined as non-real estate including hedge funds, private equity, real assets and infrastructure.

specialist asset manager of forests and timber. It has a strong financial record and the Directors believe the business to be a successful model on which it can build. The specialist knowledge of the management team at Aitchesse and the experience of the Company will be a successful combination: Aitchesse will be able to provide the expert forest management skills required to manage the commercial forest element of the assets. The Company's experience will assist in the growth and institutionalisation of Aitchesse's business and the Enlarged Group will use its network of contacts to introduce potential investors in forestry assets to Aitchesse.

The Company will also seek to grow this business unit organically and, should further opportunities arise, through the acquisition of differentiated specialist asset managers. Specialisms may include infrastructure, renewables, forestry and real estate, amongst others. The common theme tying the specialisms together is that they involve the acquisition of tangible assets and should create long-term, intrinsic value growth. The team is focused on creating shareholder value through assets under management and resultant earnings growth, including carried interest and performance fees from third party assets under management.

Legacy assets

The Company has been pursuing an orderly realisation of the Group's assets and property to redeploy the sale proceeds in pursuit of its plans for the real asset division and strategic equity division (as described above):

On 29 April 2014, contracts were exchanged with Persimmon for the sale of 25.8 acres gross of the site at Newton-le-Willows to Persimmon (further details of this sale are set out in section 13.6 of Part 8 of this document). On 22 September 2015, the sale was completed. The Company is currently considering its options for the sale of the remaining 5 acres of the site.

On 7 August 2015, the Company swapped its entire 10.6 per cent. shareholding in SpaceandPeople plc (a public company whose shares are traded on AIM) for new shares in Gresham House Strategic.

The property at Speke (as described in further detail below) is now virtually fully let. The Company is currently considering the sale of the property and has instructed Jones Lang La Salle to advise.

The Company will continue to appraise its assets and any opportunities for sale or realisation in furtherance of its development (as was the case with the share swap of its SpaceandPeople holding). Specific strategies for each of the Company's existing property and assets is discussed further in section 5 of this Part 1.

The proceeds from the sale of legacy assets will be utilised by the Enlarged Group to implement its strategy of building a specialist asset management business, through additional acquisitions of asset management businesses, through the seeding of new funds which the Company may wish to promote or the recruitment of talented individuals with asset management experience.

In the longer term, the strategy of the Enlarged Group will also include:

Niche strategies

The Company is considering developing an investment strategy which focuses on areas that are likely to be less scaleable than those in Gresham House's other divisions. Despite their lack of scalability, these investments are capable of attractive returns because they come with other advantages such as tax benefits. Examples of niche investments which the Company may consider include venture capital or tax efficient strategies. In addition, the Company may look at engaging with emerging brands or at investing alongside private equity firms, pooling its assets with theirs so as to make investments collectively.

Distribution and marketing platform

The Company is aiming to develop its relationships with distribution specialists. The Company intends to work with specialist distribution teams who will introduce potential investors to the Group's funds and asset management services. The Directors would like to develop these connections and work with the specialists to effectively assess what investors are looking for and develop appropriate products.

Co-investment

The Company is developing a platform for structured discretionary co-investment and intends to launch various vehicle structures to suit investment client requirements. The Company believes there to be significant demand from family offices for managed, structured co-investment with opportunities presented on a “deal by deal” basis. This would mean such investors would gain exposure to investment opportunities that a fund identifies and can invest alongside the fund.

In order to fund the strategy described above, the Company may issue further Ordinary Shares to investors in the future for the purpose of raising money or as consideration for the acquisition of an asset management business. Save in relation to the Acquisition and the Incentive Arrangements, at present there are no firm intentions to issue any Ordinary Shares. The Company is actively considering other acquisition opportunities.

4. Aitchesse

Background on Aitchesse

Aitchesse was founded in Scotland in 2002 by its current chairman, Digby Guy. Its primary activity is that of an asset manager focusing on forestry and timber assets based predominantly in Scotland. Aitchesse’s experience in forestry operations and marketing has enabled it to build up assets under management worth £192.7 million as at 30 June 2015 (based on the latest available (or agreed) valuations for its clients’ portfolios). As well as managing forestry assets, Aitchesse also advises clients (including clients with assets under management) on the sale and purchase of forest assets. Aitchesse currently employs 11 people.

The forestry industry

The total area of all types of woodland in the UK is estimated to be 3.15 million hectares as at 31 March 2015. Of the total woodland area 72 per cent. is owned by the private sector and 28 per cent. by the state¹.

Of the total 3.15 million hectares, 1.6 million hectares may be deemed to be “commercial” forest (with 870,000 hectares being privately owned and 740,000 hectares owned by the state). Commercial forests are predominately coniferous plantation forests².

The private sector is fragmented, with a large number of small investors and only a relatively small number of larger investors. Investors can be broken down into four distinct types: private individuals, family offices, endowments and pension funds.

The annual traded market of commercial forests in the UK is estimated to be £100 million, predominantly in the private sector. It is estimated that 5 per cent. of the total monetary value of the private sector is traded annually³.

Investing in commercial UK forestry

Real assets in the form of timberland, can offer many attractive benefits to investors, including superior investment returns compared to equities, funds and UK commercial property, portfolio diversification from traditional asset classes, an attractive risk/return profile, substantial cash flow contribution and tax benefits. Given its renewable nature and carbon sequestration, the opportunity to provide ecological services (water and landscape improvements) and to improve habitats and biodiversity, woodland investment is attractive to those investors who place socially responsible investment and climate change mitigation high on their agenda. Investors may also benefit from the generation of income from additional ground rent opportunities.

UK commercial forestry has a long term track record of producing strong performance both in absolute terms and relative to more mainstream asset classes such as equities, bonds and UK commercial real estate.

Over the past 10 years to 31 December 2014, UK forestry has shown an annualised return of +18.8 per cent., with no years of negative returns. This return compares favourably with annualised returns from UK equities of +6.8 per cent., UK bonds +6.3 per cent., and Commercial UK Property +6.2 per cent.

Over the longer term, UK forestry has produced an annualised return over the 22 years to 31 December 2014 of +8.9 per cent. versus UK equities +7.4 per cent., UK bonds +7.3 per cent. and Commercial UK Property +9.3 per cent⁴.

¹ Forestry Commission Report: Forestry Statistics and Forestry facts and figures 2015 (published 24 September 2015).

² Forestry Commission Report: Forestry Statistics and Forestry facts and figures 2015 (published 24 September 2015).

³ Information provided by Aitchesse.

⁴ IPD UK Annual Forestry Index.

Multiple drivers of forestry returns

Biological growth: Commercial forests in the UK are managed so as to achieve a sustainable production of timber over time, with harvested areas being replanted (this being a legal requirement) rather than trees mined as a finite resource. The rate of sustainable timber production is dependent on a number of factors such as site attributes (altitude and exposure, soil types, moisture and nutrient regimes), species choice and management regimes, but the rate can be modelled and is measurable.

The organic growth of a forestry crop is normally expressed as a figure in metres cubed (m³) per hectare planted. This represents the number of cubic metres of added timber per hectare per year on average through the lifecycle of the crop. Once this figure (called the 'Yield Class') is established, it can be used to forecast when and how much timber can be harvested from any area of a forest, and it can also be used to estimate the contribution of organic growth to forecast returns.

There is long term research and data produced on Sitka (the type of timber which Aitchesse manages) spruce growth rates in the UK. In summary, the higher the Yield Class the greater the volume of timber produced over time. As trees grow in size, they not only grow in volume, they also turn into higher value products such as sawn wood. Biological growth of timber provides investors with a unique source of return, as growth occurs regardless of macro-economic conditions or financial market performance.

UK supply and demand for timber: The key factor underpinning any commercial forestry investment (and therefore capital value of the forest assets) is the standing timber value. This is because timber is the main (but not only) forest output. Over the medium term, the Directors believe that there will be a strengthening demand from the housing sector and other end users (e.g. panel products, biomass) and in the long term (15-30 years) the market share occupied by home grown timber is set to fall because of reducing supply-side availability. The Directors believe that both factors should be supportive of timber prices in real terms.

UK demand for forest ownership: Forest ownership demand is driven by a number of factors, including economic returns from timber as described above but also from the tax advantages of forest ownership, by the need for capital protection and by, in some cases, lifestyle choice. On the supply-side, forestry is not a finite resource in the UK, but creating new forests is a slow and complex process and land for planting is difficult to source. Therefore, demand for established forests currently outstrips availability, driving strong property prices. The ability to increase the supply of timberland can only happen over long investment cycles, typically 40 years.

Higher and better use (HBU): As well as the management of tree crops, forest asset management includes managing the landholding holistically, including pursuing opportunities for HBU. These include the development of renewable energy projects (for example, wind and small scale hydro) which in many cases are ideally suited to forested land, and the development of residential development opportunities. Other HBU activities contributing to returns may include mobile phone communications masts, wayleave compensation payments, coal mines, and activity outdoor centres.

Global trade: Timber is an internationally traded commodity both in its raw form and as an end product. The UK is a net importer of wood and wood products. Recent years have seen strong demand from North America (for end products) and developing economies like China and India for both end products and raw material. Whilst the UK is a net importer, export sales can yield significant returns. Biomass, especially wood pellets, is an increasingly important globally traded commodity and the rapidly expanding biomass market continues to underpin prices of the lower value small round wood. Whilst there are fluctuations in supply and demand, the UK currently imports 50 per cent. of its processed timber requirements.

Exchange rates: Exchange rates can influence levels of imports and the price of domestic timber. Owing to the internally traded nature of forest products outlined above, fluctuations in exchange rates have a direct impact on trade and therefore short term returns. Forestry activity, however, can be influenced, depending on cash flow requirements, to capitalise on movements in prices driven by exchange rates by slowing or stopping harvesting when market conditions are poor and accelerating them when they are advantageous.

Active management: Forestry management is key to maximising the returns from all the areas listed above. Site selection and careful appraisal is key to a good acquisition process. Correct management delivers well established crops that in turn deliver the desired end products, and the returns on these products are maximised through mechanisms negotiated with end users designed to consistently deliver prices in the upper quartile.

Timber prices

Timber prices (distinct from property value) have increased by 10.9 per cent. annualised over the past ten years to 31 December 2014, as measured by the Coniferous Standing Sales Price Index. Timber prices are forecast to rise further, but at a more modest pace in response to growth in the developed world and in the longer term as emerging markets, particularly China and India, increase consumption. As a population's wealth increases, so their consumption of timber related products increases.

The Food and Agriculture Organisation of the United Nations (FAO) forecast production and consumption of key wood products and wood energy are expected to rise from the present to 2030, largely following historical trends of 1-2 per cent. increases per annum.¹

The main factors affecting long-term demand for wood products include:

- Demographic changes: the world's population is projected to increase from 7 billion today to 7.5 billion in 2020 and 8.2 billion in 2030.
- Continued economic growth: global GDP increased from about US\$16 trillion in 1970 to US\$58 trillion in 2009 and is projected to grow to almost US\$100 trillion by 2030.
- Environmental policies and regulations: more forests will be excluded from wood production.
- Energy policies: the increase in biomass and biofuel legislation in Europe is forecast to put huge demand on wood resources.
- The World Wildlife Fund (WWF) report (published in 2010) stated that wood removals amounted to 3.4 billion cubic metres. Of the reported harvest, 1.5 billion cubic metres was used as industrial roundwood, and the rest for fuelwood. WWF projects annual wood removals in 2050 will be three to four times the volume reported for 2010, which represents an increase of over 3 per cent. per annum.²
- Material substitution: increasingly legislation dictates a preference for low carbon building materials, criteria which timber satisfies. Further to this, the inclusion of carbon sequestration in harvested wood products within the Kyoto Protocol will allow governments to reduce national carbon amounts through the use of timber as a preferred building or manufacturing material.

Aitchesse's business

At present, Aitchesse manages the portfolios of four clients which together own over 30,000 hectares of forest, of which by value 89 per cent. is in Scotland with the remaining 11 per cent. in England and Wales. It receives two main types of revenue: management fees and transaction fees.

Aitchesse typically charges a management fee based on the value of the forestry assets held by the client. In the 12 month period ended 30 June 2015, Aitchesse received management fees of £1.475 million, representing 65 per cent. of its revenue during that financial year.

The forestry management agreements require Aitchesse to manage the forest land to generate capital returns from the forests in the longer term as well as to generate income.

Aitchesse's role in the longer term maintenance of its clients' land includes:

- Overall forest management, including entering into contracts for felling and forest maintenance;
- Arranging timber sales;
- Preparing annual budgets;
- Inspecting and managing the properties;
- Cost-effectively and efficiently managing haulage and restocking; and
- Monitoring crop performance.

Aitchesse's role in the generation of income on its clients' land also includes:

- Identifying grant aid schemes and making grant submissions; and
- Identifying, appraising and implementing additional ground rent opportunities.

¹ Share of World Forests (2009) Global Demand for Wood Products.

² Forest and Wood Products – Living Forest Report, Chapter 3.

Aitchesse outsources all of its land management (such as felling and haulage) to suppliers rather than undertaking the work itself. The clients contract directly with these suppliers with Aitchesse managing the relationship on behalf of their clients. Aitchesse thus avoids conflicts of interest when managing client assets as these services are typically provided on a per unit basis.

Since 2007 until 30 June 2015, Aitchesse's assets under management have increased from £38.2 million to £192.7 million by using its expertise to increase its clients' portfolios (and therefore the value of those portfolios) by sourcing, appraising, acquiring and selling, developing and managing forestry assets on behalf of clients.

As well as managing forestry assets, Aitchesse takes advantage of its expertise and also advises its clients (including clients with assets under management) on the sale and purchase of forestry assets to which it typically receives a purchase/sale arrangement fee of between 2 per cent. and 2.5 per cent. of the transaction value. In the 12 month period ended 30 June 2015, Aitchesse received transaction fees of £0.75 million, representing 33 per cent. of its revenue during that financial year. Aitchesse expect this type of income to reduce as a proportion of overall income as the team intends to focus on the development of management fees.

Historically, Aitchesse has sourced its clients by word of mouth recommendation and direct approaches to potential forest investors.

Aitchesse team

Aitchesse's success is due to the expertise and knowledge of the senior members of its team. Aitchesse's team of 11 employees has a wide variety of experience, with in-depth knowledge of both the forestry business and investment management. Digby Guy, the founder of Aitchesse, still takes an active role in the company and the managing director and the operations director have been with the company for eight years. The key employees and their roles are set out below:

Digby Coulson Guy (Chairman) (age 68)

Digby Guy is an experienced professional forester and founding shareholder of Aitchesse. He began his career in forestry, working for the Economic Forestry Group and Bidwells LLP, for whom he established their first Scottish office in 1986. He founded Aitchesse in 2002. He is responsible for business development and strategic direction. It is envisaged that Rupert Robinson will take on the role of Chairman on completion of the Acquisition but that Mr Guy will remain an employee of Aitchesse.

Jon Hilton Strickland (Managing Director) (age 64)

Jon Strickland is a Chartered Accountant. Post-graduation, he trained as a Chartered Accountant with KPMG after which he joined Scott-Moncrieff Chartered Accountants, a member of Moore Stephens International, becoming a partner in 1979. Mr. Strickland became a non-executive director of Aitchesse in 2007 and was subsequently appointed Managing Director in 2010, a position he has held since that date. His role involves compliance and governance, managing client funds and overseeing the financial accounting and reporting.

Graham John Carter (Operations Director) (age 53)

Graham Carter is an experienced professional forester, who specialises in land and forest diversification, power generation, land development and alternative land use. After graduating from Aberdeen University with a degree in forestry, he joined U A Forestry Ltd, becoming the company's managing director in 1997. In 2001 he founded his own forestry management company, Aspen Forestry Ltd, which was subsequently sold in 2007. Mr Carter is responsible for the investment management operations for all client funds.

Trevor Matthew Blackburn (Director) (age 47)

Trevor Blackburn is an asset manager and is responsible for three of Aitchesse's client funds. After graduating from the University of Central Lancashire with a degree in forestry, he worked as a forest manager focusing on bare land planting. In 2004, he began working for the Forestry Commission, becoming project manager on an IT project and representing the Forestry Commission on the SEARS (Scotland's Environmental & Rural Services) programme of organisational change. He joined Aitchesse in 2012 as an investment manager, becoming a director in 2014. Mr Blackburn manages the professional forestry staff, the supervision and control of in-forest activities including health and safety compliance.

Rob Lindsay Carlow (*Investment Analyst*) (age 37)

Mr Carlow is a postgraduate in environmental economics from the University of Glasgow. Working closely with Mr Guy, he focuses on business development and land acquisitions.

On completion of the Acquisition Agreement, Digby Guy, Graham Carter, Jon Strickland, Rob Carlow and Trevor Blackburn will enter new service agreements. These service agreements will contain wording which prohibits these employees from competing with the business of Aitchesse for a period of six months following the termination of their employment.

Strategy of Aitchesse

There is an increasing demand for long-term superior returns from illiquid and alternative assets such as forestry assets. Research published in 2015 by Towers Watson showed alternative assets under management reached \$6.3 trillion in 2014, up 10.5 per cent. on the prior year. There has also been an increase in UK pension funds' appetite for alternatives.

As discussed above, Aitchesse anticipates a move away from the transactional element of the business and more towards asset management so as to align Aitchesse's strategy with the Group's. As part of the strategy and to help grow assets under management, the Company is considering a proposal to part-fund an option to acquire forestry land together with the Sellers with a view to selling that land to future clients.

The Company envisages that Aitchesse will continue to focus on forestry in the UK going forward, so as to serve UK-resident investors who would like the comfort of working with assets located in the UK.

Selected financial information of Aitchesse

Selected financial information on the trading record of the Aitchesse business for the three financial years ended 30 June 2015 as extracted, without material adjustment, from the Financial Information in Part 4 of this document is set out below:

| | <i>Year ended 30 June</i> | | |
|--|---------------------------|---------------|----------------|
| | <i>2013</i> | <i>2014</i> | <i>2015</i> |
| | <i>£</i> | <i>£</i> | <i>£</i> |
| Continuing Operations | | | |
| Revenue | 1,496,165 | 1,687,014 | 2,277,179 |
| Administrative expenses | (1,542,496) | (1,657,337) | (1,358,557) |
| Other income | 7,328 | 13,182 | 24,176 |
| (Loss)/profit from operations | (39,003) | 42,859 | 942,798 |
| Finance income | 10,745 | 7,695 | 5,973 |
| Finance costs | (4,530) | (2,837) | (1,965) |
| (Loss)/profit before income tax expense | (32,788) | 47,717 | 946,806 |
| Income tax charge | (17,767) | (17,721) | (204,205) |
| (Loss)/profit for the year | (50,555) | 29,996 | 742,601 |
| Net (loss)/profit for the year | (50,555) | 29,996 | 742,601 |

5. Existing assets/liabilities and strategies for the existing assets/liabilities

The Group's existing significant assets and liabilities, and strategies for those assets and liabilities are as follows:

Principal publicly quoted securities

Gresham House Strategic

The Group currently holds 706,806 ordinary shares in Gresham House Strategic, representing approximately 19.2 per cent. of the issued share capital. As at 3 November 2015, being the latest practicable date prior to the publication of this document, the Group's interest in ordinary shares in Gresham House Strategic had a market value at bid price (as of close of business on that date) of £5.866 million.

Further details of the Company's strategy and investment in Gresham House Strategic are set out in section 3 above.

Property

Newton-le-Willows

A "brownfield" five acre site situated close to the town centre of Newton-le-Willows in the borough of St Helen's which is a 30 minute drive from Manchester. This was previously part of an industrial estate of approximately 31 acres that had come to the end of its useful life and on which outline planning consent for food retail (on approximately five acres) and residential (on approximately 25.8 acres) had been granted. Given its previous use as an industrial site some remedial activity will be required to realise such redevelopment and detailed planning permission would be required for development.

On 22 September 2015, the sale of 25.8 acres gross of the site at Newton-le-Willows to Persimmon was completed. In accordance with the sale agreement with Persimmon, the aggregate consideration for the sale of the 25.8 acre site is £7.2 million (less reallocated Section 106 payments, together with associated transport contributions and monitoring fees totaling £30,000). The net proceeds of £7.25 million is being paid in instalments of which a deposit and initial payment of £944,610 has been received and the balance will be receivable in three tranches over the next 41 months.

The Company will explore sale options for this site now the sale of the main residential site has been completed.

A valuation report on the five acre site at Newton-le-Willows, prepared by Jones Lang LaSalle and showing the value of the property to be £2.2 million as at 30 September 2015, is contained in Part 6 of this document.

Southern Gateway, Speke

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

As at 30 June 2015, the Group had let 295,671 square feet of the property at Speke, representing approximately 81.2 per cent. of the total available. As at 30 June 2015 there were 14 tenants generating an aggregate of £783,679 per annum in rent. All the significant remaining space has been agreed to being let, subject to completion of final documentation.

A sale process is being considered for the site and Jones Lang LaSalle has been appointed to advise.

A valuation report on the property at Speke, prepared by Jones Lang LaSalle and showing the value of the property to be £7.6 million as at 30 September 2015, is contained in Part 6 of this document.

Principal unquoted securities

Attila (BR) Limited

Attila is a private company registered in England & Wales which owned a four acre development site (formerly a Royal Mail sorting office) in Edinburgh city centre. This site was sold to CALA Management Limited subject to detailed planning consent for residential development being obtained. On 15 June 2015 the sale completed and the Group received a payment of accrued interest on its unsecured loan notes of £0.275 million. Deferred consideration is also due to be paid to Attila in 2016 and the Directors expect the Group to receive approximately £1.228 million through a combination of repayment of principal and interest on its unsecured loan notes.

Kemnal Investments Limited

Kemnal is a private company registered in England & Wales and is a vehicle that provided a mezzanine loan to Memorial Holdings Limited (see below) which is due for repayment in 2017.

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

Memorial Holdings Limited

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

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

Co-operative loan

On 23 September 2015 the Company announced that its facility with the Co-operative Bank had been reset at £2.85 million after £0.428 million of the initial proceeds from the sale of the 25.8 acres gross site at Newton-le-Willows to Persimmon had been applied in reducing the amount outstanding. Further details of the loan can be found in section 13.5 of Part 8 of this document.

The Company is currently in negotiations with two banks regarding a new bank facility and has received a credit committee approved letter of offer from both. The proposed offers are for loan facilities of approximately £7 million with an interest rate of approximately 5.25 per cent. per annum. Whilst there is no guarantee that a facility will be entered into, the Company intends to use the loan facility to (i) repay the Short Term Loan Notes and (ii) replace the Co-operative Bank facility and (iii) deploy the balance of the loan to fund future investment opportunities.

6. Incentive Arrangements

The Company believes that its success depends, in part, on the future performance of the management team. The Company also recognises the importance of ensuring that employees are incentivised and identify closely with the success of the Company.

On 1 December 2014 the Directors subscribed for Supporter Warrants over the Company's Ordinary Shares. In the admission document issued in October 2014, the Company set out its intention to establish suitable long-term retention share schemes linked to the Company's performance. In addition, it set out its intention that the Group's employees (including the executive directors) be appropriately incentivised which may include a discretionary bonus scheme. The incentivisation for employees (excluding the executive directors) was also to include receiving carried interests and performance fees.

The Company proposes to introduce the Incentive Arrangements comprising a long term incentive plan and a bonus share matching plan, further details of which are set out below. The purpose of these plans is to align the interests of Shareholders and management in the long-term success of the Company and to attract and retain key talent for execution of the Company's strategy.

Long Term Incentive Plan

As soon as reasonably practicable, the Company proposes to implement a long term incentive plan for the benefit of the management team (from time to time), to incentivise them as well as align their interests with those of Shareholders.

These arrangements will only reward the participants if shareholder value is created. For the purposes of the plan, "shareholder value" shall broadly mean the difference between the market capitalisation of the Company at the point in time that any assessment is made and the sum of:

- (i) the market capitalisation of the Company a) at 1 December 2014 for first awards made to management who joined the Company before 30 September 2015 and b) at the date of award in all other cases; and
- (ii) the aggregate value (at the subscription price) of all Ordinary Shares issued thereafter and up to the point in time that any assessment is made, in each case adjusted for dividends and capital returns to Shareholders and/or issue of new shares.

Whilst the precise structure of the plan remains to be determined, the beneficiaries of the plan will in aggregate be entitled to an amount of up to 20 per cent. of shareholder value (as defined above) created, subject to performance criteria set out below. In the calculation of the 20 per cent share of value, the benefit of the Supporter Warrants shall be recognised. Individual participation in the shareholder value created will be determined by the Remuneration Committee in respect of the executive Directors.

There will be certain hurdles the Company's share price has to achieve before an award vests.

In the event that the Company achieves an average mid-market closing price equal to compound growth at 7 per cent. per annum for a period of 10 consecutive dealing days in the period after 1 December 2016 for first awards to management who joined the Company before 30 September 2015 and from the second anniversary of the date of award in all other cases, 50 per cent. of the award will vest.

In the event that the share price of the Company outperforms the FTSE All Share Index in the period after 1 December 2016, and from the second anniversary of the date of the award in all other cases, 50 per cent. of the award shall vest.

Each award will require a minimum term of employment of three years and awards will be made to current management and new joiners at the Company's discretion.

The long-term incentive plan will be delivered either in awards of shares or options. Where possible the Company will deliver the plan tax-efficiently.

Bonus Share Matching Plan

The Company proposes to introduce a share matching plan linked to the discretionary annual bonus scheme to encourage management to invest in the long-term growth of the Company as soon as reasonably practicable.

Management entitled to a bonus greater than £50,000 will be permitted (but not required) to defer and reinvest up to 100 per cent. of their annual bonus into Ordinary Shares which will be released to them after three years together with any additional matching shares subject to performance criteria set out below.

In the event that the Company achieves a mid-market closing price equal to 7 per cent. per annum compound growth from the date of deferral, the participants will receive 50 per cent. of the matching shares benefit. In the event that the Company's share price out-performs the FTSE All Share Index from the date of deferral, the participant will receive 50 per cent. of the matching shares.

Shares will be awarded in the ratio one share for each share invested. In the event that this performance condition is not met, the participants will receive only the Ordinary Shares acquired with the deferred bonus.

In total the Company proposes that the total Ordinary Shares issued and issuable in satisfaction of the Incentive Arrangements and pursuant to the exercise of Supporter Warrants will not exceed 20 per cent. of the Company's total issued Ordinary Share Capital from time to time.

Whilst the Incentive Arrangements have not yet been finalised, shareholder approval is being sought to allow the Directors to implement a long term incentive plan and bonus share matching plan within the parameters described above.

The Company operates in a highly competitive market place where it will have to attract talent and retain talented individuals to achieve its objectives. The Directors believe the proposed incentive arrangements are key to the implementation of its strategy.

7. Directors, Senior Management, Investment Committee and Advisory Group

The Company's Directors, Senior Management, Investment Committee and Advisory Group are as follows:

Directors

The Board comprises three non-executive directors: Richard Chadwick, Anthony Townsend, and Peter Moon, and three executive directors: Duncan Abbot, Tony Dalwood and Michael Phillips.

Brief biographies of the Directors are set out below:

Anthony (Tony) Dalwood (aged 45) (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 the chairman of the investment committee and board member of the London Pensions Fund Authority, an independent director of J.P. Morgan Private Equity Limited and a director of Branton Capital Limited.

Anthony Townsend (aged 67) (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.

Duncan Abbot (aged 59) (Finance Director)

Duncan oversees the finance function and looks 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 64) (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 Gresham House Strategic has an interest.

Peter Moon (aged 65) (Senior Non-Executive Director)

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

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

Michael Phillips (aged 53) (Strategic Development Director)

Michael is an experienced business manager with a history of founding and building businesses in fund management. Michael served as a director of Strategic Equity Capital plc for 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.

Senior Management

Senior management comprises the following:

Rupert Robinson, Managing Director of GHAM

Rupert was previously CEO of Investment of Schroders (UK) Private Bank. He has over 25 years, experience in private wealth and asset management advising families on asset allocation as well as focusing on product innovation, investment management and business development. Prior to Schroders he was head of private clients at Rothschild Asset Management Limited and a member of the Group Executive Committee.

Graham Bird (Head of Gresham House Strategic)

Former Strategic Planning and Corporate Development Director at Paypoint plc, Graham was previously Director of Strategic Investments at SVG Investment Managers and a director within the Corporate Finance department at JP Morgan Cazenove.

Jonathan Dighe (Commercial Director)

Jonathan has over five years of UK small company equities experience, working both as research analyst and as Director on the equity sales desk at Charles Stanley Securities. He is a former management consultant at Accenture, working on business transformation projects with BP and HSBC.

Investment Committee

The Investment Committee has been established to promote and maintain a prudent and effective allocation of capital across the Company's entire investment portfolio.

The Investment Committee is chaired by Tony Dalwood with the other members being Michael Phillips (Strategic Development Director), Rupert Robinson (Managing Director of GHAM) and two experienced investment management professionals – Bruce Carnegie-Brown and Matthew Peacock.

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. He was previously a managing partner of 3i QPE plc, a managing director of JP Morgan and CEO of Marsh Ltd.

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

The Advisory Group has been 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.

Sir Roy Gardner

Sir Roy is an adviser to Credit Suisse and the former Chairman of Compass Group, Chief Executive of Centrica plc and Chairman of Manchester United plc. He has also acted as CEO of Centrica.

Alan Mackay

Alan is a former Senior Partner and Head of Healthcare at 3i Group plc, appointed to the board in 1993. He is currently the Managing Partner at GHO Capital and former CEO of Hermes GPE.

Gareth Davis

Gareth is the current Chairman of Wolseley, William Hill and DS Smith. He is the former CEO of Imperial Tobacco and a former non-executive director of Hanson.

8. Selected financial information of the Group

Selected financial information on the trading record of the Group's business for the three financial years ended 31 December 2014 and the six-month period ended 30 June 2015 as extracted, without material adjustment, from the Financial Information in Part 3 of this document, is set out below:

| | <i>Financial year ended 31 December 2012 (Audited)</i> | <i>Financial year ended 31 December 2013 (Audited)</i> | <i>Financial year ended 31 December 2014 (Audited)</i> | <i>Six months ended 30 June 2015 (Unaudited)</i> |
|---|--|--|--|--|
| | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| <i>Turnover</i> | | | | |
| Dividend & interest income | 690 | 268 | 155 | 143 |
| Rental Income | 1,038 | 999 | 475 | 329 |
| Other operating income | <u>102</u> | <u>76</u> | <u>39</u> | <u>10</u> |
| | <u>1,830</u> | <u>1,343</u> | <u>669</u> | <u>482</u> |
| <i>Gains & losses on investments</i> | | | | |
| Gains and losses on investments held at fair value | (280) | (504) | (1,715) | 655 |
| Movement in fair value of property investments | <u>2,086</u> | <u>(1,439)</u> | <u>(593)</u> | <u>(193)</u> |
| | <u>1,806</u> | <u>(1,943)</u> | <u>(2,308)</u> | <u>462</u> |
| Group operating (loss)/profit before finance costs & taxation | <u>1,806</u> | <u>(2,689)</u> | <u>(2,407)</u> | <u>52</u> |
| (Loss)/profit and total comprehensive income after taxation | <u>996</u> | <u>(3,446)</u> | <u>(2,512)</u> | <u>52</u> |

The unaudited NAV Per Ordinary Share as at 30 June 2015 amounted to 298.5 pence per Ordinary Share.

9. Consequences of becoming a trading company

If the Proposals are approved, the Company will move from being an investing company (as defined in the AIM Rules for Companies) and, instead, become a trading company (i.e. it will become a company which operates an asset management business with some direct and indirect investments).

The key expected consequences of such a development are as follows:

- NAV per share will cease to be an appropriate performance indicator. This is because the Directors intend to develop the 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 AIM Rules for Investing Companies will cease to apply.

10. Current trading and prospects

Tony Dalwood made a statement in the Interim Report published on 23 September 2015 which is included in Part 3 of this document.

During the period since the publication of that statement, the Company has continued its development as follows:

- On 28 October 2015, SPARK Ventures plc changed its name to Gresham House Strategic plc. Despite the volatility in the broader stock market, the net asset value of Gresham House Strategic has held steady. Gresham House Strategic is working to close the discount to net asset value at which its shares trade.
- There has been mixed news on the valuation of the Group's remaining property assets. Jones Lang LaSalle did not consider the valuation of the overage arising from the sale of the residential site to Persimmon. Overall, the valuation of property assets as at 30 September 2015 has increased. It is pleasing to see an uplift in the value of the property at Speke reflecting the activity there, but disappointing to see a reduction in the valuation of the residual retail site at Newton Le Willows: this reflects the well-publicised difficulties in the food retail sector. The Board continues to explore options for the property assets.
- Having sold the majority of the Newton-Le-Willows site, the balance of the consideration proceeds are deferred. The management team has been exploring ways of creating liquidity from these proceeds and the Speke asset through a new banking facility. Negotiations are in the final stages to secure a new £7million facility to replace the existing Co-operative Bank borrowings and provide further liquidity. In the coming weeks, the intention is that the facility will be documented and that the bank will take security over the Company's property assets and the proceeds of the sale to Persimmon of the Newton-Le-Willows site.
- The Company has received notification from the FCA that it is minded to authorise GHAM subject to completion of certain administrative steps that are within the control of the Company that are expected to be completed by the end of November 2015.

Thus, alongside the proposed Acquisition, the Board is pleased with the Company's continuing development.

11. Summary of the principal terms of the Acquisition

On 4 November 2015, the Company, GHHL and the Sellers entered into the Acquisition Agreement pursuant to which GHHL has agreed to acquire the issued and to be issued share capital of Aitchesse.

The consideration for the acquisition comprises initial consideration of £4.02 million and, subject to Aitchesse achieving an EBITDA target, additional consideration of up to £3.7 million (depending on the actual EBITDA achieved).

The initial consideration shall be satisfied by:

- the payment of £1,840,746 in cash to the Sellers of which £374,610 shall be used to repay to Aitchesse amounts owing by certain of the Sellers;
- the issue of 507,522 new Ordinary Shares to the Sellers (based on a price of 298.5p per Ordinary Share); and
- the issue of £666,842 of Short Term Loan Notes to the Sellers.

The amount of additional consideration payable shall increase on a sliding scale depending on the EBITDA achieved by Aitchesse between a range of £1,733,333 and £3,466,666 with the full £3,697,237 additional consideration being payable if EBITDA of £3,466,666 or more is achieved and no additional consideration being payable if EBITDA of less than £1,733,333 is achieved. The additional consideration shall be satisfied by:

- the payment of up to £1,500,055 in cash to the Sellers; and
- the issue of up to 736,074 new Ordinary Shares (based on a price of 298.5p per Ordinary Share) to the Sellers.

The Short Term Loan Notes have an interest rate of 5 per cent. and are repayable on the earlier of (i) 30 April 2016, or (ii) on the securing of a new bank facility of no less than £7 million by the Company. The Short Term Loan Notes are not transferable.

The Acquisition Agreement is conditional upon, amongst other things, Admission.

The Sellers are giving customary warranties about Aitchesse. They relate to, inter alia, information supplied, accounts, financial position, business since 30 June 2015, trading and contracts, employees, pensions, compliance, intellectual property. Completion is conditional upon, amongst other things, Admission and there having been no material adverse change to the prospects and business of Aitchesse since the date of the Acquisition Agreement and the warranties remaining true.

The Sellers will be restricted for a period of three years from Completion from soliciting, approaching or dealing with Aitchesse's customers, soliciting Aitchesse's employees and engaging in a business similar to that of Aitchesse.

The Company may terminate the Acquisition Agreement prior to Completion if, prior to completion of the Acquisition there is a material adverse change affecting Aitchesse or if there is a material breach of the Sellers' warranties. Material for this purpose is a liability to Aitchesse of £50,000 or greater.

Each of the Sellers have also agreed to enter into "lock-in agreement" with the Company, whereby they agree that, subject to certain exceptions, they will not dispose of any Initial Consideration Shares that they receive for a period of one year from the date of Admission.

12. 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 6.00 p.m. on 18 November 2015.

The General Meeting has been convened for 2.30 p.m. on 20 November 2015 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. The Resolutions will be proposed as ordinary resolutions.

Resolutions 1 and 2 are inter-conditional. The Acquisition and Admission are conditional on Resolutions 1 and 2 being passed. The implementation of the Incentive Arrangements is conditional on Resolution 3 being passed.

Resolution 1 – Approving the Acquisition

Resolution 1 will be proposed as an ordinary resolution to approve the Acquisition and the entering into by the Company and GHHL of the Acquisition Agreement.

Resolution 2 – Approving the issue of Consideration Shares

Resolution 2 will be proposed as an ordinary resolution to authorise the directors of the Company to issue the Consideration Shares pursuant to the Acquisition Agreement.

Resolution 3 – Approving the Incentive Arrangements

Resolution 3 will be proposed as an ordinary resolution to authorise the directors to consider and implement the Incentive Arrangements and implement a long-term incentive plan and bonus share matching scheme substantially in accordance with the terms outlined in section 6 of this Part 1.

13. Admission, settlement and CREST

As the Acquisition constitutes a reverse takeover under the AIM Rules for Companies and due to the Company's status changing from that of an investing company to an operating business Shareholder consent to the Acquisition is required at the General Meeting. Subject to the passing of Resolutions 1 and 2 and the satisfaction of the other conditions under the Acquisition Agreement and the Introduction Agreement described in sections 13.1 and 13.10 of Part 8 of this document and Admission, the admission of the Ordinary Shares and Shareholder Warrants to trading on AIM will be cancelled and application will be made to the London Stock Exchange for the Enlarged Share Capital and the Shareholder Warrants to be admitted to trading on AIM. Admission of the Enlarged Share Capital and the Shareholder Warrants to trading on AIM is, subject to the passing of Resolutions 1 and 2 and the satisfaction of all other conditions, expected to take place on or around 23 November 2015.

The Ordinary Shares and the Shareholder Warrants are eligible for CREST settlement. Accordingly, settlement of transactions in Ordinary Shares (including the Consideration Shares) and the Shareholder Warrants following Admission may take place within the CREST system if the relevant Shareholder or Warrantholders so wishes.

CREST is a voluntary system and Shareholders and Warrantholders who wish to receive and retain certificates will be able to do so.

The current arrangements of the Shareholders and Warrantholders of the Company will remain in force.

14 Warrants

14.1 Shareholder Warrants

Terms of issue of the Shareholder Warrants

On 1 December 2014, the Company issued 1,073,904 Shareholder Warrants to its existing Shareholders as at the close of business on 28 November 2014 on a 1:5 basis, such warrants having been admitted to trading on AIM.

Each such Shareholder Warrant entitles 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.

As part of the Proposals, trading in the Shareholder Warrants will be cancelled and application will be made for them to be readmitted to trading on AIM. Notwithstanding the re-admission, the Shareholder Warrants shall remain in force.

Further details on the Shareholder Warrants are set out in Part 7 of this document.

The Company hereby notifies the Shareholder Warrantholders that on 4 November 2015 the Company modified the Shareholder Warrant Instrument (in accordance with clause 10 of that Instrument) by a supplemental instrument in writing to correct a manifest error in the terms of the Shareholder Warrant Instrument. The modification amends the provisions relating to the adjustment of subscription rights in clause 6.1(a) of the Shareholder Warrant Instrument so that the drafting in that clause is the same as the drafting in the summary of the Shareholder Warrants contained in the Company's admission document dated 8 October 2014 and in Part 7 of this document.

14.2 Supporter Warrants

On 1 December 2014, the Company issued 850,000 Supporter Warrants to certain directors and members of the Investment Committee and Advisory Group at a price of 7.5p per warrant. The Supporter Warrants have the same entitlements as the Shareholder Warrants issued to Shareholders save that they are not freely transferable (such

Supporter Warrants are only transferable to certain family members, trusts or companies connected with the relevant Warrantholder) and accordingly are not admitted to trading on AIM nor will they become exercisable until 1 December 2015.

Each such Supporter Warrant entitles the holder to subscribe for one Ordinary Share at an exercise price of 323.27 pence.

The Company hereby notifies the Supporter Warrantholders that on 4 November 2015, the Company modified the Supporter Warrant Instrument (in accordance with clause 10 of that Instrument) by a supplemental instrument in writing to correct a manifest error in the terms of the Supporter Warrant Instrument. The modification amends the provisions relating to the adjustment of subscription rights in clauses 6.1(a) of the Supporter Warrant Instrument so that the drafting in that clause is the same as the drafting in the summary of the Supporter Warrants set out in the Company's admission document dated 8 October 2014 and in Part 7 of this document.

15. Corporate governance and internal controls

The Directors recognise the importance of sound corporate governance and intend to comply with the QCA Code insofar as is reasonably practicable given the Company's nature and size. The QCA Code was devised by the QCA, in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to and more suitable for many AIM companies than the UK Corporate Governance Code. The QCA Code states that: "The purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term." A description of the Company's corporate governance arrangements in the year ending 31 December 2014 can be found on pages 12 to 15 of the Company's annual accounts for the year ended 31 December 2014 which are incorporated by reference in Part 3 of this document.

The Board has established audit and remuneration committees. The Board holds at least six board meetings throughout the year.

The audit committee is chaired by Peter Moon and consists of the non-executive directors. It meets whenever there is business to discuss and at least twice each year. The audit committee is responsible for ensuring that the financial performance of the Group is properly monitored, controlled and reported on. It also meets the auditors without executive board members being present and review reports from the auditors relating to accounts and internal control systems.

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

The Investment Committee is chaired by Tony Dalwood, further details of which are set out in section 7 of this Part 1.

16. Share dealing code

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

17. Dividend policy and share buybacks

The Company's principal objective is to provide Shareholders with superior risk adjusted returns over the longer term, primarily through capital appreciation. The 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.

18. Taxation

General information relating to UK taxation with regard to Admission and the Acquisition is summarised in section 11 of Part 8 of this document. **Any person who is in any doubt as to his or her tax position, or is subject to tax in a jurisdiction other than that of the UK, should consult his or her professional advisers.**

19. Further information

Your attention is drawn to the additional information in Parts 2 to 8 of this document.

20. Action to be taken

Whether or not you propose to attend the General Meeting in person, you are strongly encouraged to complete, sign and return your Form of Proxy in accordance with the instructions printed on it as soon as possible, but in any event so as to be received by post or, during normal business hours only, by hand, at Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA by no later than 2.30 p.m. on 18 November 2015 (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 (excluding any part of a day that is not a Business Day)).

If you hold your shares in the Company 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 the General Meeting set out at the end of this document). Proxies submitted via CREST must be received by the Company's agent Neville Registrars (ID 7RA11) by no later than 2.30 p.m. on 18 November 2015 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a Business Day)).

This will enable your vote to be counted at the General Meeting in the event of your absence. The completion and return of the Form of Proxy or the use of the CREST Proxy Voting service will not prevent you from attending and voting at the General Meeting, or any adjournment of it, in person should you wish to do so.

21. Recommendation

The Board considers the Proposals and the passing 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 453,119 Ordinary Shares, representing approximately 4.8 per cent. of the Company's existing issued ordinary share capital, in favour of each of the Resolutions.

Yours sincerely

Anthony Townsend
Non-Executive Chairman

PART 2

RISK FACTORS

In addition to all other information set out in this document, the following specific factors should be considered carefully in evaluating whether to agree to the Proposals. If you are in any doubt about the action you should take, you should consult a professional adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities. This summary of risk factors is not intended to be exhaustive. The risk factors described below are not intended to be presented in any assumed order of priority. Additional risks and uncertainties that are not presently known to the Directors, 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 Acquisition

The Company is undertaking the proposed Acquisition with the expectation that Aitchesse's operations will continue to succeed and grow. There is no guarantee that this will occur. Aitchesse is at present a privately owned company and has not been listed on a public stock exchange and therefore may have to adapt its corporate governance procedures to maintain suitability as a subsidiary of a public listed company upon completion of the Acquisition. There is no certainty that the Directors will be able to successfully integrate Aitchesse into the Group.

In assessing the merits of the proposed Acquisition, the Company has carried out an extensive due diligence process and has engaged external advisers as necessary. Furthermore, suitable warranties and indemnities have been obtained from the Sellers where relevant. Although the process has been comprehensive, there can be no certainty that all potential legal, financial or commercial issues have been identified or that the warranties and indemnities obtained by the Company from the Sellers will cover any future losses arising from the Acquisition.

There is no certainty that the performance of employees of Aitchesse will not be affected by the Acquisition.

Valuation of unlisted securities is inherently subjective due to the lack of marketability and the nature of accounting practices. As a result, the valuation of Aitchesse and the amount proposed to be paid cannot be guaranteed to represent what a different acquiror may consider to be best value.

Concentration of clients

Aitchesse has a small and concentrated client base, with four clients accounting for 96% of management fee income. In particular, one client comprises 55% of Aitchesse's income from management fees. The loss of such a client before the business can increase or diversify its investor base is a risk and the loss could have a significant adverse effect on Aitchesse's revenue. The current management team is aware that it faces a concentration risk and its management has been working to diversify their client base.

The three funds which provide Aitchesse with the most revenue may give between three and twelve months' notice to cancel their contracts. Although the Company and Aitchesse's management team believe the risk of cancellation by these clients to be low, there is nevertheless a possibility that this may happen. Termination of one of these contracts would have a material adverse effect on Aitchesse's revenue.

Sector focus – reliance on forestry

The success of Aitchesse relies on the continued attractiveness to investors of the UK forestry and timber industry, and in particular, the Scottish forestry and timber industry. Factors that could impact growth of Aitchesse include: a limited availability of land or, cheaper supplies of timber from overseas. Although the current forecast is that timber prices will rise there is no guarantee that it will do so (for example, if imported wood becomes even cheaper or through fluctuations in exchange rates). Such changes in the sector, rendering timber less attractive as an investment, could bring about a material adverse change to the business of Aitchesse.

Damage to asset under management

Fire or wind damage may cause a reduction in value to a forest. However, the Directors believe that the impact on a portfolio overall and, consequently, to Aitchesse's fees would be negligible. It would be highly unlikely that more than one forest in a portfolio would be affected by fire or wind. Fire is only a risk in very young forests so the effect on the value of a portfolio is much lower. Mature forests are not so susceptible to fire.

Loss of production due to disease or pests is a risk that cannot be insured against. Lower timber yields would result in lower fees being paid to Aitchesse and could have an adverse effect on Aitchesse's profits. This risk can be mitigated by good management, in particular by planting fast-growing species on appropriate sites and harvesting on short rotations. The assets managed by Aitchesse are spread over a wide geographic area and in different growing conditions which mitigates the risk of impact to a client's portfolio.

Regulation and tax

Regulation surrounding the forestry industry may be subject to change. Currently, timber is allowed significant tax breaks (it is not subject to income tax, capital gains tax or corporation tax and is also exempt from inheritance tax). If these tax breaks were repealed, timber could cease to be an attractive investment to high-net-worth individuals and ultra-high-net-worth individuals and families. This would have a significant effect on the business of Aitchesse.

Part of Aitchesse's role is to appraise and implement extra ground rent opportunities on its clients' land. These opportunities are often attractive because they benefit from tax breaks. By way of example, land may benefit from tax breaks if it is used to house wind turbines or hydroelectric plants. Planned changes to these tax reliefs could reduce the ground rent opportunities for Aitchesse's clients, thereby affecting the annual income of the land. This would impact the management fees received by Aitchesse.

Change in law

As discussed in section 4 of Part 1, Aitchesse manages four non-discretionary funds which together own over 30,000 hectares of forest, of which 89% is in Scotland. Any changes in the law (for example, devolution of power to Scotland or the nationalisation of privately-owned land in Scotland) could be detrimental to the business of Aitchesse.

The Scottish government's Land Reform Bill, if passed, will end tax relief for shooting estates and force the sale of land if owners are blocking economic development. Such changes in law would diminish the ground rent opportunities of Aitchesse's clients. It may also be the case that Aitchesse's clients are at risk of being forced to sell their land, leading to a diminution of the value of their portfolios.

Reliance on key personnel

Aitchesse's future success is dependent on the continued services and performance of its employees, as well as its ability to continue to attract and retain appropriately skilled and qualified personnel in a niche area. Historically, clients have had close relationships with particular personnel within Aitchesse; by way of example, one management agreement provides for a shorter termination period should Digby Guy leave the company. The Directors cannot give assurance that key personnel will continue to remain with Aitchesse. There can be no guarantee that the Company will be able to continue to attract and retain employees with the appropriate skills required.

As part of the Acquisition, the senior management of Aitchesse have entered into service agreements which contain appropriate restrictive covenants so as to secure the services of key employees.

Bespoke arrangements

One fund managed by Aitchesse does not have a management agreement in place. This means this fund is not required to give notice to cancel its relationship with Aitchesse, nor are its fee arrangements formalised. Aitchesse is currently working with this client to put more formal arrangements in place and it is expected that the arrangements will be documented in January 2016 though there is a risk that the parties will fail to come to an agreement on the terms of the formal contract.

These formal arrangements will be bespoke. It is envisioned that the client will have a contract in place with Digby Guy (the founder of Aitchesse). In turn, there will be a contract between Digby and Aitchesse, whereby any fees Digby Guy may receive from his contract with the client will be passed on to Aitchesse.

New fund

Aitchesse is considering starting a new fund. There is no guarantee that there will be the demand for this, nor that Aitchesse will receive the relevant approvals for a fund. This could hinder the growth of the company.

Reliance on suppliers

There are a limited number of suppliers in the forestry industry. Although the Directors are satisfied that Aitchesse has good relationships with its suppliers, there is a risk that, should these relationships deteriorate, Aitchesse would struggle to find a replacement supplier. Should this occur, Aitchesse may find it difficult to achieve its cost-effective land management, which would affect the management fees it would receive.

Increase in competition

Currently, Aitchesse is one of the leaders in its specialism. However, it is possible that other timber asset managers will grow or a new company will increase its slice of the market, reducing Aitchesse's lead in the industry. This may make it more difficult for the directors of Aitchesse to source new work, or even retain its current clients. Another fund manager may get instructed by Aitchesse's current clients.

It is also possible that competition for land increases, meaning that Aitchesse would face challenges in finding and purchasing new land for its clients.

2. Risks relating to the strategy of the Enlarged Group

Failure to attract investment funds

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

Ability to recruit and retain skilled personnel

The Company's success depends on qualified and experienced employees to enable it to raise assets for its 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 Directors and senior management. The loss of the services of any of the Directors or senior management could cause disruption which could have a material adverse effect on the deliverability of the strategy, the development of the 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. 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.

Nature of investee companies

A majority of the investments made by the funds which GHAM manages 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. If the investments do not perform well, GHAM, as the fund manager, would receive a lower management fee, and would be at risk of losing clients as a result of poor performance.

Concentrated portfolio

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

Liquidity of portfolio

The funds managed by the Company may invest in securities that are not readily tradable, which may make it difficult for the funds to sell its investments. Shareholders should not expect that the funds 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 funds' valuation of such investments.

Past performance

In considering any information contained in this document relating to past performance or the background of the 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 Directors or the members of the Investment Committee in their previous roles. The Company is long established but there is no guarantee of success.

Delay/failure to make significant acquisition

The Directors' strategy anticipates that the Company may develop by continuing to grow 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 Directors' strategy.

The Company is likely to face competition from a variety of other potential purchasers in identifying and acquiring suitable assets. Market conditions may have a negative impact on the Company's ability to identify and execute investments in suitable assets that generate acceptable returns.

Potential requirement for further investment

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

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

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

FCA Authorisations

GHAM is currently applying for FCA authorisations. On becoming authorised, GHAM will be expected to meet certain FCA standards. This will result in an extra cost to the Group. Furthermore, should GHAM be in breach of its duties, the FCA has a wide range of enforcement powers which include withdrawing a company's authorisation, suspending firms which undertake regulated activities, and fining firms or individuals who breach the rules. Use of these enforcement powers could bring about reputational and financial damage to the Group.

3. Risks relating to the Group's existing assets

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

Property portfolio – general economic and property market risks

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

Property portfolio – tenant-associated risks

Any non-renewal of existing leases or early termination by the existing tenants in the Group's property portfolio could result in a significant decrease in the Group's net rental income as the Group may not be able to secure a replacement tenant on favourable terms, or at all, for the vacated space. As at 30 June 2015, the amount of vacant space within the property portfolio amounted to 295,671 square feet, representing approximately 81.2 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.

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 41 months from completion (the first of which has been received) 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 and private assets

The Group invests 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. It should be noted that the Group currently has a 19.2 per cent. stake in Gresham House Strategic. The shares of Gresham House Strategic and IMImobile plc (in which Gresham House Strategic has a significant stake) are traded on AIM. The value of these shares may be volatile and may go down as well as up. As the Group holds a significant proportion of Gresham House Strategic's shares, the value of the Ordinary Shares may be affected by the value of the shares of Gresham House Strategic.

The anticipated proceeds from the repayment of the Attila loan notes and accrued interest exposes the Company to a risk on the purchaser of the Attila property asset, CALA Management Limited. Failure by the purchaser to pay the deferred consideration to Attila would impact its ability to repay the loan notes and accrued interest and have a detrimental impact on the Company's working capital.

4. Risks relating to the Ordinary 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 and of the Shareholder Warrants will fluctuate and may not always reflect the underlying asset value or the prospects of the Enlarged Group. The price of the Ordinary Shares or Shareholder Warrants may fall in response to the market's appraisal of the Enlarged Group's strategy (including but not limited to the development of an asset management business) or if the Enlarged 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 Enlarged Group's operating performance and prospects. A number of factors outside the control of the Enlarged 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 Enlarged Group's expected and actual operating performance and the performance of other companies in the markets in which the Enlarged Group operates;
- speculation about the Enlarged Group's business, about mergers or acquisitions involving the Enlarged Group and/or major divestments by the Enlarged Group in the press, media or investment community;
- speculation regarding the intentions of major Shareholders or significant sales of Ordinary Shares or Shareholder Warrants by such Shareholders;
- the value of the Company's underlying assets; and
- general economic and market conditions.

The Company intends to follow a strategy 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) save for the Consideration Shares or any shares issued as part of the Incentive Arrangements, 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.

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.

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.

PART 3

HISTORICAL FINANCIAL INFORMATION ON THE GROUP

A. AUDITED ANNUAL ACCOUNTS OF THE GROUP

1. Background

The financial information on the Group for the year ended 31 December 2012 (as set out in the annual report and accounts of the Group for 2012), the financial information on the Group for the financial year ended 31 December 2013 (as set out in the annual report and accounts of the Group for 2013) and the financial information on the Group for the financial year ended 31 December 2014 (as set out in the annual report and accounts of the Group for 2014) are incorporated by reference into this document. The audit reports for each of the financial years ended 31 December 2012, 31 December 2013 and 31 December 2014 were unqualified but the audit report for 31 December 2013 included a reference to matters to which the auditors drew attention by way of emphasis.

The financial information for the financial years ended 31 December 2012, 31 December 2013 and 31 December 2014 was prepared in accordance with IFRS.

Audited historical financial information on the Company for the three years ended 31 December 2014 is available from the Company's website at www.greshamhouse.com.

Shareholders or other recipients of this document may request a copy of the above information incorporated by reference from the Company's Company Secretary, whose name is set out on page 3 of this document.

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

2. Cross reference list

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

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

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

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

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

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

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

2.3 IFRS financial statements for the financial year ended 31 December 2014 and the audit report thereon

The page numbers below refer to the relevant pages of the annual report and accounts of the Group for the financial year ended 31 December 2014:

| <i>Page Number</i> | <i>Section</i> |
|--------------------|---|
| 27 | Statements of Financial Position |
| 24 | Group Statement of Comprehensive Income |
| 25 | Statements of Changes in Equity |
| 28 | Group Statement of Cash Flows |
| 29 | Company Statement of Cash Flows |
| 30 | Accounting Policies |
| 34 | Notes to the Accounts |
| 23 | Report of the Independent Auditor |
| 16 | Remuneration Report |

B. UNAUDITED INTERIM ACCOUNTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

CHAIRMAN'S INTERIM STATEMENT AND MANAGEMENT REPORT

As reported in my statement within the Report and Accounts issued in April, 2015 is a year of significant change for Gresham House.

We have been actively appraising several interesting acquisition opportunities and made progress in securing our first investment advisory mandate adopting our SPE investment strategy, which is discussed further in the Chief Executive's report.

As well as progressing our business plan to build a leading specialist asset manager focused on illiquid assets and alternative investment strategies, we have made pleasing progress with the stewardship of the existing assets and value optimisation plan for the legacy property assets inherited in 2014. The management team continues to focus on reinvesting the proceeds into higher return on equity ("ROE") areas targeting a hurdle rate of 15%.

I look forward to reporting future progress in the development of Gresham House as a specialist asset manager in my next report.

Anthony Townsend
Chairman

23 September 2015

CHIEF EXECUTIVE'S REPORT

This is the first set of results covering a full reporting period under the leadership of the new management team and putting into action the plan to transition Gresham House into a specialist asset manager. It has been a busy time for the team.

Results

The half year results for the six months ended 30 June 2015 show a modest operating profit before tax of £52,000 compared with a loss of £2.5 million for the same period last year, due primarily to a recovery in the value of our holding in SpaceandPeople plc ("S&P").

This represents earnings per share of 0.8p per ordinary share compared with a loss of 51.9p per ordinary share for the six months ended 30 June 2014. In due course, and as Gresham House evolves into a specialist asset manager, earnings will be the primary reference with respect to valuation. At this stage the net asset value per share has increased marginally from 298p at 31 December 2014 to 298.5p at 30 June 2015.

As anticipated, the net trading loss for the six months ended 30 June 2015 was £402,000 against a loss for the corresponding period in 2014 of £ 204,000 principally as a result of:-

- Administrative costs increasing to £639,000 (2014:£497,000) due to establishing the new business model platform and Gresham House Asset Management Ltd;
- Rental income in the period of £329,000 was, as expected, less than in the same period last year (2014: £475,000). This was due to the primary rent producing property on our site at Newton-le-Willows being demolished in anticipation of the sale of the majority of the site for residential development to Persimmon; and
- Property outgoings of £172,000 (2014:£271,000) have reduced during the period due primarily to a reduction in unrecovered service charges at Southern Gateway (a benefit of the empty space being let) and other property costs reducing.

Strategic Equity Division established – Award of SPE mandate for SPARK

The most significant transaction by the new management team was effected post the period end, in August, when Gresham House, having established its strategic equity division, became Investment Adviser to SPARK. It will form the flagship quoted vehicle for the Gresham House Strategic Equity division, having brought back together the core team who had worked effectively under the SVG Investment Managers umbrella, managing the two Strategic Recovery LP funds and Strategic Equity Capital plc. The longer term intention is to rebrand SPARK and significantly scale this strategy in a staged approach. We also plan to launch a limited partnership for those investors who prefer LP vehicle structures. The SPE investment strategy applies a private equity approach to making influential 'block' stake investments in smaller quoted companies. Central to this strategy is constructive engagement with management and shareholders of investee companies in support of a clear equity value creation plan, which combined with the adoption of private equity techniques, including an investment committee and advisory group, results in a significant de-risking of an investment. The strategy has historically generated strong long term returns and lends itself to co-investment 'club deals'.

As part of this transaction, we invested £5m in cash and injected the Gresham House holding in S&P into the SPARK vehicle in exchange for shares in SPARK. We continue to be confident in the long term intrinsic value of S&P, and the recent significant Network Rail contract win provides a further example of S&P's respected position in its market. As a result of the fund raise and asset injection in July, and as at the time the deal was announced, the SPARK NAV increased to c.£39m. We expect to deploy this capital in the near-term in order to generate attractive returns, with the longer-term intention of further scaling the vehicle. We are pleased to have secured the SPARK mandate as our flagship quoted SPE vehicle and believe our investment to be particularly attractive given the valuation entry point. It represents our first mandate and is an important step as the business evolves as a specialist asset manager focused on growing AUM and earnings.

Property portfolio

There has been a lot of activity at Southern Gateway in Speke, Liverpool with all the significant remaining space agreed to being let, subject to completion of the final documentation. The cash benefit of these new tenancies will be felt in subsequent periods together with an anticipated uplift in value. During the period under review capital

expenditure amounting to £193,000 has been incurred to facilitate the additional lettings and to position the asset for a longer term owner. We aim to benefit from recent yield compression in the North-West alongside the improved gross rental income.

On 22 September we completed the sale of 25.8 acres at Newton Le Willows to Persimmon with receipt of the initial cash consideration. The transaction will realise a total of £7.25 million net. A deposit and initial payment totalling £944,610 has been received and the balance will be receivable in three tranches over the next 42 months. The asset was being carried in the balance sheet as at 30 June 2015 and 31 December 2014 at a discounted value of £6.81 million.

In addition, Gresham House will be entitled to an overage payment in the event that Persimmon Homes Ltd achieves a selling price in excess of an agreed amount per square foot.

Gresham House retains a five acre site with retail planning permission contiguous to the site sold. We will explore options for this site now the sale of the main residential site has been completed.

Securities portfolio

The value of the securities portfolio increased, primarily as a result of the increase in S&P noted above, from £2.95m at the year-end to £3.61m at 30 June 2015. Since the period end our stake in S&P has been exchanged for shares in SPARK.

Our Strategy

The journey continues as we develop a sustainable and growing asset management business focused on addressing the increasing demand for longer term illiquid investments. The increase in asset allocation towards this area has been significant over the last 20 years and is ongoing, reflected by the fact pension funds, who had a zero percent allocation on average to “alternatives” (ex-property) in 1995, are now allocating approximately 9 percent of their AUM. These asset classes now include a growing range such as private equity, infrastructure, renewables and real assets.

Gresham House has established GHAM, a specialist asset manager focused on alternative investment strategies and illiquid assets. The business is developing around three pillars; platform, philosophy and people. Gresham House incorporates robust processes for investment and client servicing. Alongside this, a distinct investment culture exists based on a private equity “value” philosophy and with a merchant banking-style ethos, aligning the manager with investors and supporting our primary objective to generate strong returns for clients in all we do. Thirdly, these principles are brought together by capable people with strong track records who have worked alongside each other for several years.

To this end, following the addition of Graham Bird as Head of Strategic Investments, we are delighted that Rupert Robinson is joining as Managing Director of GHAM to drive the growth of our new subsidiary. Rupert has had a successful career whilst at Rothschild Asset Management, as Head of Wealth Management, and latterly as CEO and CIO of Schroders Private Bank.

We are building a specialist asset management group which will incorporate various illiquid or differentiated asset strategies. The initial investment advisory award within our SPE division is just the start as we look to grow organically and through acquisition. The team is focused on creating shareholder value through AUM build and resultant earnings growth, including carried interest and performance fees from third party assets under management. The management team objectives also include maximising the value of the legacy property assets over the medium term in order to recycle the capital into areas we perceive will generate superior returns and exceed our 15% ROE hurdle. This may be through acquisitions or direct asset investments which support the growth of GHAM capabilities.

GHAM has applied for FCA permissions which are expected in Q4 this year.

Outlook

The financial markets are understandably currently volatile. Various factors are combining at what may well be an inflexion point, with relatively high equity market valuations and corporate return on equity (excluding oil and commodity related companies) simultaneous to the expected US & UK interest rate rises (heralding the end of an

unprecedented period for the cost of capital) and the recognition that growth in China is not just slowing but may not be growing at all. These periods create dislocations for the longer term investor and that is where Gresham House will identify potential opportunities to generate superior investment returns for our clients.

The management team, as significant investors in the company themselves, remain focussed on generating shareholder value through building AUM and earnings growth. We are doing this organically plus we have a healthy pipeline of acquisitions which fit our criteria for illiquid asset management. The redeployment of capital as we realise value from the legacy assets we inherited in 2014 should result in an improved ROE and hence shareholder value creation.

Anthony Dalwood
Chief Executive

23 September 2015

UNAUDITED CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

| | <i>6 months ended 30 June 2015 Total</i> | <i>6 months ended 30 June 2014 Total</i> | <i>Year ended 31 December 2014 Total</i> |
|--|--|--|--|
| | <u>£' 000</u> | <u>£' 000</u> | <u>£' 000</u> |
| Income: | | | |
| Rental income | 329 | 475 | 858 |
| Dividend and interest income | 143 | 155 | 248 |
| Other operating income | 10 | 39 | 66 |
| Total Income (note 5) | <u>482</u> | <u>669</u> | <u>1,172</u> |
| Operating costs: | | | |
| Property outgoings | (172) | (271) | (516) |
| Administrative overheads | (639) | (497) | (1,062) |
| Finance costs (note 6) | (73) | (105) | (209) |
| Net trading loss | <u>(402)</u> | <u>(204)</u> | <u>(615)</u> |
| Exceptional items(*) | <u>(8)</u> | <u>—</u> | <u>(678)</u> |
| Net loss after exceptional items | (410) | (204) | (1,293) |
| Gains/(losses) on investments: | | | |
| Revaluation deficit on investment properties | (193) | (593) | (523) |
| Fair value movement of investments | 655 | (1,715) | (2,188) |
| Profit/(loss) on disposal of investments | — | — | 3 |
| Group operating profit/(loss) before taxation | <u>52</u> | <u>(2,512)</u> | <u>(4,001)</u> |
| Taxation | — | — | — |
| Profit/(loss) and total comprehensive income | <u>52</u> | <u>(2,512)</u> | <u>(4,001)</u> |
| Attributable to: | | | |
| Equity holders of the parent | 76 | (2,787) | (4,753) |
| Non-controlling interest | (24) | 275 | 752 |
| | <u>52</u> | <u>(2,512)</u> | <u>(4,001)</u> |
| Basic and diluted earnings/(loss) per ordinary share (pence) (note 7) | | | |

* Exceptional items relate to professional fees incurred in respect of the Proposals which took effect from 1 December 2014.

UNAUDITED CONDENSED GROUP STATEMENTS OF CHANGES IN EQUITY

| | <i>6 months ended 30 June 2015</i> | | | | | | |
|--|---------------------------------------|--------------------------|--------------------------------------|------------------------------|---|--|-------------------------|
| | <i>Ordinary share capital</i> | <i>Share Premium</i> | <i>Share warrant reserve</i> | <i>Retained reserves</i> | <i>Equity Attributable To equity Shareholders</i> | <i>Non- controlling interest</i> | <i>Total Equity</i> |
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Balance at 31 December 2014 | 2,336 | 12,508 | 64 | 12,934 | 27,842 | — | 27,842 |
| Profit for the period being total comprehensive income for the period | — | — | — | 76 | 76 | (24) | 52 |
| Transfer of non-controlling interest deficit | — | — | — | (24) | (24) | 24 | — |
| Reserves transfer | — | (12,508) | — | (12,508) | — | — | — |
| Share capital issued | — | — | — | — | — | — | — |
| Balance at 30 June 2015 | <u>2,336</u> | <u>—</u> | <u>64</u> | <u>25,494</u> | <u>27,894</u> | <u>—</u> | <u>27,894</u> |
| | <i>6 months ended 30 June 2014</i> | | | | | | |
| | <i>Ordinary share capital</i> | <i>Share Premium</i> | <i>Share warrant reserve</i> | <i>Retained reserves</i> | <i>Equity Attributable To equity Shareholders</i> | <i>Non- controlling interest</i> | <i>Total Equity</i> |
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Balance at 31 December 2013 | 1,342 | 2,302 | — | 16,680 | 20,324 | — | 20,324 |
| Loss for the period being total comprehensive income for the period | — | — | — | (2,787) | (2,787) | 275 | (2,512) |
| Transfer of non-controlling interest deficit | — | — | — | 275 | 275 | (275) | — |
| Balance at 30 June 2014 | <u>1,342</u> | <u>2,302</u> | <u>—</u> | <u>14,168</u> | <u>17,812</u> | <u>—</u> | <u>17,812</u> |
| | <i>Year ended 31 December 2014</i> | | | | | | |
| | <i>Ordinary share capital</i> | <i>Share Premium</i> | <i>Share warrant reserve</i> | <i>Retained reserves</i> | <i>Equity Attributable To equity Shareholders</i> | <i>Non- controlling interest</i> | <i>Total Equity</i> |
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Balance at 31 December 2013 | 1,342 | 2,302 | — | 16,680 | 20,324 | — | 20,324 |
| Loss for the period being total comprehensive income for the period | — | — | — | (4,753) | (4,753) | 752 | (4,001) |
| Transfer of non-controlling interest deficit | — | — | — | 752 | 752 | (752) | — |
| Issue of shares | 994 | 10,206 | — | — | 11,200 | — | 11,200 |
| Share based payments | — | — | — | 255 | 255 | — | 255 |
| Share warrants issued | — | — | 64 | — | 64 | — | 64 |
| Balance at 31 December 2014 | <u>2,336</u> | <u>12,508</u> | <u>64</u> | <u>12,934</u> | <u>27,842</u> | <u>—</u> | <u>27,842</u> |

**UNAUDITED CONDENSED GROUP STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

| | <i>30 June 2015</i> | <i>30 June 2014</i> | <i>31 December 2014</i> |
|---|---------------------|---------------------|-------------------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Assets | | | |
| Non current assets | | | |
| Investments – securities (note 9) | 3,610 | 3,440 | 2,955 |
| Property investments | 9,865 | 10,000 | 9,865 |
| Tangible fixed assets | 19 | — | — |
| Total non current assets | <u>13,494</u> | <u>13,440</u> | <u>12,820</u> |
| Current assets | | | |
| Trade and other receivables | 87 | 100 | 84 |
| Accrued income and prepaid expenses | 715 | 616 | 913 |
| Other current assets | — | — | — |
| Cash and cash equivalents | 10,701 | 1,044 | 11,209 |
| Non current assets held for sale | | | |
| Property investments | 6,810 | 6,550 | 6,810 |
| Total current assets and non current assets held for sale | <u>18,313</u> | <u>8,310</u> | <u>19,016</u> |
| Total assets | <u>31,807</u> | <u>21,750</u> | <u>31,836</u> |
| Current liabilities | | | |
| Trade and other payables | 635 | 660 | 716 |
| Short term borrowings | 3,278 | 3,278 | 3,278 |
| | <u>3,913</u> | <u>3,938</u> | <u>3,994</u> |
| Net assets | <u>27,894</u> | <u>17,812</u> | <u>27,842</u> |
| Capital and reserves | | | |
| Ordinary share capital (note 10) | 2,336 | 1,342 | 2,336 |
| Share premium | — | 2,302 | 12,508 |
| Share warrant reserve | 64 | — | 64 |
| Retained reserves | 25,494 | 14,168 | 12,934 |
| Equity attributable to equity shareholders | <u>27,894</u> | <u>17,812</u> | <u>27,842</u> |
| Non-controlling interest | <u>—</u> | <u>—</u> | <u>—</u> |
| Total equity | <u>27,894</u> | <u>17,812</u> | <u>27,842</u> |
| Basic and diluted net asset value per ordinary share (note 13) | <u>298.5p</u> | <u>331.7p</u> | <u>298.0p</u> |

**UNAUDITED CONDENSED GROUP STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2015**

| | <i>6 months to 30 June 2015</i> | <i>6 months to 30 June 2014</i> | <i>12 months to 31 December 2014</i> |
|---|---|---|--|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Cash flow from operating activities | | | |
| Dividend income received | 45 | 88 | 92 |
| Interest received | 280 | 1 | 7 |
| Rental income received | 315 | 483 | 762 |
| Other cash payments | <u>(898)</u> | <u>(653)</u> | <u>(1,929)</u> |
| Net cash utilised from operations (note 14) | (258) | (81) | (1,068) |
| Interest paid on property loans | <u>(74)</u> | <u>(74)</u> | <u>(146)</u> |
| Net cash flows from operating activities | <u>(332)</u> | <u>(155)</u> | <u>(1,214)</u> |
| Cash flows from investing activities | | | |
| Purchase of investments | — | (10) | (10) |
| Sale of investments | — | 14 | 29 |
| Sale of investment properties | — | 148 | 148 |
| Expenditure on investment properties | (154) | (460) | (515) |
| Purchase of tangible fixed assets | (22) | — | — |
| Sale of developments in hand | — | 417 | 417 |
| Purchase of developments in hand | <u>—</u> | <u>(67)</u> | <u>(67)</u> |
| | <u>(176)</u> | <u>42</u> | <u>2</u> |
| Cash flows from financing activities | | | |
| Repayment of loans | — | (468) | (468) |
| Share issue proceeds | — | — | 11,400 |
| Share issue costs | — | — | (200) |
| Supporter warrants issued | <u>—</u> | <u>—</u> | <u>64</u> |
| | <u>—</u> | <u>(468)</u> | <u>10,796</u> |
| (Decrease)/increase in cash and cash equivalents | (508) | (581) | 9,584 |
| Cash and cash equivalents at start of period | <u>11,209</u> | <u>1,625</u> | <u>1,625</u> |
| Cash and cash equivalents at end of period | <u>10,701</u> | <u>1,044</u> | <u>11,209</u> |

NOTES TO THE ACCOUNTS

1 REPORTING ENTITY

Gresham House pic (“the Company”) is a company incorporated in England. The unaudited condensed group interim financial statements of the Company as at and for the six months ended 30 June 2015 comprise the Company and its subsidiary undertakings (together referred to as the “Group”). All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2 STATEMENT OF COMPLIANCE

The financial information presented in these unaudited condensed group interim financial statements has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Union. The principal accounting policies adopted in the preparation of the financial information in these unaudited condensed group interim financial statements are unchanged from those used in the Company’s financial statements for the year ended 31 December 2014 and are consistent with those that the Company expects to apply in its financial statements for the year ended 31 December 2015.

The financial information for the year ended 31 December 2014 presented in these unaudited condensed group interim financial statements does not constitute the Company’s statutory accounts for that period but has been derived from them. The Report and Accounts for the year ended 31 December 2014 were audited and have been filed with the Registrar of Companies. The Independent Auditors’ Report on the Report and Accounts for the year ended 31 December 2014 was unqualified and did not draw attention to any matters by way of emphasis and did not contain statements under s498(2) or (3) of the Companies Act 2006. The financial information for the periods ended 30 June 2014 and 30 June 2015 are unaudited and have not been reviewed by the Company’s auditors.

3 ESTIMATES

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

In preparing these unaudited condensed group interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the group financial statements as at and for the year ended 31 December 2014.

4 FINANCIAL RISK MANAGEMENT

The Group’s financial risk management objectives and policy are consistent with those disclosed in the group financial statements as at and for the year ended 31 December 2014.

5 INCOME

| | <i>Half year ended 30 June 2015</i> | <i>Half year ended 30 June 2014</i> | <i>Year ended 31 December 2014</i> |
|--------------------------------------|---|---|--|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Income from investments | | | |
| Rental income | 329 | 475 | 858 |
| Dividend income – Listed UK | 45 | 88 | 92 |
| Interest receivable – Bank & brokers | 28 | 1 | 7 |
| – Other | 70 | 66 | 149 |
| | <u>472</u> | <u>630</u> | <u>1,106</u> |
| Other operating income | | | |
| Dealing profits and losses | — | — | 1 |
| Management fees receivable | 10 | 26 | 65 |
| Other income | — | 13 | — |
| | <u>10</u> | <u>39</u> | <u>66</u> |
| Total income | <u>482</u> | <u>669</u> | <u>1,172</u> |

6 FINANCE COSTS

| | <i>Half year ended 30 June 2015</i> | <i>Half year ended 30 June 2014</i> | <i>Year ended 31 December 2014</i> |
|--|---|---|--|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Interest payable on loans and overdrafts | 73 | 71 | 146 |
| Finance fees | — | 34 | 63 |
| | <u>73</u> | <u>105</u> | <u>209</u> |

7 EARNINGS / (LOSS) PER SHARE

Basic and diluted earnings / (loss) per share

The basic and diluted earnings / (loss) per share figure is based on the total net profit attributable to equity shareholders for the half year of £76,000 (half year ended 30 June 2014: loss of £2,787,000; year ended 31 December 2014: loss of £4,753,000) and on 9,343,429 (half year ended 30 June 2014: 5,369,880; year ended 31 December 2014: 5,707,356) ordinary shares, being the weighted average number of ordinary shares in issue during each respective period. No shares were deemed to have been issued at nil consideration as a result of the shareholder and supporter warrants granted.

The shareholder and supporter warrants are not dilutive as the exercise price of the warrants is 323.27p which is higher than the average market price of the ordinary shares during the period.

8 DIVIDENDS

| | <i>Half year ended 30 June 2015</i> | <i>Half year ended 30 June 2014</i> | <i>Year ended 31 December 2014</i> |
|---|---|---|--|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Amounts recognised as distributions to equity holders in the period: | | | |
| Final dividend for the year ended 31 December 2014 of nil (2013: nil) pence per share | — | — | — |
| | <u>—</u> | <u>—</u> | <u>—</u> |

9 INVESTMENTS – SECURITIES

An analysis of total investments is as follows:

| | <i>Half year ended 30 June 2015</i> | <i>Half year ended 30 June 2014</i> | <i>Year ended 31 December 2014</i> |
|---|---|---|--|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Listed securities – on the London Stock Exchange | 102 | 105 | 106 |
| Securities dealt in under AIM | 1,599 | 1,382 | 928 |
| Securities dealt in under ISDX | 57 | 86 | 69 |
| Unlisted securities | 1,852 | 1,867 | 1,852 |
| Carrying value | <u>3,610</u> | <u>3,440</u> | <u>2,955</u> |
| Investments valued at fair value through profit or loss | 2,199 | 2,014 | 1,544 |
| Loans and receivables valued at amortised cost | 1,411 | 1,426 | 1,411 |
| | <u>3,610</u> | <u>3,440</u> | <u>2,955</u> |

10 ORDINARY SHARE CAPITAL

| | <i>30 June 2015</i> | <i>30 June 2014</i> | <i>31 December 2014</i> |
|---|---------------------|---------------------|-------------------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Share Capital | | | |
| Allotted: Ordinary – 9,343,439 (30 June 2014: 5,369,880; 31 December 2014: 9,343,390) fully paid shares of 25p each | 2,336 | 1,342 | 2,336 |

11 SHAREHOLDER AND SUPPORTER WARRANTS

On 1 December 2014 the Company issued:-

- (i) 1,073,904 shareholder warrants to existing shareholders as at the close of business on 28 November 2014 on a 1:5 basis, such warrants having been admitted to trading on AIM; and
- (ii) 850,000 supporter warrants to the new directors and certain members of the Investment Committee and Advisory Group at a price of 7.5p per warrant.

Shareholder warrants are freely transferable, are exercisable at any time between 1 January 2015 and 31 December 2019 at an exercise price of 323.27p per ordinary share and are subject to the terms of the shareholder warrant instrument dated 7 October 2014.

Supporter warrants have the same entitlements as the shareholder warrants save that (i) they are not freely transferable (such supporter warrants only being transferable to certain family members, trusts or companies connected with the relevant warrant holder) and accordingly not quoted on AIM; (ii) are not exercisable until 1 December 2015; and (iii) are subject to the terms of the supporter warrant instrument dated 7 October 2014.

12 CAPITAL REDUCTION

On 4 February 2015 the High Court approved the cancellation of the Company's share premium account (the "Cancellation"). As a consequence of the Cancellation £12,508,206.76 standing to the credit of the Company's share premium account was cancelled. This will facilitate any share buyback or payment of dividends that the board of the Company may in the future approve by creating a reserve of an equivalent amount that, subject to certain creditor protection undertakings, will form part of a distributable reserve.

The Cancellation has no effect on the overall net asset position of the Company.

The Cancellation proposals were contained in the Company's shareholder circular and AIM Admission Document, each dated 8 October 2014, and approved by shareholders at the Company's General Meeting on 31 October 2014.

13 NET ASSET VALUE PER SHARE

Basic and diluted

Basic and diluted net asset value per ordinary share is based on equity attributable to equity shareholders at the period end and on 9,343,439 (half year ended 30 June 2014: 5,369,880; year ended 31 December 2014: 9,343,390) ordinary shares being the number of ordinary shares in issue at the period end. No shares were deemed to have been issued at nil consideration as a result of the shareholder and supporter warrants granted.

The shareholder and supporter warrants are not dilutive as the exercise price of the warrants is 323.27p which is higher than the average market price of the ordinary shares during the period.

14 RECONCILIATION OF LOSS BEFORE TAXATION TO OPERATING CASH FLOWS

| | <u>30 June 2015</u> | <u>30 June 2014</u> | <u>31 December 2014</u> |
|---|---------------------|---------------------|-------------------------|
| | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| Net loss after exceptional items | (410) | (204) | (1,293) |
| Interest payable | 73 | 71 | 146 |
| Depreciation | 3 | — | — |
| Share based payments | — | — | 255 |
| | <u>(334)</u> | <u>(133)</u> | <u>(892)</u> |
| Decrease / (increase) in current assets | 195 | 145 | (136) |
| Decrease in current liabilities | (119) | (93) | (40) |
| | <u>(258)</u> | <u>(81)</u> | <u>(1,068)</u> |

PART 4

HISTORICAL FINANCIAL INFORMATION ON AITCHESSE AND ACCOUNTANT'S REPORT

A. AUDITED ANNUAL ACCOUNTS OF AITCHESSE

Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | Notes | Year ended 30 June | | |
|--|-------|--------------------|-------------|-------------|
| | | 2013 | 2014 | 2015 |
| | | £ | £ | £ |
| Continuing Operations | | | | |
| Revenue | 4 | 1,496,165 | 1,687,014 | 2,277,179 |
| Administrative expenses | | (1,542,496) | (1,657,337) | (1,358,557) |
| Other income | 5 | 7,328 | 13,182 | 24,176 |
| Profit from operations | 6 | (39,003) | 42,859 | 942,798 |
| Finance income | 7 | 10,745 | 7,695 | 5,973 |
| Finance costs | 8 | (4,530) | (2,837) | (1,965) |
| Profit before income tax expense | | (32,788) | 47,717 | 946,806 |
| Income tax charge | 9 | (17,767) | (17,721) | (204,205) |
| Profit for the year | | (50,555) | 29,996 | 742,601 |
| Net profit for the year | | (50,555) | 29,996 | 742,601 |
| Total comprehensive income for the year | | (50,555) | 29,996 | 742,601 |
| Attributable to: | | | | |
| Equity holders of the parent | | (50,555) | 29,996 | 742,601 |

Consolidated Statement of Financial Position

| | <i>Notes</i> | <i>As at 30 June</i> | | |
|--|--------------|----------------------|-------------|-------------|
| | | <i>2013</i> | <i>2014</i> | <i>2015</i> |
| | | £ | £ | £ |
| Non-current assets | | | | |
| Property, plant and equipment | 11 | 166,802 | 198,208 | 119,897 |
| Fixed asset investments | 12 | 2,001 | 2,001 | 2,001 |
| Total non-current assets | | 168,803 | 200,209 | 121,898 |
| Current assets | | | | |
| Cash and cash equivalents | 17 | 918,673 | 1,126,628 | 1,298,138 |
| Trade and other receivables | 13 | 375,592 | 222,185 | 708,913 |
| Total current assets | | 1,294,265 | 1,348,813 | 2,007,051 |
| TOTAL ASSETS | | 1,463,068 | 1,549,022 | 2,128,949 |
| Equity and Liabilities | | | | |
| Equity attributable to equity holders of the parent | | | | |
| Share capital | 18 | 120 | 120 | 120 |
| Share premium | | 99,980 | 99,980 | 99,980 |
| Retained earnings | | 722,151 | 752,147 | 1,494,748 |
| Total equity | | 822,251 | 852,247 | 1,594,848 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Trade and other payables | 15 | 22,500 | 11,879 | 3,492 |
| Total non-current liabilities | | 22,500 | 11,879 | 3,492 |
| Current liabilities | | | | |
| Trade and other payables | 14 | 600,628 | 667,175 | 326,404 |
| Current tax payable | | 17,689 | 17,721 | 204,205 |
| Total current liabilities | | 618,317 | 684,896 | 530,609 |
| Total liabilities | | 640,817 | 696,775 | 534,101 |
| TOTAL EQUITY AND LIABILITIES | | 1,463,068 | 1,549,022 | 2,128,949 |

Consolidated Statement of Changes in equity as at 30 June 2015

| | <i>Share capital</i> | <i>Share premium</i> | <i>Retained Earnings</i> | <i>Total</i> |
|-----------------------------------|----------------------|----------------------|--------------------------|-------------------------|
| | £ | £ | £ | £ |
| Balance at 1 July 2013 | 120 | 99,980 | 722,151 | 822,251 |
| Profit from continuing operations | — | — | 29,996 | 29,996 |
| Balance at 30 June 2014 | <u>120</u> | <u>99,980</u> | <u>752,147</u> | <u>852,247</u> |
| Balance at 1 July 2014 | 120 | 99,980 | 752,147 | 852,247 |
| Profit from continuing operations | — | — | 742,601 | 742,601 |
| Balance at 30 June 2015 | <u><u>120</u></u> | <u><u>99,980</u></u> | <u><u>1,494,748</u></u> | <u><u>1,594,848</u></u> |

Consolidated Statement of Cash Flows

| <i>Notes</i> | <i>Year ended 30 June</i> | | |
|---|---------------------------|------------------|------------------|
| | <u>2013</u> | <u>2014</u> | <u>2015</u> |
| | £ | £ | £ |
| Cash flow from operating activities | | | |
| Profit before income taxation expense | (32,788) | 47,717 | 946,806 |
| Finance income | (10,745) | (7,695) | (5,973) |
| Finance costs | 4,530 | 2,837 | 1,965 |
| Net cash from operating activities | <u>(39,003)</u> | <u>42,859</u> | <u>942,798</u> |
| Adjustments for: | | | |
| Depreciation | 57,014 | 61,780 | 60,762 |
| Profit on sale of plant, property and equipment | (7,175) | (12,979) | (23,960) |
| | 4 | — | — |
| Changes in assets and liabilities: | | | |
| (Increase)/Decrease in receivables | (211,401) | 153,407 | (394,499) |
| (Decrease)/Increase in payables | 167,783 | 72,183 | (325,072) |
| Cash flows from operations | <u>(32,778)</u> | <u>317,250</u> | <u>260,029</u> |
| Interest received | 10,745 | 7,695 | 5,973 |
| Interest paid | (4,530) | (2,837) | (1,965) |
| Income tax paid | (17,240) | (17,689) | (17,721) |
| Net cash flows from operating activities | <u>(43,803)</u> | <u>304,419</u> | <u>246,316</u> |
| Cash flow from investing activities | | | |
| Purchase of plant, property and equipment | (61,730) | (123,208) | (50,720) |
| Proceeds from plant, property and equipment | 17,300 | 43,001 | — |
| Net cash flows from investing activities | <u>(44,430)</u> | <u>(80,207)</u> | <u>(50,720)</u> |
| Cash flow from financing activities | | | |
| Decrease in hire purchase funding | (2,348) | (16,257) | (24,086) |
| Net cash flows from investing activities | <u>(2,348)</u> | <u>(16,257)</u> | <u>(24,086)</u> |
| Net increase in cash and cash equivalents | (90,581) | 207,955 | 171,510 |
| Cash and cash equivalents at beginning of year | 1,009,254 | 918,673 | 1,126,628 |
| Cash and cash equivalents at end of year | <u>918,673</u> | <u>1,126,628</u> | <u>1,298,138</u> |
| Bank balances and cash | <u>918,673</u> | <u>1,126,628</u> | <u>1,298,138</u> |

Notes to the consolidated financial information

1 Presentation of financial statements

The group financial statements (“financial statements”) as at 30 June 2015 have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU) and IFRIC Interpretations. These are the first consolidated financial statements of the group prepared under IFRS as adopted by the EU. Previous consolidated financial statements have not been prepared therefore no reconciliations have been presented to previously reported financial statements. The directors consider there were no material changes to the financial statements under UK GAAP prepared previously by the companies that form the group.

The following standards and interpretations have been adopted in the financial statements as they are mandatory for the year ended 30 June 2015:

- (i) IFRS 10 Consolidated Financial Statements
- (ii) IFRS 11 Joint Arrangements
- (iii) IFRS 12 Disclosure of Interests in Other Entities
- (iv) IFRS 13 Fair Value Measurement

Other standards and interpretations have been issued which will be effective for future reporting periods but have not been adopted in these financial statements as set out in note 2(p).

2 Statement of significant accounting policies

The report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The International Accounting Standards Board has issued a number of new and revised Accounting Standards that apply in future periods. The group has not early adopted any of these Standards.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

a. Basis of consolidation

The financial statements incorporate the results, cash flows and financial position of the group for the year ended 30 June 2015. The financial statements of its subsidiary are prepared to the same reporting date using accounting policies consistent with those of the parent company. Intra-group transactions and balances, including any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in full.

Subsidiaries

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

b. Income tax

The charge for income tax expense for the year is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future profits will be available against which deductible temporary differences can be utilised.

The amount of benefit brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

c. Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

Plant and Equipment

The carrying amount of property, plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal.

Depreciation

The depreciable amount of all fixed assets are depreciated on a straight line basis over their estimated useful lives to the group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of fixed asset

| | |
|----------------------------------|------------------------------|
| Equipment, fixtures and fittings | 25% straight line |
| Leasehold property | Over the period of the lease |
| Freehold buildings | 10% and 2% straight line |
| Motor vehicles | 25% straight line |

Derecognition and disposal

An item of furniture or equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the income statement in the year in which the asset is derecognised.

Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

d. Leases and hire purchase contracts

Leases and hire purchases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to group are classified as finance leases and hire purchase contracts. These are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. These assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

e. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

f. Foreign currencies

The results and financial position of the Group are expressed in pounds sterling, its functional and presentational currency. In preparing the accounts of individual companies, transactions in currencies other than pounds sterling are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. Exchange differences arising on translation are recognised in the consolidated income statement for the period.

g. Impairment

The carrying value of all assets are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of all assets is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which it belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of the asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to an impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

h. Employee entitlements and benefits

Provision is made for the group's liability for employee entitlements arising from services rendered by employees to the balance sheet date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at an amount that is considered to approximate the present value of the estimated future cash outflows to be made for those entitlements.

Payments to personal pension schemes for employees are charged against profits in the year in which they are incurred.

i. Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and is net of bank overdrafts

j. Revenue

Revenue is measured at the fair value of consideration received from income from the group's ordinary activities. Revenue is stated received net of discounts, sales and other taxes. Revenue from sales is recognised when persuasive evidence of an arrangement exists, the significant risks and rewards of ownership have been transferred to the buyer, the price is fixed and determinable and collection is probable.

Revenue from management fees is recognised on a quarterly basis in arrears. Revenue for recharged expenses is recognised when the expenses have been incurred. Purchase arrangement and commission income are success fees and are only realised and recognised when the transactions are completed.

k. Expenditure

All expenses and interest payable are accounted for on an accruals basis.

l. Trade and other receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowance for impairments which, based upon previous experience, is evidence of a reduction in the recoverability of the cash flows. Changes in this allowance are recognised in the income statement.

Other receivables are assessed for indicators of impairment at each year end and where a provision is required the income statement is charged directly.

m. Trade and other payables

Trade payables are not interest-bearing and are stated at their nominal value as any discounting of expected cash flows is considered to be immaterial.

n. Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax (VAT), except:

- i. Where the amount of VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. For receivables and payables, which are recognised inclusive of VAT.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

o. Fixed asset investments

Investments are held by the group at fair value through profit and loss.

p. Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Group

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 July 2015 or later periods. The group has not early adopted the standards, amendments and interpretations.

The changes are not expected to have a material impact on the financial statements, although amended disclosures will be required in certain instances.

q. Going concern

The directors have considered a period of 12 months from the date of signing the accounts. Given the group's strong asset position and expected profitable trading they have adopted the going concern basis of accounting for preparing the financial statements.

3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are those used to determine the value of investments at fair value through profit or loss.

The value of investments at fair value through profit or loss is determined by using valuation techniques. As explained above, the directors use their judgment to select a variety of methods and make assumptions that are mainly based on market conditions at each reporting date.

4 Revenue

An analysis of revenue is as follows:

| | <i>Year ended 30 June</i> | | |
|---------------------------|---------------------------|------------------|------------------|
| | <u>2013</u> | <u>2014</u> | <u>2015</u> |
| | £ | £ | £ |
| Consultancy fees | 1,208,212 | 1,035,028 | 1,380,269 |
| Purchase arrangement fees | 191,125 | 550,775 | 751,900 |
| Rechargeable expenses | 96,828 | 101,211 | 95,010 |
| | <u>1,496,165</u> | <u>1,687,014</u> | <u>2,227,179</u> |

5 Administrative expenses

An analysis of administrative expenses is as follows:

| | <i>Year ended 30 June</i> | | |
|----------------------------|---------------------------|------------------|------------------|
| | <u>2013</u> | <u>2014</u> | <u>2015</u> |
| | £ | £ | £ |
| Establishment | 23,566 | 30,676 | 29,762 |
| Staff costs | 1,170,443 | 1,289,792 | 1,018,610 |
| Other administrative costs | 291,473 | 275,089 | 249,423 |
| Depreciation | 57,014 | 61,780 | 60,762 |
| | <u>1,542,496</u> | <u>1,657,337</u> | <u>1,358,557</u> |

6 Profit from operations

| | <i>Year ended 30 June</i> | | |
|--|---------------------------|-------------|-------------|
| | <u>2013</u> | <u>2014</u> | <u>2015</u> |
| | £ | £ | £ |
| After charging | | | |
| Auditor's remuneration: | | | |
| Audit | — | — | 5,500 |
| Operating lease rentals: | | | |
| Land and buildings | 19,377 | 23,254 | 23,263 |
| Depreciation and other amounts written off tangible fixed assets | 57,014 | 61,780 | 60,762 |

7 Finance income

| | <i>Year ended 30 June</i> | | |
|---------------------------|---------------------------|--------------|--------------|
| | <u>2013</u> | <u>2014</u> | <u>2015</u> |
| | £ | £ | £ |
| Interest on bank deposits | 10,745 | 7,695 | 5,973 |
| | <u>10,745</u> | <u>7,695</u> | <u>5,973</u> |

8 Finance costs

| | <i>Year ended 30 June</i> | | |
|-------------------------------------|---------------------------|--------------|--------------|
| | <u>2013</u> | <u>2014</u> | <u>2015</u> |
| | £ | £ | £ |
| Interest on hire purchase contracts | 4,530 | 2,837 | 1,965 |
| | <u>4,530</u> | <u>2,837</u> | <u>1,965</u> |

9 Income tax expense

| | <i>Year ended 30 June</i> | | |
|---|---------------------------|-------------|-------------|
| | <u>2013</u> | <u>2014</u> | <u>2015</u> |
| | £ | £ | £ |
| Current tax: | | | |
| – current tax charge | (17,767) | (17,721) | (204,205) |
| The tax charge is allocated in the financial statements as follows: | | | |
| Profit and loss account | (17,767) | (17,721) | (204,205) |

Domestic income tax is calculated at 20.75% (2014: 20.00%) of the estimated assessable profit for the year.

The charge for the year can be reconciled to the profit per the income statement as follows:

| | <i>Year ended 30 June</i> | | |
|--|---------------------------|---------------|----------------|
| | <u>2013</u> | <u>2014</u> | <u>2015</u> |
| | £ | £ | £ |
| Profit on ordinary activities before taxation | (32,788) | 47,717 | 946,806 |
| Tax on profit at the effective rate of corporation tax of 20.75% (2014 – 20.00%) | (6,558) | 9,543 | 196,462 |
| Effects of: | | | |
| Expenses that are not taxable for tax purposes | 11,792 | 5,996 | 9,661 |
| Non-taxable forestry income | (28) | (40) | — |
| Adjustments in respect of previous periods | 76 | — | — |
| Depreciation in excess of capital allowances | 5,486 | 1,023 | 8,435 |
| Fixed asset differences | 692 | 2,053 | (4,716) |
| Other timing differences | 6,307 | (854) | (5,637) |
| Current tax charge for year | <u>17,767</u> | <u>17,721</u> | <u>204,205</u> |

10 Employee benefits expense

The average number of persons employed by the group (including directors) during the year was 11.5 (2014: 10.9). The aggregate payroll costs of these persons, included within administrative expenses, were as follows:

| | <i>Year ended 30 June</i> | | |
|-----------------------|---------------------------|------------------|------------------|
| | <u>2013</u> | <u>2014</u> | <u>2015</u> |
| | £ | £ | £ |
| Wages and salaries | 933,249 | 1,134,979 | 781,419 |
| Social security costs | 141,646 | 145,303 | 126,010 |
| Other pension costs | 95,548 | 9,310 | 111,181 |
| | <u>1,170,443</u> | <u>1,289,592</u> | <u>1,018,610</u> |

| | <i>Year ended 30 June</i> | | |
|-----------------------|---------------------------|----------------|----------------|
| | <u>2013</u> | <u>2014</u> | <u>2015</u> |
| | £ | £ | £ |
| Wages and salaries | 728,130 | 895,619 | 483,490 |
| Pension contributions | 81,567 | — | 100,000 |
| | <u>809,697</u> | <u>895,619</u> | <u>583,490</u> |

The directors are considered to be the group's only key management personnel. Employees' National Insurance contributions in respect of the directors for the year were £61,403 (2014: £119,213).

11 Property, plant and equipment

| | <i>Land and buildings</i> | <i>Motor vehicles</i> | <i>Equipment fixtures and fittings</i> | <i>Total</i> |
|------------------------|-------------------------------|---------------------------|--|----------------|
| | £ | £ | £ | £ |
| <i>Cost</i> | | | | |
| At 30 June 2014 | 112,369 | 219,339 | 14,005 | 345,713 |
| Additions | — | 50,720 | — | 50,720 |
| Disposals | (92,229) | — | — | (92,229) |
| At 30 June 2015 | <u>20,140</u> | <u>270,059</u> | <u>14,005</u> | <u>304,204</u> |
| <i>Depreciation</i> | | | | |
| At 30 June 2014 | 37,643 | 95,857 | 14,005 | 147,505 |
| Charge for year | 1,636 | 59,126 | — | 60,762 |
| Eliminated on disposal | (23,960) | — | — | (23,960) |
| At 30 June 2015 | <u>15,319</u> | <u>154,983</u> | <u>14,005</u> | <u>184,307</u> |
| <i>Net book value</i> | | | | |
| At 30 June 2015 | <u>4,821</u> | <u>115,076</u> | <u>—</u> | <u>119,897</u> |
| At 30 June 2014 | <u>74,726</u> | <u>123,482</u> | <u>—</u> | <u>198,208</u> |
| | <i>Land and buildings</i> | <i>Motor vehicles</i> | <i>Equipment fixtures and fittings</i> | <i>Total</i> |
| | £ | £ | £ | £ |
| <i>Cost</i> | | | | |
| At 30 June 2013 | 112,369 | 198,617 | 14,005 | 324,991 |
| Additions | — | 123,208 | — | 123,208 |
| Disposals | — | (102,486) | — | (102,486) |
| At 30 June 2014 | <u>112,369</u> | <u>219,339</u> | <u>14,005</u> | <u>345,713</u> |
| <i>Depreciation</i> | | | | |
| At 30 June 2013 | 26,977 | 120,123 | 11,089 | 158,189 |
| Charge for year | 10,666 | 48,198 | 2,916 | 61,780 |
| Eliminated on disposal | — | (72,464) | — | (72,464) |
| At 30 June 2014 | <u>37,643</u> | <u>95,857</u> | <u>14,005</u> | <u>147,505</u> |
| <i>Net book value</i> | | | | |
| At 30 June 2014 | <u>74,726</u> | <u>123,482</u> | <u>—</u> | <u>198,208</u> |
| At 30 June 2013 | <u>85,392</u> | <u>78,494</u> | <u>2,916</u> | <u>166,802</u> |

Included within fixed assets are assets held under finance leases or hire purchase contracts with a net book value of £27,837 (2014: £49,471).

The depreciation charge for the year includes £21,634 (2014: £21,635) in respect of assets leased under finance leases or hire purchase contracts.

12 Investments

| | <i>Fixed asset investments</i> |
|---------------------------------|------------------------------------|
| | £ |
| At 1 July 2014 and 30 June 2015 | 2,001 |

Unlisted investments

The unlisted investment represents a 0.01% interest held the group in the equity capital of The Forestry Partnership 2008 LLP, which is registered in Scotland. This valuation is a level 3 valuation. There were no transfers between level 3 values.

The company has one wholly-owned subsidiary, being PFP General Partner Limited.

13 Trade and other receivables

| | <i>Year ended 30 June</i> | | |
|-------------------|---------------------------|----------------|----------------|
| | <i>2013</i> | <i>2014</i> | <i>2015</i> |
| | <i>£</i> | <i>£</i> | <i>£</i> |
| Trade receivables | 320,779 | 212,336 | 545,455 |
| Other debtors | 54,813 | 9,849 | 113,458 |
| Accrued income | — | — | 50,000 |
| | <u>375,592</u> | <u>222,185</u> | <u>708,913</u> |

All trade and other receivables are current and approximate their fair value. All trade receivables were current as at 30 June 2015 and 30 June 2014. There were no provisions for irrecoverable amounts from trade receivables.

14 Current liabilities

| | <i>Year ended 30 June</i> | | |
|--|---------------------------|----------------|----------------|
| | <i>2013</i> | <i>2014</i> | <i>2015</i> |
| | <i>£</i> | <i>£</i> | <i>£</i> |
| Trade payables | 48,474 | 20,235 | 5,918 |
| Accruals | 420,317 | 560,708 | 98,923 |
| Other taxation and society security | 100,552 | 60,583 | 211,613 |
| Net obligations under finance leases and hire purchase contracts | 31,285 | 25,649 | 9,950 |
| | <u>600,628</u> | <u>667,175</u> | <u>326,404</u> |

The group consider the fair value of payables to be in line with their carrying values.

The hire purchase liabilities are secured upon the assets which they finance.

15 Non-current liabilities

| | <i>Year ended 30 June</i> | | |
|--|---------------------------|---------------|--------------|
| | <i>2013</i> | <i>2014</i> | <i>2015</i> |
| | <i>£</i> | <i>£</i> | <i>£</i> |
| Net obligations under finance leases and hire purchase contracts | 22,500 | 11,879 | 3,492 |
| | <u>22,500</u> | <u>11,879</u> | <u>3,492</u> |

The hire purchase liabilities are secured upon the assets which they finance.

16 Hire purchase contracts

Hire purchase liabilities are payable as follows:

| | Year ended 30 June | | |
|--|--------------------|---------------|---------------|
| | 2013 | 2014 | 2015 |
| | £ | £ | £ |
| Within one year | 33,916 | 27,611 | 10,775 |
| Between one and five years | 24,619 | 13,128 | 3,916 |
| | 58,535 | 40,739 | 14,691 |
| | (4,750) | (3,211) | (1,249) |
| | <u>53,785</u> | <u>37,528</u> | <u>13,442</u> |
| Present value of minimum lease payments: | | | |
| Current liabilities (note 14) | 31,285 | 25,649 | 9,950 |
| Non-current liabilities (note 15) | 22,500 | 11,879 | 3,492 |
| | <u>53,785</u> | <u>37,528</u> | <u>13,442</u> |

17 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at each respective year end:

| | Year ended 30 June | | |
|--------------------------|--------------------|-----------|-----------|
| | 2013 | 2014 | 2015 |
| | £ | £ | £ |
| Cash at bank and in hand | 918,673 | 1,126,628 | 1,298,138 |

18 Cash and cash equivalents

| | Year ended 30 June | | |
|---|--------------------|------------|------------|
| | 2013 | 2014 | 2015 |
| | £ | £ | £ |
| <i>Authorised</i> | | | |
| Ordinary shares of £1 each | <u>120</u> | <u>120</u> | <u>120</u> |
| <i>Allotted, called up and fully paid</i> | | | |
| Ordinary shares of £1 each | <u>120</u> | <u>120</u> | <u>120</u> |

The ordinary shares carry one vote per share and participate in profits available for dividend pro rata.

19 Commitments

Commitments under non-cancellable operating leases are as follows.

| | 2013 | 2014 | 2015 |
|--|---------------------------|---------------------------|---------------------------|
| | <i>Land and buildings</i> | <i>Land and buildings</i> | <i>Land and buildings</i> |
| | £ | £ | £ |
| Operating leases which expire: | | | |
| – Within one year | 10,735 | 14,263 | 18,313 |
| – In the second to fifth years inclusive | 4,473 | 34,470 | 20,206 |
| | <u>15,208</u> | <u>48,733</u> | <u>38,519</u> |

20 Related party transactions

During the year services were provided to Enga Limited, a company in which D C Guy is a director, resulting in sales of £75,209 (2014: £66,475). At 30 June 2015 there was a balance of £24,332 (2014: £19,667) due to Aitchesse Limited from Enga Limited.

During the year the group sold assets previously capitalised under land and buildings to D C Guy, a director. The assets were sold at cost value of £92,229.

On 15 January 2009, share options were granted to J H Strickland, director. The options granted allow for the purchase of up to 20 ordinary £1 shares of the company at an exercise price of £5,000 per share. The options may be exercised from 15 January 2009 and expire at the end of day on 14 January 2019. As at 30 June 2015 no options have been exercised.

The following loans to directors subsisted during the year ended 30 June 2015:

| | <i>Balance outstanding at * 2013</i> | <i>Balance outstanding at 1 July 2014</i> | <i>Balance outstanding at 30 June 2015</i> | <i>Maximum balance during year</i> |
|----------------|--|---|--|--|
| | | £ | £ | £ |
| D C Guy | — | — | 92,339 | 92,339 |
| J H Strickland | — | — | 558 | 865 |

21 Ultimate controlling party

The controlling parties are D C Guy and C R Guy.

22 Financial Risk Management

The group has the following categories of financial instruments at the balance sheet date:

| | <i>Loans and receivable</i> | <i>Assets at fair value through profit or loss</i> | <i>Loans and receivable</i> | <i>Assets at fair value through profit or loss</i> | <i>Loans and receivable</i> | <i>Assets at fair value through profit or loss</i> |
|--|---------------------------------|--|---------------------------------|--|---|--|
| <i>Note</i> | <i>2013</i> | | <i>2014</i> | | <i>2015</i> | |
| | £ | £ | £ | £ | £ | £ |
| Financial Assets | | | | | | |
| Investments | 12 | — | 2,001 | — | 2,001 | — |
| Trade receivables – current | 13 | 320,779 | — | 212,336 | — | 545,455 |
| Other receivables – current | 13 | 54,813 | — | 9,849 | — | 113,458 |
| Cash and cash equivalents | 17 | 918,673 | — | 1,126,628 | — | 1,298,138 |
| Total financial Assets | | <u>1,294,265</u> | <u>2,001</u> | <u>1,348,813</u> | <u>2,001</u> | <u>1,957,051</u> |
| | | | | <i>Note</i> | <i>Other financial liabilities 2013</i> | <i>Other financial liabilities 2014</i> |
| | | | | | £ | £ |
| Financial liabilities | | | | | | |
| Trade payables – current | | | | 14 | 48,474 | 20,235 |
| Other payables – current | | | | 14 | 131,837 | 86,232 |
| Trade and other payables – non-current | | | | 15 | 22,500 | 11,879 |
| Total financial liabilities | | | | | <u>202,811</u> | <u>118,346</u> |
| | | | | | <u>230,973</u> | |

Capital risk management

The group aims to manage its overall capital structure to ensure it continues to operate as a going concern. The group's capital structure represents the equity attributable to the shareholders of the group together with borrowings and cash equivalents. The directors review the current and projected capital position of the group regularly and are therefore in a position to address issues that may arise in a timely manner.

Risk management objectives

The Board is charged with the overall responsibility of establishing and monitoring the group's risk management policies and processes in order to identify, analyse and monitor the risks that are faced by the group. The group does not enter into or trade financial instruments for speculative purposes.

The main risks that the group is exposed to through its financial instruments are market risk, credit risk and liquidity risk. These are managed as follows:

Market risk

Market risk is the risk that the value of the client portfolios may fall resulting in reduced fee income. Also included in market risk is interest rate risk, which is the risk that the expected receipts from deposits may fluctuate due to market conditions. This risk is monitored, but it is very unlikely to affect the group's overall liquidity.

Credit risk

Credit risk is the risk that the counterparty will fail to discharge an obligation or commitment that it has entered into with the group.

The group's maximum exposure to credit risk is:

| | <i>Year ended 30 June</i> | | |
|---------------------------------------|---------------------------|------------------|------------------|
| | <u>2013</u> | <u>2014</u> | <u>2015</u> |
| | £ | £ | £ |
| Investments | 2,001 | 2,001 | 2,001 |
| Cash and cash equivalents | 918,673 | 1,126,628 | 1,298,138 |
| Trade and other receivables – current | <u>375,592</u> | <u>222,185</u> | <u>708,913</u> |
| | <u>1,296,266</u> | <u>1,350,814</u> | <u>2,009,052</u> |

The group has an exposure to credit risk in respect of trade and other receivables, details of which can be found in note 13 to these financial statements. The group's exposure to credit risk is restricted to investments, trade and other receivable and cash and cash equivalents totalling £2,009,052 (2014: £1,350,814). Cash and cash equivalents consist of cash in hand and balances with banks. To reduce the risk of counterparty default the group deposits its funds in approved high quality banks.

Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages that risk as follows:

- Preparing adequate forward-looking cash flow analysis
- Maintaining high levels of cash on deposit

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the expected maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | <i>Less than 1 year</i> | <i>Between 1 and 2 years</i> | <i>Between 2 and 5 years</i> |
|--------------------------------------|-----------------------------|----------------------------------|----------------------------------|
| | £ | £ | £ |
| As at 30 June 2014 | | | |
| Trade payables | 20,235 | — | — |
| Other creditors | 60,583 | — | — |
| Net obligations under finance leases | <u>25,649</u> | <u>8,387</u> | <u>3,492</u> |
| | <u>106,467</u> | <u>8,387</u> | <u>3,492</u> |
| As at 30 June 2015 | | | |
| Trade payables | 5,918 | — | — |
| Other creditors | 211,613 | — | — |
| Net obligations under finance leases | <u>9,950</u> | <u>3,492</u> | — |
| | <u>227,481</u> | <u>3,492</u> | — |

23 Fair value measurements

Investments, as disclosed in note 12, are measured in fair value based on PFP General Partner Limited's interest in the equity capital of The Forestry Partnership 2008 LLP as at the date of statement of financial position. This is a fair value level 3 valuation under a directors' valuation.

The effect of this valuation in the profit or loss or other comprehensive income for the year to 30 June 2015 was £nil (2014: £nil).

24 Events after the reporting period

On 27 October 2015, the Company agreed to repurchase 30 ordinary shares for a total consideration of £1 million. The repurchase is conditional upon either (i) the shareholders of the Company entering into an agreement for the sale of the Company or (2) the Company serving notice on the selling shareholder. Completion of the repurchase will take place on the date the Company may require provided that where the shareholders of the Company have entered into an agreement for the sale of the Company, it is no later than the date of completion of the sale of the Company.

B. ACCOUNTANT'S REPORT FOR AITCHESSE



BDO LLP
55 Baker Street
London
W1U 7EU

The Directors
Gresham House plc
12 Austin Friars
London EC2N 2HE

4 November 2015

Liberum Capital Limited
Level 12 Ropemaker Place
25 Ropemaker Street
London EC2Y 9LY

Dear Sirs

Aitchesse Limited (“Aitchesse”)

Introduction

We report on the financial information of Aitchesse set out in Part 4. This financial information has been prepared for inclusion in the admission document dated 4 November 2015 of Gresham House plc (“the Company” and the “Admission Document”) on the basis of the accounting policies set out in note 2 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors (“Directors”) of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies consenting to its inclusion in the Admission Document.

Basis of opinion

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

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

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Aitchesse as at 30 June 2013, 30 June 2014 and 30 June 2015 and of its results, cash flows, recognised gains and losses, changes in equity for the three years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

PART 5

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP

The following unaudited pro forma statement of net assets of the Group (the “pro forma financial information”) has been prepared to illustrate the effect on the consolidated net assets of the Group of the acquisition of Aitchesse as if it had taken place on 30 June 2015.

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the Group’s actual financial position or results.

The pro forma financial information is based on the unaudited condensed group statement of financial position of the Company as at 30 June 2015, set out in the unaudited interim results for the period ended 30 June 2015, and the financial information on Aitchesse set out in Part 4 of this document and has been prepared in a manner consistent with the accounting policies adopted by the Company in preparing such information and on the basis set out in the notes set out below.

| | <i>Adjustments</i> | | | <i>Pro forma net assets of the Group</i> |
|--|--|---|---|--|
| | <i>Gresham as at 30 June 2015 (note 1)</i> | <i>Aitchese as at 30 June 2015 (note 2)</i> | <i>Acquisition of target (note 3)</i> | |
| | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| Assets | | | | |
| Non-current assets | | | | |
| Investments – securities | 3,610 | 2 | — | 3,612 |
| Property investments | 9,865 | — | — | 9,865 |
| Tangible fixed assets | 19 | 120 | — | 139 |
| Intangible assets | — | — | 7,102 | 7,102 |
| | <u>13,494</u> | <u>122</u> | <u>7,102</u> | <u>20,718</u> |
| Current assets | | | | |
| Trade and other receivables | 87 | 709 | — | 796 |
| Accrued income and prepaid expenses | 715 | — | — | 715 |
| Cash and cash equivalents | 10,701 | 1,298 | (2,500) | 9,499 |
| Non-current assets held for sale | | | | |
| Property investments | 6,810 | — | — | 6,810 |
| Total current and non-current assets held for sale | <u>18,313</u> | <u>2,007</u> | <u>(2,500)</u> | <u>17,820</u> |
| Total assets | <u>31,807</u> | <u>2,129</u> | <u>4,602</u> | <u>38,538</u> |
| Liabilities | | | | |
| Current liabilities | | | | |
| Trade and other payables | 635 | 327 | — | 962 |
| Borrowings | 3,278 | — | — | 3,278 |
| Loan notes | — | — | 667 | 667 |
| Corporation tax liability | — | 204 | — | 204 |
| | <u>3,913</u> | <u>531</u> | <u>667</u> | <u>5,111</u> |
| Non-current liabilities | | | | |
| Borrowings | — | 3 | — | 3 |
| Deferred consideration payable in cash | — | — | 1,500 | 1,500 |
| | <u>—</u> | <u>3</u> | <u>1,500</u> | <u>1,503</u> |
| Total liabilities | <u>3,913</u> | <u>534</u> | <u>2,167</u> | <u>6,614</u> |
| Net assets | <u>27,894</u> | <u>1,595</u> | <u>2,435</u> | <u>31,924</u> |

Notes:

1. The net assets of the Group at 30 June 2015 have been extracted without material adjustment from the financial information on the Group for the period ended 30 June 2015 set out in the unaudited interim results for the period ended 30 June 2015.

Adjustments:

2. The net assets of Aitchesse at 30 June 2015 have been extracted without material adjustment from the financial information on Aitchesse set out in Part 4 of this document.
3. An adjustment has been made to reflect the estimated intangible assets arising on the acquisition of Aitchesse. The adjustment assumes that the deferred earn out consideration is paid in full.

| | <i>£000</i> |
|--|----------------|
| Consideration payable included deferred consideration | 7,697 |
| Aitchesse pre-completion share buy back conditional upon the transaction | 1,000 |
| Book value of net assets of Aitchesse at 30 June 2015 | <u>(1,595)</u> |
| Intangible asset arising on the Transaction | <u>7,102</u> |
| The consideration is structured as follows: | |
| Cash payable on completion | 1,500 |
| Loan notes issued on completion | 667 |
| Deferred consideration payable in cash | 1,500 |
| Shares in Gresham issued on completion | 1,833 |
| Deferred consideration payable in shares | <u>2,197</u> |
| | <u>7,697</u> |

4. No account has been taken of the financial performance of the Group or Aitchesse since 30 June 2015 nor of any other event save as disclosed above.
5. Cash has been adjusted to include the initial cash consideration of £1.5 million and the Aitchesse pre-completion share buy back of £1 million.

PART 6

PROPERTY VALUATION REPORT



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Your ref
Our ref 479500MAN/WNC
Direct line 0161 238 6293

william.clowes@eu.jll.com

and

Liberum Capital Limited
Level 12 Ropemaker Place
25 Ropemaker Street
London
EC2Y 9LY

4 November 2015

Dear Sirs

Gresham House plc (the “Company”)

1. Instructions

- 1.1 In accordance with your instructions confirmed in our letter of 13 October 2015, we have assessed the Market Value of the interests held by the Company and its subsidiaries in the properties as set out in the schedule attached to this report (the “Valuation Report”), which are summarised in paragraph 2, for inclusion in an admission document produced by the Company in connection with (i) the acquisition of Aitchesse Limited; and (ii) the re-admission to AIM of the Company’s issued share capital and shareholder warrants, in accordance with the AIM Rules for Companies (the “Admission Document”).
- 1.2 The date of valuation adopted is 30 September 2015.
- 1.3 This valuation has been prepared in accordance with the latest edition of the Valuation Standards published by the Royal Institution of Chartered Surveyors (the “Red Book”) with particular regard to UK Appendix 7 – FCA Listing Rules.
- 1.4 The valuation has been undertaken on the basis of our Terms of Engagement for Valuation Services, set out in our letter dated 13 October 2015.
- 1.5 This Valuation Report will be relied upon by the Company and Liberum Capital Limited for the purposes specified in paragraph 1.1 above.

2. Opinion of Value

- 2.1 In accordance with the facts and assumptions set out below, we hereby certify that we are of the opinion that the aggregate Market Value of the two property interests as described in this Valuation Report and as at 30 September 2015 is as follows:

| | |
|----------------|---|
| Freehold | £2,250,000 |
| Long Leasehold | £7,600,000 |
| Total | <u>£9,850,000</u> (Nine Million Eight Hundred and Fifty Thousand Pounds) |

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

3. Basis of Valuation

- 3.1 We confirm that we have not made any “special assumptions” in our valuations unless specifically stated elsewhere in this Valuation Report.
- 3.2 Market Value means the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
- 3.3 Our valuations reflect a sale on an individual basis. No allowance has been made to reflect an adjustment for a portfolio sale.
- 3.4 Our valuation excludes any expenses which would be incurred on a realisation or disposal and any liabilities due to taxation on disposal such as Capital Gains Tax or Value Added Tax.
- 3.5 The valuations reflect the deduction of normal purchaser’s costs where appropriate.
- 3.6 We have inspected both Southern Gateway and the land at Newton-le-Willows on 12 October 2015 for the purposes of this valuation. The valuations have been prepared by William Clowes MRICS, and overseen by Tim Luckman MRICS, both RICS Registered Valuers qualified for the purpose of this valuation. We have acted as an External Valuer as defined in the Red Book.
- 3.7 Jones Lang LaSalle Ltd (formerly King Sturge LLP) has continued to advise the Company in relation to its asset values since 2008 and have also been letting agent at Southern Gateway (until 2012) and sales agent on the residential land at Deacon Trading Estate. We have recently been appointed to sell Southern Gateway. In the year to the end of December 2014, Jones Lang LaSalle Ltd received fees from the Company representing less than 5 per cent of their fee income for the same period.

4. Valuation Assumptions

4.1 Sources of Information

- 4.1.1 Our valuation has been based on information which the Company has provided to us in relation to tenure, tenancies, use, town planning consents, floor areas, site areas and statutory notices. Specifically:
 - At Newton-le-Willows the bulk of the site formerly owned by the Company has been disposed of to Persimmon Homes Limited on 22 September 2015 and is excluded from our considerations. The retained part of the site, extending to circa 5 acres, has been valued using a residual methodology for an assumed supermarket use and having regard to the overall price per acre.
 - At Southern Gateway capital expenditure by the landlord as part of their agreement with the tenant Nerudia Ltd to create car parking is nearing completion. We have been advised that as at the valuation date £80,000 remains to be spent which has been reflected in our valuation together with their remaining extant rent free period to July 2016. A further sum of £70,000 has been allowed for in respect of additional agreed anticipated expenditure required before the remaining part of Hudson House is also let to Nerudia Ltd (heads of terms agreed and understood to be in legals).
- 4.1.2 We have not effected official searches and for the purposes of this valuation we have assumed that full planning consent exists, or established use rights are available for the existing buildings and present uses, unless specifically advised by the Company.
- 4.1.3 We have not inspected other legal documents pertaining to the properties and our valuation is based upon the assumption that there are no unusually onerous restrictions or obligations attaching to the properties and that they enjoy good marketable title. The site boundaries are as identified to us by the Company and we have relied upon these for the purposes of our valuation.
- 4.1.4 We cannot guarantee that we have seen all relevant documents.

4.2 Structural Surveys And Deleterious Materials

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

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

4.3 Site Conditions And Contamination

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

5. Responsibility and Confidentiality

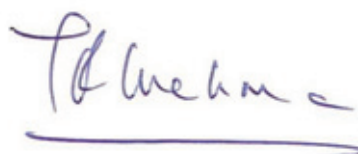
- 5.1 For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that, to the best of our knowledge (having taken all reasonable care to ensure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

Yours faithfully



William Clowes MRICS
Director
For and on behalf of
Jones Lang LaSalle Limited

Yours faithfully



Tim Luckman MRICS
Director
For and on behalf of
Jones Lang LaSalle Limited

APPENDIX 1

SCHEDULE OF PROPERTIES

PROPERTY INTERESTS

| <i>Reference</i> | <i>Address</i> | <i>Description</i> | <i>Tenure</i> | <i>Current income (£)</i> | <i>Market Value (£)</i> |
|------------------|--|---|---|-------------------------------|-----------------------------|
| Force 6 | Part Deacon Trading Estate, Earle Street, Newton-le-Willows WA12 9XD | <p>The property is situated in the Earlestown District approximately 2 miles south of junction 23 of the M6.</p> <p>The property comprises a cleared site of approximately 2 hectares (5 acres) at the eastern end of a former industrial estate. Outline planning consent has been granted in conjunction with adjoining land now sold to Persimmon Homes Ltd for a mixed use redevelopment of the site comprising residential (C3) and commercial floorspace (A1, A2, A3, A4, A5, B1, C1, C2, D1). Consent has also been obtained for a class A1 foodstore, petrol filling station, associated car parking and servicing and the erection of a new day nursery with car parking, new access and external works / landscaping.</p> | Freehold. | Nil | 2,250,000 |
| Southern Gateway | Speke Boulevard Speke L24 9HZ | <p>The property is located at the corner of Speke Boulevard and Woodend Avenue, close to Liverpool John Lennon Airport in Speke, South Liverpool.</p> <p>The property comprises a former GlaxoSmithKline industrial facility previously used for pharmaceutical production vacated in 2004, and includes an adjoining former Bank premises. It is arranged in several buildings on a site of approximately 6.98 hectares (17.24 acres).</p> <p>The property is currently let to 14 tenants under various leases and agreements, generally all short term with an AWULT of 3.83 years, together with vacant accommodation now mostly under offer. Principal tenants include Shop Direct Home Shopping Ltd, Nerudia Ltd and Acumen Distribution Ltd together accounting for 75% of the contracted income, as well as more local covenants. Within Wellington House, Nerudia Ltd is subject to rent free to 2 July 2016 when they commence paying rent of £186,963 pa.</p> | <p>Leasehold.</p> <p>The property is held under two leases from 1 March 1956 for 999 years less 21 days at passing rents of peppercorns without review.</p> | 635,319 | 7,600,000 |
| TOTAL | | | | 635,319 | 9,850,000 |

PART 7

SHAREHOLDER WARRANTS

Each existing Shareholder on the Company's register of members at 6.00 p.m. on 28 November 2014 was issued with one Shareholder Warrant for every five Ordinary Shares held by that Shareholder at that time. The Shareholder Warrants were admitted to trading on AIM, with dealings effective from 1 December 2014.

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

The principal terms of the Shareholder Warrants are as follows:

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

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

Every Shareholder Warrant in respect of which subscription rights:

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

shall lapse and be cancelled.

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

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

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

Undertakings of the Company

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

- the Company shall not in any way modify the rights attached to its existing Ordinary Shares as a class in any way which operates to vary the rights of the Shareholder Warrantheolders 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 Warrantheolders 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 Warrant holders 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 Warrant holders 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 Warrant holders or to all Shareholder Warrant holders 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 Warrantheolders 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 Warrantheolder 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 Warrantholders:

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

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

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

Purchase and Cancellation

The Company may at any time purchase Shareholder Warrants:

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

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

Meetings of Shareholder Warrantholders

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

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

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

Convening of Meetings

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

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

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

Quorum

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

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

Absence of Quorum

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

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

Resolutions

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

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

Poll

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

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

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

Voting

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

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

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

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

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

Extraordinary Resolution

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

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

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

Modifications to the Shareholder Warrant Instrument

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

Availability of the Shareholder Warrant Instrument

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

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

PART 8

ADDITIONAL INFORMATION

1. Incorporation and status of the Company

- 1.1** The Company was incorporated and registered in England on 14 May 1857 with registered number 871 as a company limited by shares with the name The Gresham House Estate Company Limited.
- 1.2** The registered office of the Company is at 5 New Street Square, London EC4A 3TW and the telephone number of the Company is currently 020 3837 6270. The head office is at 12 Austin Friars, London EC2N 2HE.
- 1.3** The liability of the members of the Company is limited.
- 1.4** The address of the Company's website which discloses the information required by Rule 26 of the AIM Rules for Companies is www.greshamhouse.com.

2. Share capital of the Company

- 2.1** The Company was incorporated with a nominal share capital of £240,000 divided into 2,400 ordinary shares of £100 each. In keeping with the Act, the Articles do not place any limit on the number of shares which the Company may issue.
- 2.2** At the General Meeting, the Resolutions will be proposed (conditionally on Admission becoming effective) to:
- 2.2.1** approve the Acquisition and the entry by the Company and GHHL into the Acquisition Agreement;
- 2.2.2** unconditionally authorise the directors of the Company to issue the Consideration Shares pursuant to the terms of the Acquisition Agreement; and
- 2.2.3** authorise the directors of the Company to implement the Incentive Arrangements.
- 2.4** The Company's issued share capital as at the date of this document and as it is expected to be immediately following Admission (assuming no Warrants are exercised prior to Admission) is as set out below:

| | <i>Number of fully paid Ordinary Shares</i> | <i>Nominal value</i> |
|------------------------------|---|----------------------|
| At the date of this document | 9,343,439 | £2,335,859.75 |
| On Admission | 9,850,961 | £2,462,740.25 |

- 2.6** On 1 December 2014, 3,973,510 new Ordinary Shares were admitted to trading on AIM. On 22 January 2015, 20 new Ordinary Shares were admitted to trading on AIM following the exercise of Shareholder Warrants. On 17 April 2015, 29 new Ordinary Shares were admitted to trading on AIM following the exercise of Shareholder Warrants. As at 30 June 2015, there were 9,343,439 Ordinary Shares in issue.
- 2.7** Application will be made for the Enlarged Share Capital and Shareholder Warrants to be admitted to trading on AIM. No application has been or is being made for the admission of the Enlarged Share Capital and/or Shareholder Warrants and/or Supporter Warrants to listing or trading on any other stock exchange or securities market. The Ordinary Shares and Shareholder Warrants are currently listed on AIM. Neither the Ordinary Shares, Shareholder Warrants nor the Supporter Warrants are listed or traded on any other stock exchange or securities market. The Proposals will not affect Shareholders' current arrangements.
- 2.8** With effect from Admission, all of the Ordinary Shares, Initial Consideration Shares and Shareholder Warrants will continue to be in registered form and the Ordinary Shares, Initial Consideration Shares and Shareholder Warrants will be capable of being held in uncertificated form. No temporary documents of title will be issued.
- 2.9** Save for the issue of Ordinary Shares and the Short Term Loan Notes in connection with the Acquisition, the Incentive Arrangements and or the issue of Ordinary Shares pursuant to the exercise of Warrants there is no present intention to issue any share or loan capital in the Company following Admission.
- 2.10** Save as set out in this document, no shares in the capital of the Company are under option or have been agreed, conditionally or unconditionally, to be put under option.

3. Articles of association

The Articles contain provisions, *inter alia*, to the following effect:

(i) Voting rights

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

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

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

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

(ii) General meetings

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

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

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

(iii) Dividends

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

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

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

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

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

(iv) Return of capital

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

(v) Transfer of shares

The Ordinary Shares are in registered form.

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

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

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

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

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

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

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

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

(vi) Variation of rights

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

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

(vii) Share capital and changes in capital

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

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

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

(viii) Disclosure of interests in shares

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

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

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

(ix) Non-UK Shareholders

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

(x) Untraced Shareholders

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

(xi) Borrowing powers

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

(xii) Directors

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

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

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

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

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

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

The directors of the Company may establish and maintain any pension or superannuation funds (whether contributory or otherwise) for the benefit of, and give donations, gratuities, pensions, allowances and emoluments to, any persons who are or were directors or officers of the Company or of any company which is a subsidiary of the Company or is allied to or associated with the Company or any such subsidiary or of any of the predecessors in business of the Company or any such other company as aforesaid, and who hold or have held executive positions or agreements for service with the Company or any such other company as aforesaid, and the wives, widows, families and dependants of any such persons, and also establish, subsidise and subscribe to any institutions, associations, societies, clubs or funds calculated to be for the benefit of, or to advance the interests and well-being

of, the Company or of any such other company as aforesaid, or of any such person as aforesaid, and make payments for or towards the insurance of any such persons as aforesaid and subscribe or guarantee money for charitable or benevolent objects, or for any exhibition or for any public, general or useful object, and do any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid.

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

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

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

There is no age limit for directors of the Company.

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

(xiii) Redemption

The Ordinary Shares are not redeemable.

(xiv) Electronic communication

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

4. Information on the Directors

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

| <i>Full name</i> | <i>Age</i> | <i>Function</i> |
|-------------------------------|------------|--------------------------------|
| John Anthony Victor Townsend | 67 | Chairman |
| Anthony (Tony) Lionel Dalwood | 45 | CEO |
| Duncan James Langlands Abbot | 59 | Finance Director |
| Richard Andrew Chadwick | 64 | Non-Executive Director |
| Peter Geoffrey Moon | 65 | Senior Non-Executive Director |
| Michael Charles Phillips | 53 | Strategic Development Director |

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

| <i>Director</i> | <i>Current directorships / partnerships</i> | <i>Past directorships / partnerships</i> |
|------------------|--|--|
| Richard Chadwick | Richard Chadwick Finance Ltd SpaceandPeople plc | Chartermet Limited Deacon Commercial Development and Finance Limited Deacon Industrial Projects Limited Gresham House Finance Limited Knowsley Industrial Property Limited New Capital Developments Limited |

| <u>Director</u> | <u>Current directorships / partnerships</u> | <u>Past directorships / partnerships</u> |
|------------------|---|--|
| | | New Capital Holdings Limited Newton Estate Limited Watlington Investments Finance Limited Wolden Estates Limited |
| Anthony Townsend | British & American Investment Trust F&C Global Smaller Companies PLC Finsbury Growth & Income Trust PLC Miton Worldwide Growth Investment Trust plc Baronsmead VCT 3 plc Hansa Capital Limited Cranleigh School Cranleigh Enterprises Limited Cranleigh Foundation | Worldwide Healthcare Trust PLC |
| Tony Dalwood | Branton Capital Limited St Albans School The London Pensions Fund Authority JP Morgan Private Equity Limited Watlington Investments Limited Gresham House Finance Limited Security Change Limited New Capital Holdings Limited Wolden Estates Limited Credo Investment Partners LLP (LLP Designated Member) New Capital Developments Limited Deacon Industrial Projects Limited Newton Estate Limited Gresham House Asset Management Limited Deacon Commercial Development and Finance Limited Deacon Knowsley Limited Chartermet Limited Knowsley Industrial Property Limited Gresham House Holdings Limited | SVG Strand LLP GVQ Investment Management Limited Farm Street Advisors Limited Aberdeen SVG Private Equity Managers Limited Reds Investments Limited |
| Duncan Abbot | C.O.A.L I.T. Services Limited Coalition Holdings Limited Reds Technologies Limited Watlington Investments Limited Gresham House Finance Limited Security Change Limited New Capital Holdings Limited Wolden Estates Limited LMG 1 Limited New Capital Developments Limited Deacon Industrial Projects Limited Newton Estate Limited Gresham House Asset Management Limited Deacon Commercial Development and Finance Limited Deacon Knowsley Limited Chartermet Limited Knowsley Industrial Property Limited Gresham House Holdings Limited | Green Air Central Heating Ltd Reds Technologies Warranty Ltd Staywarm Ltd Global Energy Direct Ltd Longbow Growth and Income VCT plc Global Special Opportunities Trust plc Reds Investments Limited |

| <i>Director</i> | <i>Current directorships / partnerships</i> | <i>Past directorships / partnerships</i> |
|------------------|--|---|
| Michael Phillips | Quintex Systems Limited Quintex Systems Management Limited Miton Worldwide Growth Investment Trust plc Reds Technologies Limited Quintex Systems Holdings Limited Chartermet Limited Deacon Commercial Development and Finance Limited Deacon Industrial Projects Limited Deacon Knowsley Limited Gresham House Finance Limited Knowsley Industrial Property Limited New Capital Holdings Limited New Capital Developments Limited Newton Estate Limited Security Change Limited Watlington Investments Limited Gresham House Holdings Limited Reds Investments Limited Wolden Estates Limited | Strategic Equity Capital Plc Reds Technologies Warranty Limited Green Air Central Heating Limited Global Energy Direct Limited Staywarm Limited |
| Peter Moon | The Scottish American Investment Company plc Arden Partners plc Arden Partners EBT Limited Bell Potter Securities (UK) Limited Bell Potter Securities Limited First Property Group plc | |

- 4.3** Save as set out in section 4.2 above, none of the Directors has any business interests or activities outside the Group which are significant with respect to the Group.
- 4.4** Save as disclosed in sections 4.5 to 4.13 below, none of the Directors:
- 4.4.1** has any unspent convictions in relation to indictable offences;
- 4.4.2** has been made bankrupt or has made an individual voluntary arrangement with creditors or suffered the appointment of a receiver over any of his assets;
- 4.4.3** has been a director of any company which, whilst he was such a director or within 12 months after his ceasing to be such a director, was put into receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with the company's creditors generally or with any class of creditors of any company or had an administrator or an administrative or other receiver appointed;
- 4.4.4** has been a partner in any partnership which, whilst he was a partner, or within 12 months after his ceasing to be a partner, was put into compulsory liquidation or had an administrator or an administrative or other receiver appointed or entered into any partnership voluntary arrangement;
- 4.4.5** has had an administrative or other receiver appointed in respect of any asset belonging either to him or to a partnership of which he was a partner at the time of such appointment or within the 12 months preceding such appointment; or
- 4.4.6** has received any public criticisms by statutory or regulatory authorities (including recognised professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 4.5** In November 2012, Reds Technologies Limited, a company of which Michael Phillips was chairman and Duncan Abbot was an executive director, was placed into creditors voluntary liquidation. This followed a considerable reduction in sales activity caused by the UK Government's changes to the solar power Feed in Tariffs regime which had an impact upon consumer confidence in the market in which that company operated. Secured creditors are expected to receive less than 5 pence in the pound and unsecured creditors nothing.

- 4.6** In 2012, an unsatisfied county court judgment of £8,094 was entered against Reds Technologies Limited. In 2010 Reds Technologies Limited acquired Global Energy Direct Limited and Staywarm Limited, Michael Phillips and Duncan Abbot were both executive directors of these companies. In 2013, Staywarm Limited was liquidated with two outstanding charges to creditors. In 2014, Global Energy Direct Limited was liquidated.
- 4.7** In February 2003, LeggMason Investors Strategic Assets Trust plc, an investment trust company of which Michael Phillips was a director, was placed into creditors voluntary liquidation (its subsidiary LeggMason Investors Strategic Assets Securities plc, which had no creditors, was also placed in liquidation at the same time). Mr Phillips was advised by the liquidators of each of these companies that in relation to LeggMason Investors Strategic Assets Trust plc all preferential creditors were paid in full. Mr Phillips understands that non-preferential creditors received between 60 and 70 pence for every pound owed. The liquidators advised that for LeggMason Investors Strategic Assets Securities plc there were no creditors.
- 4.8** In March 2005, Exeter Fund Managers Limited (“EFM”), a company of which Michael Phillips and Duncan Abbot were directors, was put into administration approved by the Financial Conduct Authority (then, the Financial Services Authority (“FSA”). Mr Phillips and Mr Abbot became directors of EFM at a time when it was already being investigated by the FSA in order to liaise closely with the FSA in order to find a solution to difficulties then being experienced by EFM. The FSA approved administration was part of this solution which was designed to make EFM’s assets available to meet claims and enable investors in EFM products to seek recompense from the Financial Services Compensation Scheme. Mr Phillips’ and Mr Abbot’s involvement ceased when the Company moved into administration.
- 4.9** Anthony Townsend was an executive director of Finville (Holdings) Limited when it was put into creditors’ voluntary liquidation in January 1988. The liquidation was completed on 26 April 1996. According to the liquidators, the deficit to creditors on conclusion of the liquidation was £2,413,745.
- 4.10** Anthony Townsend was a non-executive director of PC Security Limited when joint administrative receivers over its property were appointed on 9 September 1999 due to financial support being terminated by one of its main investors. The company was dissolved on 24 July 2001. Mr Townsend was not provided with any subsequent financial statements but believes that it is likely that there were creditors who did not receive payment in full as a result of the administration.
- 4.11** Anthony Townsend was a director of Aberdeen High Income Trust when it became insolvent and joint administrative receivers were appointed on 26 July 2002. The amounts due to creditors were as shown in the statement of affairs sworn by the directors of the company and totalled £35,776,867.
- 4.12** Duncan Abbot was director of the following companies in the British & Commonwealth group of companies, which have either been placed into receivership, compulsorily liquidated, placed into creditors’ voluntary liquidation or have entered into arrangements with creditors:
- Atlantic Medical Holdings Limited, B&C (Charles Fulton Holdings) Limited, B&C Angus Holdings Inc., B&C Investment Holdings Limited, B&C Properties Limited, B&C Ventures Investments Limited, B&C Estates Limited, British & Commonwealth Securities Limited, Comin Limited, Fairfield (Bermuda) Limited, Kaines (Latin America) Limited, Kaines (UK) Limited, Kaines Corporation Limited, Kaines Forfating Limited, Kaines Holdings Limited, Mercantile House (FB) Limited, Mercantile House (FBE) Limited, Mercantile House (FBG) Limited, Mercantile House (WSH) Limited, Mercantile House Holdings Limited, Troika Trading Limited, Tunefair Australia Pty Limited, Rivalchain Limited and Wheatdart Limited.
- 4.13** Duncan Abbot was a director of Trafford Carpets (Bradford) Limited, Trafford Carpets (Manchester) Limited and Trafford Contracts Limited, which were placed in administrative receivership in 1994 with debts of approximately £600,000 owing to trade creditors.
- 4.14** Duncan Abbot has recently been advised that the parent company of C.O.A.L.I.T. Services Limited, Coalition Holdings Limited, of which he is a director may not be able to meet its creditors in full as a result of the Administration of its trading subsidiary. The Directors are in discussions with the creditors and an insolvency practitioner to put Coalition Holdings Limited into a creditors’ voluntary liquidation shortly.

5. Directors' interests

5.1 The interests (all of which are or will be beneficial unless otherwise stated) of each Director (including any interest known to that Director or which could with reasonable diligence be ascertained by him of any person connected with a Director within the meaning of sections 252 to 255 of the Act (a "Connected Person")) in the share capital of the Company at the date of this document and as they will be immediately following Admission (assuming no Warrants are exercised prior to Admission) are as follows:

| <i>Director</i> | <i>Number of Ordinary Shares currently held</i> | <i>Percentage of issued share capital currently held</i> | <i>Number of Ordinary Shares held immediately following Admission</i> | <i>Percentage of Enlarged Share Capital</i> | <i>Number of Supporter Warrants held immediately following Admission</i> | <i>Number of Shareholder Warrants held immediately following Admission</i> |
|------------------|---|--|---|---|--|--|
| Tony Dalwood | 209,133 | 2.2 | 209,133 | 2.1 | 212,500 | 0 |
| Anthony Townsend | 34,855 | 0.4 | 34,855 | 0.4 | 34,000 | 0 |
| Richard Chadwick | 0 | 0 | 0 | 0 | 0 | 0 |
| Duncan Abbot | 87,138 | 0.9 | 87,138 | 0.9 | 93,500 | 0 |
| Peter Moon | 34,855 | 0.4 | 34,855 | 0.4 | 29,750 | 0 |
| Michael Phillips | 87,138 | 0.9 | 87,138 | 0.9 | 187,000 | 0 |

5.2 Save as disclosed in section 5.1 above, no Director, nor any Connected Person has at the date of this document, or will have immediately following Admission, any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company or any of its subsidiaries or any related financial product referenced to such share or loan capital.

5.3 In addition to the interests of Directors disclosed in section 5.1 above, the Company is aware of the following persons who were on 3 November 2015, being the latest practicable date prior to the date of this document, or will be immediately following Admission assuming that the Shareholders do not trade in any Ordinary Shares between the date of this document and Admission and assuming no Warrants are exercised prior to Admission), interested, directly or indirectly, in 3 per cent. or more of the issued share capital of the Company:

| <i>Name</i> | <i>Number of Ordinary Shares currently held</i> | <i>Percentage of Share Capital currently held</i> | <i>Number of Ordinary Shares held immediately following Admission</i> | <i>Percentage of Share Capital held immediately following Admission</i> |
|-------------------------------------|---|---|---|---|
| Revcap Estates 24 Limited | 1,170,452 | 12.5 | 1,170,452 | 11.9 |
| The Trustees of the Rowe Trust | 644,209 | 6.9 | 644,209 | 6.5 |
| The Estate of A P Stirling | 468,436 | 5.0 | 468,436 | 4.8 |
| Rathbone Investment Management | 285,765 | 3.1 | 285,765 | 2.9 |
| Helium Rising Stars Fund | 880,330 | 9.4 | 880,330 | 8.9 |
| River & Mercantile Asset Management | 697,107 | 7.5 | 697,107 | 7.1 |
| Majedie Asset Management | 697,107 | 7.5 | 697,107 | 7.1 |
| Digby and Caroline Guy | 0 | 0 | 426,398 | 4.3 |

5.4 The Shareholders listed in 5.3 above do not have different voting rights to any other Shareholders.

5.5 The Company is not aware of any person or entity who, directly or indirectly, jointly or severally, will or could exercise control over the Company immediately following Admission and there are no arrangements the operation of which could result in a change of control of the Company.

5.6 No Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and was effected during the current or immediately preceding financial year or was effected during any earlier financial year which remains outstanding and unperformed in any respect.

5.7 There are no loans or guarantees granted or provided by the Company and/or any of its subsidiaries to or for the benefit of any of the Directors which are now outstanding.

6. Service agreements and remuneration of the Directors

6.1 Tony Dalwood, Michael Phillips and Duncan Abbot have entered into the following service agreements with the Company:

6.1.1 Tony Dalwood (*Chief Executive*) entered into a service agreement with the Company on 7 October 2014 which become effective on 1 December 2014. Mr Dalwood receives an annual salary of £150,000. The Company does not currently operate any bonus scheme. However, it is envisaged that,

should the Incentive Arrangements be approved, that Tony Dalwood will be eligible to participate in any such scheme. Mr Dalwood's appointment is ongoing and is terminable at any time on twelve months' notice by either party. Mr Dalwood's appointment may be terminated summarily by the Company if he is, among other things, guilty of gross misconduct. Other than entitlement to notice and accrued but untaken holiday pay on termination, the service agreement does not provide for any payment to be given to Mr Dalwood upon termination of his appointment. Under the service agreement, Mr Dalwood is required to devote substantially the whole of his time and attention to the performance of his duties at such times as may reasonably be necessary in the interests of the Company (although he may continue as a non-executive director of certain other companies as are notified to and agreed with the Company's board from time to time).

6.1.2 Michael Phillips (*Strategic Development Director*) entered into a service agreement with the Company on 7 October 2014 which became effective on 1 December 2014. Mr Phillips receives an annual salary of £75,000. The Company does not currently operate any bonus scheme. However, it is envisaged that, should the Incentive Arrangements be approved, that Michael Phillips will be eligible to participate in any such scheme. Mr Phillips' appointment is ongoing and is terminable at any time on six months' notice by either party. Mr Phillips' appointment may be terminated summarily by the Company if he is, among other things, guilty of gross misconduct. Other than entitlement to notice and accrued but untaken holiday pay on termination, the service agreement does not provide for any payment to be given to Mr Phillips upon termination of his appointment. Under the service agreement, Mr Phillips is required to devote substantially the whole of his time and attention to the performance of his duties as may reasonably be necessary in the interests of the Company (although he may continue as an executive of Quintex Systems Limited and Reds Investments Limited and a non-executive director of Miton Worldwide Growth Investment Trust PLC in accordance with his pre-existing contractual obligations to them, and such other companies as are notified to and agreed with the Company's board from time to time).

6.1.3 Duncan Abbot (*Finance Director*) entered into a service agreement with the Company on 7 October 2014 which became effective on 1 December 2014. Mr Abbot receives an annual salary of £125,000. The Company does not currently operate any bonus scheme. However, it is envisaged that, should the Incentive Arrangements be approved, that Duncan Abbot will be eligible to participate in any such scheme. Mr Abbot's appointment is ongoing and is terminable at any time on six months' notice by either party. Mr Abbot's appointment may be terminated summarily by the Company if he is, among other things, guilty of gross misconduct. Other than entitlement to notice and accrued but untaken holiday pay on termination, the service agreement does not provide for any payment to be given to Mr Abbot upon termination of his appointment. Under the service agreement, Mr Abbot is required to devote substantially the whole of his time and attention to the performance of his duties at such times as may reasonably be necessary in the interests of the Company (although he may continue as a director of certain other companies as are notified to and agreed with the Company's board from time to time).

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

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

6.2.1 Anthony Townsend (*Non-Executive Chairman*) entered into the terms of an appointment letter as non-executive director dated 7 October 2014 with effect from 1 December 2014. Mr Townsend's appointment is for an initial period of twelve months. The annual fee payable to Mr Townsend will be £50,000. The notice period for either party to terminate the agreement is three months.

6.2.2 Peter Moon (*Non-Executive Director*) entered into the terms of an appointment letter as non-executive director dated 7 October 2014 with effect from 1 December 2014. Mr Moon's appointment is for an initial period of twelve months. The annual fee payable to Mr Moon will be £25,000. The notice period for either party to terminate the agreement is three months.

6.2.3 Richard Chadwick (*Non-Executive Director*) entered into the terms of an appointment letter as non-executive director dated 7 October 2014 with effect from 1 December 2014. Mr Chadwick's appointment is due to expire on 31 December 2015, but it is the intention of the Company to renew Mr Chadwick's appointment. The annual fee payable to Mr Chadwick will be £20,000. Richard Chadwick has been a director of the Company since 17 June 2008.

6.3 Save as set out in section 6.1 above, there are no commissions or profit-sharing arrangements with any of the Directors.

6.4 There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

7. Subsidiaries

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

| <u>Name</u> | <u>Country of incorporation</u> | <u>Proportion of Company ownership interest (direct and indirect)</u> |
|---|---------------------------------|---|
| Security Change Limited | England and Wales | 100 |
| New Capital Holdings Limited | England and Wales | 75 |
| Gresham House Finance Limited | England and Wales | 100 |
| Watlington Investments Limited | England and Wales | 100 |
| Deacon Commercial Development and Finance Limited | England and Wales | 100 |
| Deacon Knowsley Limited | England and Wales | 75 |
| Chartermet Limited | England and Wales | 75 |
| New Capital Developments Limited | England and Wales | 75 |
| Knowsley Industrial Property Limited | England and Wales | 75 |
| Wolden Estates Limited | England and Wales | 100 |
| Newton Estate Limited | England and Wales | 100 |
| Deacon Industrial Projects Limited | England and Wales | 75 |
| Gresham House Asset Management Limited | England and Wales | 100 |
| Gresham House Holdings Limited | England and Wales | 100 |

Aitchesse has the following subsidiary:

| <u>Name</u> | <u>Country of incorporation</u> | <u>Proportion of Company ownership interest (direct and indirect)</u> |
|-----------------------------|---------------------------------|---|
| PFP General Partner Limited | Scotland | 100 |

8. Gresham House employees and pensions

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

| <u>Date</u> | <u>Employees</u> | <u>Details</u> |
|------------------|------------------|--|
| 31 December 2012 | 7 | 3 executive directors and 4 general staff |
| 31 December 2013 | 6 | 3 executive directors and 3 general staff |
| 31 December 2014 | 9 | 3 executive directors, 2 non executive directors and 4 general staff |

Tony Dalwood, Michael Phillips and Duncan Abbot are employees under the terms of their service agreements described in section 6.1 of this Part 8. As at 30 June 2015, the Group had 11 employees. As at 3 November 2015, being the latest practicable date prior to the publication of this document, the Group had 11 employees.

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

The Company does not currently operate a Company pension scheme. In the event that the Company establishes a Company pension scheme, Tony Dalwood, Michael Phillips and Duncan Abbot (who are employees under the terms of their service agreements fully described in section 6.1 of this Part 8) will be eligible for membership of any such Company pension scheme. In the event that no Company pension scheme is established by 31 December 2015, these three employees will be entitled to receive a monthly cash supplement equivalent to the Company pension contribution each would have received pursuant to the Company pension scheme (had such a scheme been introduced).

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

9. Aitchesse employees and pensions

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

| <u>Date</u> | <u>Employees</u> | <u>Details</u> |
|--------------|------------------|---|
| 30 June 2013 | 11 | 5 executive directors and 6 general staff |
| 30 June 2014 | 11 | 5 executive directors and 6 general staff |
| 30 June 2015 | 11 | 5 executive directors and 6 general staff |

For the period covered by the historic financial information in this document, the Group had made pension contributions of £40,682.30 per annum to its employees, being 8% of salary. Employee contributions vary between employees.

Aitchesse's staging date for automatic enrolment is 16 November 2016. Aitchesse will comply with its pension auto-enrolment obligations in due course.

10. Arrangements relating to the Acquisition and Admission

The Company (1) and Liberum (2) have entered into the Introduction Agreement pursuant to which Liberum has agreed, conditionally to act as nominated adviser for the purpose of Admission.

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

The Introduction Agreement, which contains certain warranties, undertakings and indemnities by the Company in favour of Liberum, is conditional, *inter alia*, on (i) Admission occurring not later than 23 November 2015 (or such later date as the Company and Liberum may agree not being later than 21 December 2015) and (ii) none of the warranties given to Liberum prior to Admission being untrue, inaccurate or misleading in any material respect.

Liberum may terminate the Introduction Agreement in certain specified circumstances prior to Admission including, *inter alia*, if: the Company fails to comply with any of its obligations under the Introduction Agreement which Liberum (acting in good faith) considers to be material in the context of Admission.

The Acquisition Agreement is described more fully in section 11 of Part 1 of this document.

11. United Kingdom taxation

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

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

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

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

11.1 Dividends

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

Individuals – Pre 6 April 2016

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

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

Individual Shareholders liable to income tax at no more than the basic rate will be liable to income tax on dividend income received at the rate of 10 per cent. (2015/16) of the gross dividend. This means that the tax credit will satisfy in full the individual Shareholder's liability to pay income tax on the dividend received.

The rate of income tax applying to dividends received by an individual Shareholder liable to income tax at the higher rate will be 32.5 per cent. (2015/16) of the gross dividend to the extent that the gross dividend falls above the threshold for the higher rate of UK income tax but below the threshold for the additional rate of UK income tax when it is treated as the top slice of the individual's income. In the case of a dividend received by an individual Shareholder liable to income tax at the additional rate, the applicable rate of income tax will be 37.5 per cent. (2015/16). After taking into account the 10 per cent. tax credit, a higher rate taxpayer will be liable to income tax of 22.5 per cent. of the gross dividend, which is equal to 25 per cent. of the cash dividend received and an additional rate taxpayer will be liable to additional income tax at 27.5 per cent. of the gross dividend, which is equal to approximately 30.6 per cent. of the cash dividend received.

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

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

Individuals – Post 6 April 2016

In the Summer Budget on 8 July 2015 the UK Government announced prospective changes to the taxation of dividend receipts by UK resident individuals. Assuming that these proposals are adopted in their current form, with effect from 6 April 2016 UK resident individuals will receive an annual tax free allowance in relation to dividend receipts of £5,000. Dividend receipts in excess of this allowance will be taxed at the rates of 7.5% for basic rate income tax payers, 32.5% for higher rate income tax payers, and 38.1% for additional rate income tax payers. Dividends received after introduction of the changes will no longer carry tax credits.

Companies

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

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

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

Other Shareholders

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

Trustees who are liable to income tax at the rate applicable to trusts (currently 45 per cent.) will pay tax on the gross dividend at the dividend trust rate of 37.5 per cent. (2015/16) against which they can set the tax credit. To the extent that the tax credit exceeds the trustees' liability to account for income tax, the trustees will have no right to claim repayment of the tax credit.

From 6 April 2006 the dividend trust rate will be 38.1%. No tax credit will be applicable.

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

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

11.2 Chargeable gains

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

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

Individuals

The amount of capital gains tax, if any, payable by a Shareholder who is an individual resident in the United Kingdom for tax purposes will depend on his or her own personal tax position. No tax should be payable on any gain realised on the disposal if the amount of the net chargeable gains realised by a Shareholder, when aggregated with other net gains realised by that Shareholder in the year of assessment (and after taking account of allowable losses), does not exceed the annual exemption (£11,100 for the tax year ending 5 April 2016). Broadly, any gains in excess of this amount will be taxed at a rate of 18 per cent for a taxpayer paying tax at the basic rate and 28 per cent for higher and additional rate taxpayers, but where the gains of a basic rate taxpayer subject to capital gains tax exceed the unused part of their basic rate band, that excess will be subject to tax at the 28 per cent rate.

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

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

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

Corporation tax payers

A gain on the disposal or deemed disposal of Ordinary Shares by a Shareholder within the charge to UK corporation tax will form part of the Shareholder's profits chargeable to corporation tax (the rate of which is currently 20 per cent., although the UK Government has announced its intention to reduce the rate to 19% in 2017 and to 18% in 2020). For such Shareholders tax indexation allowance may be available in respect of the full period of ownership of the Ordinary Shares to reduce any chargeable gain arising (but not to create or increase any allowable loss).

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

11.3 Stamp duty and stamp duty reserve tax ("SDRT")

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

Following Admission, and provided the Ordinary Shares remain admitted to trading only on AIM, and are not listed on any market, transfers of, and agreements to transfer, Ordinary Shares should qualify for full relief from stamp duty and SDRT respectively. Following Admission, transfers of, and agreements to transfer, Shareholder Warrants should also qualify for full relief from stamp duty and SDRT respectively, provided that the Shareholder Warrants remain admitted to trading only on AIM, and are not listed on any market.

11.4 IHT

The Ordinary Shares and Shareholder Warrants will be assets situated in the UK for the purposes of UK inheritance tax. A gift or settlement of such assets by, or the death of, an individual holder of such assets may give rise to a liability to UK inheritance tax even if the holder is not a resident of or domiciled in the UK.

12. Share Incentives Scheme

The Company does not currently operate any employee share incentive schemes. However, section 6 of Part 1 of this document contains an outline of the proposed Incentive Arrangements to be adopted following Admission.

13. Material contracts

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

13.1 Introduction Agreement

The Introduction Agreement, as described more fully in section 10 of this Part 8.

13.2 Nomad and broker agreement

Pursuant to a nomad and broker agreement dated 10 September 2015, the Company has appointed Liberum to be (and Liberum has agreed to act as) its nominated adviser and broker under the AIM Rules for Companies. Pursuant to the engagement letter, Liberum will receive a retainer fee of £75,000 per annum. Liberum has reserved the right to terminate the appointment forthwith if the Company is in material breach of the engagement letter.

13.3 Supporter Warrant Instrument

The Supporter Warrant Instrument under which the Supporter Warrants have been issued, as summarised in section 14.2 of Part 1 of this document.

13.4 Shareholder Warrant Instrument

The Shareholder Warrant Instrument under which the Shareholder Warrants have been issued, summarised in Part 7 of this document.

13.5 Co-operative loan agreement

A loan agreement dated 25 June 2014 (as amended by a side letter from the Co-operative Bank dated 3 September 2015) has been entered into between NCDL and the Co-operative Bank pursuant to which the Co-operative Bank has made available a term loan of £2,850,000 to NCDL. Interest on this loan is charged at 3.5 per cent, above the Co-operative Bank's base rate from time to time and the loan is repayable in full two years from draw down. A capital repayment of £2,000,000 is due eighteen months from drawn down, with the balance payable at expiry of the facility. Notwithstanding any other provisions of this loan agreement, the loan is expressed to be repayable on demand by the Co-operative Bank at any time and in any two years from draw down. The loan is secured over the Group's property and certain assets.

13.6 Persimmon sale agreement

Deacon Commercial Development and Finance Limited and Newton Estate Limited (both subsidiaries of the Company and in this paragraph referred to as the "**Sellers**") entered into a sale and purchase agreement with Persimmon on 29 April 2014 in respect of part of the site at Newton-le-Willows (the "**Persimmon Sale Agreement**"). On 22 September 2015, the Company completed the sale under the terms of the Persimmon Sale Agreement. Persimmon have bought 25.8 acres gross of the site of approximately 31 acres owned by the Sellers at Newton-le-Willows (the "**Site**"). The aggregate consideration for the Site is £7,280,000 (less reallocated Section 106 payments, together with associated transport contributions and monitoring fees). The transaction will realise a total of £7.25 million net. A deposit and initial payment of £944,610 has been received and the balance will be receivable in three tranches over the next 41 months. The asset was being carried in the balance sheet at 31 December 2014 at a discounted value of £6.81 million.

In addition, Gresham House is entitled to an overage payment in the event that Persimmon Homes Ltd achieves a selling price in excess of an agreed amount per square foot.

13.7 Bruce Carnegie-Brown and Matthew Peacock letters of appointment

Bruce Carnegie-Brown entered into an appointment letter dated 7 October 2014 to become a member of the Investment Committee of the Company effective from 1 December 2014. Matthew Peacock also became a member of the Investment Committee of the Company, acting on a consultancy basis, providing his services through Hanover Investors General Partner II pursuant to the terms of a letter entered into between the Company and Hanover Investors General Partner II dated 7 October 2014. The annual fee payable to each of Mr Carnegie-Brown and Hanover Investors General Partner II is £25,000. The notice period for either party to terminate the respective appointment is one month.

13.8 Gresham House Strategic Investment Management Agreement

The investment management agreement between Gresham House Strategic, Sapia Partners LLP and Gresham House Asset Management Limited. Under it, Sapia Partners LLP has agreed to act as investment manager of Gresham House Strategic until GHAM has received its FCA authorisations (which is expected to happen by the end of November 2015), at which point GHAM will become the investment manager of Gresham House Strategic.

Under the Gresham House Strategic Investment Management Agreement, GHAM will receive a fee of 0.125% per month of the net asset value of the Gresham House Strategic portfolio. In addition, GHAM will be entitled to a performance fee of 15% of the increase in net asset value per share of Gresham House Strategic over a 7% hurdle rate.

In return, GHAM has agreed to manage the assets and investments of Gresham House Strategic in accordance with Gresham House Strategic's investment policy.

The Gresham House Strategic Investment Management Agreement is in place for a minimum of three years from 1 December 2014, continuing after this until either party serves at least 12 months' notice. In case of a material breach by a party, the other party may terminate the Gresham House Strategic Investment Management Agreement without notice.

13.9 Gresham House Strategic Share Swap Agreement

The Gresham House Strategic Acquisition Agreement between Gresham House and Gresham House Strategic (described as SPARK Ventures plc in the agreement). Gresham House sold and transferred its 2,062,500 issued ordinary shares of 1p each in the capital of SpaceandPeople plc to Gresham House Strategic, in return for the issue and allotment of 151,250 ordinary shares of 50p each in Gresham House Strategic.

13.10 Acquisition Agreement

The Acquisition Agreement, as described more fully in section 11 of Part 1 of this document.

13.11 Short Term Loan Notes Instrument

The loan note instrument by which the Company will issue the Short Term Loan Notes (being described as the £666,842 5 per cent. Unsecured Loan Notes 2015).

The Short Term Loan Notes will be issued, credited as fully paid, by the Company in registered form and in amounts and integral multiples of £1 in nominal value and will constitute unsecured unsubordinated obligations of the Company.

The Short Term Loan Notes have an interest rate of 5% and are repayable on the earlier of (i) 30 April 2016, or (ii) on the securing of a new bank facility of no less than £7 million by the Company. The Short Term Loan Notes are not transferable.

13.12 Placing agreement

The Company and Westhouse Securities Limited (the Company's previous nominated adviser) entered into a placing agreement dated 8 October 2014 relating to the placing of 3,973,510 new Ordinary Shares and admission to AIM. The Company gave customary warranties and an indemnity and agreed to pay a corporate finance fee and to pay all other costs, charges and expenses of, or incidental to, the placing and application for admission to AIM.

13.13 Aitchesse share buy-back agreement

Aitchesse and Fred Houghton entered into a share buy-back agreement dated 21 October 2015 whereby Aitchesse agreed to buy back all of Fred Houghton's shares in Aitchesse for the total consideration of £1,000,000. The Aitchesse Share Buy-Back Agreement allows Aitchesse to complete the sale and purchase of Fred Houghton's shares immediately prior to Completion.

14. Related party transactions

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

15. Working capital

Having made due and careful enquiry, the Directors are of the opinion that, following Admission, the Enlarged Group will have sufficient working capital available for its present requirements, that is, for at least the 12 months following the date of Admission.

16. Litigation and arbitration

16.1 The Company was in August 2014, put on notice of a proposed claim by SMU Investments Limited (In liquidation) ("SMU") for a sum of £661,946.20 plus interest. SMU states that these monies were wrongly paid to the Company in July 2012. It is the Company's case, which is supported by a signed loan agreement and other documentary evidence, that it received the said sum in settlement of a loan (and interest) which it made to SMU pursuant to a loan agreement dated 3 April 2011. No proceedings have been issued but solicitors have been instructed to defend any proceedings as may be commenced by SMU and to seek security for costs. The Directors believe, having received advice from the Company's litigation solicitors, that the claim is entirely without merit and wholly unsupported by the contemporaneous evidence. No communication has been received in relation to the alleged claim since November 2014.

16.2 Save as disclosed in section 16.1 above, neither the Company nor any member of the Enlarged Group is, nor has at any time in the 12 months immediately preceding the date of this document been, involved in any governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened by or against the Company or any member of the Enlarged Group, nor of any such proceedings having been pending or threatened at any time in the 12 months immediately preceding the date of this document, in each case which may have, or have had in the recent past, a significant effect on the Company's or the Enlarged Group's financial position or profitability.

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

Mandatory bid

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

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

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

Compulsory Acquisition

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

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

18. General

- 18.1** Liberum has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its name in the form and context in which it is included.
- 18.2** Jones Lang LaSalle has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its valuations and name in the form and context in which they are included.
- 18.3** BDO LLP has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its report in Part B of Part 4 in the form and context in which it is included.
- 18.4** The financial information set out in this document relating to the Group does not constitute statutory accounts within the meaning of section 434 of the Act. BDO LLP of 55 Baker Street, London W1U 7EU (a member firm of the Institute of Chartered Accountants in England and Wales) gave an unqualified audit report on the consolidated statutory accounts of the Group for the financial years ended 31 December 2013 and 31 December 2014 within the meaning of section 495 of the Act. PKF (UK) LLP then of Farringdon Place, 20 Farringdon Road, London EC1M 3AP (a member firm of the Institute of Chartered Accountants in England and Wales) gave an unqualified audit report on the consolidated statutory accounts of the Group for the financial year ended 31 December 2012 within the meaning of section 495 of the Act. None of these reports contained any statements under sub-section 498 of the Act, but the audit report on the consolidated statutory accounts of the Group for the financial year ended 31 December 2013 included a reference to matters to which the auditors drew attention by way of emphasis without qualifying the report. Statutory accounts of the Group for each of the three financial years ended 31 December 2012, 31 December 2013 and 31 December 2014 have been delivered to the Registrar of Companies in England and Wales pursuant to section 441 of the Act. BDO LLP took over as auditors of the Group following its merger with PKF (UK) LLP.

- 18.5** The financial information set out in this document relating to Aitchesse does not constitute statutory accounts within the meaning of section 434 of the Act. Scott Moncrieff of Exchange Place 3, Semple Street, Edinburgh EH3 8BL (a member firm of the Institute of Chartered Accountants of Scotland) gave an unqualified audit report on the consolidated statutory accounts of Aitchesse for the financial years ended 30 June 2014 and 30 June 2015 within the meaning of section 495 of the Act. None of these reports contained any statements under sub-section 498 of the Act. Statutory accounts of Aitchesse for 30 June 2014 have been delivered to the Registrar of Companies in Scotland pursuant to section 441 of the Act.
- 18.6** There are no arrangements in place under which future dividends are to be waived or agreed to be waived.
- 18.7** The Directors are not aware of any patents or other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Group's business.
- 18.8** Save for the investment of £5 million in Gresham House Strategic and the transfer of the Company's shareholding of SpaceandPeople plc for new shares in Gresham House Strategic, there has been no significant change in the trading or financial position of the Group since 30 June 2015 being the date to which the financial information contained in Part 4 of this document was prepared.
- 18.9** Save for entering into the Aitchesse Share Buy-Back Agreement described in section 13.3 of this Part 8 there has been no significant change in the trading or financial position of Aitchesse since 30 June 2015 being the date to which the financial information contained in Part 3 of this document was prepared.
- 18.10** Save as disclosed in section 13 of this Part 8, no person (excluding the Company's other professional advisers to the extent disclosed elsewhere in this document (or Forsters LLP (property) being a legal adviser to the Company or Innovation Capital Advisors being a debt advisor to the Company) and trade suppliers) in the 12 months preceding the Company's application for Admission received, directly or indirectly, from the Company or has entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any of the following:
- (i) fees totalling £10,000 or more;
 - (ii) securities in the Company with a value of £10,000 or more; or
 - (iii) any other benefit with a value of £10,000 or more at the date of Admission.
- 18.11** Neither the Ordinary Shares nor the Shareholder Warrants have been sold, nor are they available, in whole or in part, to the public in conjunction with the application for Admission.
- 18.12** To the extent that information in this document has been sourced from a third party, the Company confirms that the information has been accurately reproduced and so far as the Company is aware, and is able to ascertain from information published by that party, no facts have been omitted that would render the information reproduced inaccurate or misleading.
- 18.13** The total costs and expenses of and incidental to the Acquisition and Admission are estimated to amount to £825,000 (exclusive of VAT).

Dated: 4 November 2015

DEFINITIONS

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

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| “Act” | the Companies Act 2006 (as amended) |
| “Acquisition” | the acquisition by GHHL of the entire issued and to be issued share capital of Aitchesse |
| “Acquisition Agreement” | the conditional agreement dated 4 November 2015 between the Company, GHHL and the Sellers relating to the Acquisition, further details of which are set out in section 11 of Part 1 of this document |
| “Additional Consideration Shares” | up to 736,074 new Ordinary Shares to be issued to the Sellers, subject to achieving an EBITDA target in accordance with the Acquisition Agreement |
| “Admission” | the admission of the Enlarged Share Capital and Shareholder Warrants to trading on AIM becoming effective in accordance with the AIM Rules for Companies |
| “Advisory Group” | the advisory group of the Company, described in section 7 of Part 1 of this document |
| “AIM” | AIM, a market operated by the London Stock Exchange |
| “AIM Rules for Companies” | the rules for AIM companies published by the London Stock Exchange |
| “AIM Rules for Nominated Advisers” | the rules for nominated advisers to AIM companies published by the London Stock Exchange |
| “Aitchesse” | Aitchesse Limited, a company registered in Scotland with registered number SC232893 and with its registered office at Suite G, Riverview House, Friarton Road, Perth PH2 8DF |
| “Aitchesse Share Buy-Back Agreement” | the agreement dated 21 October 2015 between Aitchesse and Fred Houghton for the sale and purchase of Fred Houghton’s shares in Aitchesse, further details of which are set out in section 13.3 Part 8 of this document |
| “Articles” | the articles of association of the Company |
| “Auditor” | BDO LLP, whose offices are at 55 Baker Street, London, W1U 7EU |
| “AUM” | assets under management |
| “Authorised Investment Trust” | a company which has been approved as an investment trust by HMRC under section 1158 of the Corporation Tax Act 2010 |
| “Board” or “Directors” | the directors of the Company whose names are set out on page 2 of this document |
| “CEO” | chief executive officer |
| “Company” or “Gresham House” | Gresham House plc, a company registered in England with registered number 871 and with its registered office at 5 New Square, London EC4A 3TW |
| “Completion” | completion of the Acquisition in accordance with the terms of the Acquisition Agreement |

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| “Consideration Shares” | the Initial Consideration Shares and the Additional Consideration Shares (if any) |
| “Co-operative Bank” | The Co-operative Bank plc |
| “CTA 2009” | Corporation Tax Act 2009 |
| “CREST” | the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland is the operator (as defined in the Uncertificated Securities Regulations 2001) |
| “Disclosure and Transparency Rules” | the disclosure and transparency rules made by the FCA in exercise of its function as competent authority pursuant to Part VI of the FSMA, as amended from time to time |
| “EBITDA” | for the purposes of the Acquisition Agreement, Aitchesse’s earnings for the period from and including 1 July 2015 to and including 28 February 2018 before all management charges incurred by Aitchesse from the Company, interest, tax, depreciation and amortisation and after exclusion of all exceptional items as calculated and agreed in accordance with the Acquisition Agreement |
| “Enlarged Group” | the Company and its subsidiaries on Admission following completion of the Acquisition |
| “Enlarged Share Capital” | the issued ordinary share capital of the Company on Admission as enlarged by the Initial Consideration Shares |
| “FCA” or “Financial Conduct Authority” | the Financial Conduct Authority of the United Kingdom |
| “FSMA” | the Financial Services and Markets Act 2000 (as amended, modified, consolidated, re-enacted or replaced from time to time) |
| “General Meeting” | the general meeting of the Company convened to approve the Proposals at 2.30 p.m. on 20 November 2015 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 |
| “Gresham House Strategic Investment Management Agreement” | the agreement dated 21 July 2015 between GHAM and Gresham House Strategic, further details of which are set out in section 13.8 of Part 8 of this document |
| “Gresham House Strategic Share Swap Agreement” | the agreement dated 21 July 2015 between the Company and Gresham House Strategic for the sale and purchase of shares of SpaceandPeople plc, further details of which are set out in section 13.9 Part 8 of this document |
| “Group” | the Company and its subsidiaries prior to Admission |
| “GHAM” | Gresham House Asset Management Limited, a company registered in England and Wales with registered number 9447087 and with its registered office at 5 New Square, London EC4A 3TW |
| “GHL” | Gresham House Holdings Limited, a company registered in England and Wales with registered number 9514560 and with its registered office at 5 New Square, London EC4A 3TW |
| “HMRC” | HM Revenue & Customs |
| “Incentive Arrangements” | the proposed long term incentive plan and a bonus share matching plan to be put in place by the Directors, further details of which are set out in section 6 of Part 1 of this document |

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| “Initial Consideration Shares” | the 507,522 new Ordinary Shares to be issued to the Sellers on Admission, pursuant to the Acquisition Agreement |
| “Introduction Agreement” | the agreement dated 4 November 2015 between the Company and Liberum, further details of which are set out in section 10 of Part 8 of this document |
| “Investment Committee” | the investment committee of the Company, described in section 7 of Part 1 of this document |
| “ISDX” | ICAP Securities & Derivatives Exchange Limited, a recognised investment exchange under section 290 of the FSMA |
| “ISDX Growth Market” | the primary market for unlisted securities operated by ISDX |
| “Jones Lang LaSalle” | Jones Lang LaSalle Limited, a company registered in England & Wales with registered number 1188567 and with its registered office at 30 Warwick Street, London W1B 5NH |
| “Liberum” | Liberum Capital Limited, the Company’s financial adviser, nominated adviser and broker |
| “Listing Rules” | the listing rules made by the FCA in the exercise of its function as competent authority pursuant to Part VI of the FSMA, as amended from time to time |
| “London Stock Exchange” | the London Stock Exchange plc |
| “Main Market” | the London Stock Exchange’s main market for listed securities |
| “NAV” | the basic net asset value of the Company |
| “NAV Per Ordinary Share” | the NAV per Ordinary Share shown in the Company’s interim accounts as at 30 June 2015 (being 298.5 pence per Ordinary Share) |
| “NCDL” | New Capital Developments Limited, a subsidiary undertaking of the Company |
| “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 UK Listing Authority |
| “Ordinary Shares” | ordinary shares of 25 pence each in the share capital of the Company |
| “Persimmon” | Persimmon Homes Limited |
| “Proposals” | collectively, the Acquisition, Admission and the Incentive Arrangements |
| “Prospectus Rules” | the prospectus rules made by the FCA in the exercise of its function as competent authority pursuant to Part VI of the FSMA, as amended from time to time |
| “QCA” | the Quoted Companies Alliance |
| “QCA Code” | the Corporate Governance Code for Small and Mid-Size Quoted Companies as published by the QCA |
| “Reporting Accountant” | BDO LLP, whose offices are at 55 Baker Street, London W1U 7EU |

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| “Resolutions” | the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting |
| “Sellers” | together, Digby Guy, Caroline Guy, Graham Carter and Jon Strickland |
| “Shareholder Warranholders” | holders of the Shareholder Warrants |
| “Shareholder Warrant Instrument” | the warrant instrument dated 7 October 2014 (as modified on 4 November 2015) which is summarised in Part 7 of this document |
| “Shareholder Warrants” | the warrants to subscribe for Ordinary Shares (further details of which are set out in Part 7 of this document) pursuant to the Shareholder Warrant Instrument |
| “Shareholders” | holders of Ordinary Shares |
| “Short Term Loan Notes” | Short Term Loan Notes of Gresham House to be issued on Admission, further details of which are set out in section 13.11 in Part 8 of this document |
| “SPARK” or “Gresham House Strategic” | Gresham House Strategic plc, a company registered in England & Wales with registered number 3813450 and with its registered office at 2 nd Floor, 77 Kingsway, London WC2B 6SR |
| “subsidiary” | as defined in section 1159 and Schedule 6 of the Act |
| “Supporter Warranholders” | holders of Supporter Warrants |
| “Supporter Warrant Instrument” | the warrant instrument dated 7 October 2014 (as modified on 4 November 2015) which is summarised in section 14.2 of Part 1 of this document |
| “Supporter Warrants” | the warrants to subscribe for Ordinary Shares pursuant to the Supporter Warrant Instrument |
| “Takeover Code” | the City Code on Takeovers and Mergers published by the Takeover Panel |
| “TCGA 92” | Taxation of Chargeable Gains Act 1992 |
| “UK” or “United Kingdom” | the United Kingdom of Great Britain and Northern Ireland |
| “UK Corporate Governance Code” | the UK Corporate Governance Code published by the Financial Reporting Council |
| “UK Listing Authority” | the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of admission to the Official List |
| “United States” or “US” | the United States of America |
| “Warranholders” | Shareholder Warranholders and/or Supporter Warranholders |
| “Warrants” | the Shareholder Warrants and the Supporter Warrants or either of them (as the context requires) |

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting (the “**Meeting**”) of Gresham House plc (the “**Company**”) will be held at the offices of Travers Smith, 10 Snow Hill, London EC1A 2AL on 20 November 2015 at 2.30 p.m. for the purpose of considering and (if thought fit) passing the Resolutions set out below, all of which will be proposed as ordinary resolutions.

ORDINARY RESOLUTIONS

1. That the proposed acquisition by Gresham House Holdings Limited (“**GHHL**”) of the entire issued and to be issued share capital of Aitchesse Limited (the “**Acquisition**”) pursuant to and on the terms and conditions contained in an agreement dated 4 November 2015 made between the Company, GHHL, Digby Guy, Caroline Guy, Graham Carter and John Strickland (“**Acquisition Agreement**”), further details of which can be found in the document of which this Notice forms part, be and is hereby approved with such revisions and amendments (including as to price) of a non-material nature as may be approved by the directors of the Company;
2. THAT, in addition to the authorities granted to the Directors at the annual general meeting of the Company held on 25 June 2015, for the purposes of section 551 of the Companies Act 2006 (the “**Act**”) (and expressions used in this resolution shall bear the same meanings as in the said section 551) the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot Ordinary Shares as is contemplated by section 551(1)(a) of the Act, respectively up to a maximum nominal amount of £310,899 pursuant to the Acquisition Agreement provided that this authority shall expire on 3 November 2020; and
3. To authorise the directors of the Company to consider and implement a long term incentive plan and a bonus share matching plan substantially in accordance with the terms outlined in section 6 of Part 1 of the document of which this Notice forms part.

By Order of the Board,
Duncan Abbot, Secretary
4 November 2015

5 New Street Square
London EC4A 3TW

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), the Company specifies that only those members registered on the Company’s register of members at:
 - 6.00 p.m. on 18 November 2015; or,
 - if this Meeting is adjourned, at 6.00 p.m. on the day two working days prior to the adjourned Meeting,shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at such time.
2. Any member or his or her proxy attending the Meeting has the right to ask any question at the Meeting relating to the business of the Meeting.

Appointment of proxies

3. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. A member may appoint more than one proxy to attend the Meeting, provided each proxy is appointed to exercise the rights attached to a different share or shares held by that member (the number of shares in respect of which each proxy is appointed must be specified). The right to appoint a proxy does not apply to 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**”).
4. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA; and
- received by Neville Registrars no later than 2.30 p.m. on 18 November 2015.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by a director or by any duly authorised officer or attorney.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxies through CREST

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

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's "(EUI)" 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 Neville Registrars (ID 7RA11) by 2.30 p.m. on 18 November 2015. 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.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA. Telephone 0121 585 1131 (lines are open Mon-Fri 8.30 am—5.30 pm) or from overseas +44 121 585 1131.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by a director or duly authorised officer or attorney. 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 no later than 2.30 p.m. on 18 November 2015.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Joint holders of shares

10. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes 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 members of the Company in respect of the relevant joint holding.

Issued shares and total voting rights

11. As at 3 November 2015, being the last business day prior to the publication of this notice, the Company's issued share capital comprised 9,343,439 ordinary shares of 25 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company on 3 November 2015 is 9,343,439.

Communication

12. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):
- calling our shareholder helpline on 0121 585 1131, (lines are open Mon-Fri 8.30 am – 5.30 pm) or from overseas +44 121 585 1131.

You may not use any electronic address provided either:

- in this notice of Meeting; or
- any related documents (including the Chairman's letter and proxy form),

to communicate with the Company for any purposes other than those expressly stated.

Nominated Person

13. A Nominated Person may under an agreement between him/her and the member who nominated him/her, have a right to be appointed (or to have someone else appointed) as a proxy entitled to attend and speak and vote at the Meeting. Nominated Persons are advised to contact the member who nominated them for further information on this and the procedure for appointing any such proxy.
14. If a Nominated Person does not have a right to be appointed, or to have someone else appointed as a proxy for the Meeting or does not wish to exercise such a right, he/she may still have the right under an agreement between himself/herself and the member who nominated him/her to give instructions to the member as to the exercise of voting rights at the Meeting. Such Nominated Persons are advised to contact the members who nominated them for further information on this.

