

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS CIRCULAR OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONTACT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANK MANAGER OR OTHER PROFESSIONAL ADVISER AUTHORISED UNDER THE UNITED KINGDOM FINANCIAL SERVICES AND MARKETS ACT 2000, WHO SPECIALISES IN ADVISING ON INVESTMENTS IN SHARES AND OTHER SECURITIES.

The Circular is directed only at persons who are existing members of Port Erin Biopharma Investments Limited (“PEBI” or the “Company”) in the United Kingdom. Where this Circular is being communicated to members in the United Kingdom and the Isle of Man, it is exempt from the general restriction contained in section 21 Financial Services and Markets Act 2000 relating to the communication of invitations or inducements to engage in investment activity. In issuing this Circular in the United Kingdom PEBI is relying on article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005. Applications from persons in the United Kingdom not falling within the exemption will be rejected and the Tender Offer contained herein is not capable of acceptance by any such person.

The Tender Offer is not being made, directly or indirectly, in the United States, Australia, New Zealand, the Republic of Ireland, South Africa, Canada, Japan or any other Restricted Jurisdiction and neither this Circular nor the accompanying Tender Form may be distributed or sent in or into or from the United States, Australia, New Zealand, the Republic of Ireland, South Africa, Canada, Japan or any other Restricted Jurisdiction and doing so may render invalid any purported tender. Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation to forward this Circular and/or the accompanying Tender Form and Form of Proxy should read the paragraph headed “Overseas Shareholders” in Part Two of this Circular before taking any action.

If you sell or otherwise transfer or have sold or otherwise transferred all of your Ordinary Shares, please forward this Circular, together with the accompanying documents (but not any personalised Tender Form) at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you sell or otherwise transfer or have sold or otherwise transferred part only of your holding of Ordinary Shares, please retain this Circular and the accompanying documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected as to the action you should take.

Port Erin Biopharma Investments Limited

(Incorporated and registered in the Isle of Man under the Companies Act 2006 with registered number 006874V)

TENDER OFFER to purchase Ordinary Shares

THE TENDER OFFER WILL CLOSE AT 1.00 P.M. ON 30 January 2015. Please note that the Tender Offer will only be available to Eligible Shareholders.

Eligible Shareholders holding their Ordinary Shares in certificated form who wish to participate in the Tender Offer should ensure that their completed Tender Forms are returned either by post or by hand, during normal business hours only, to the Receiving Agent, Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham BR3 4TU **so as to be received by the Receiving Agent no later than 1.00 p.m. on 30 January 2015.** Eligible Shareholders who wish to tender Ordinary Shares in certificated form should also return their share certificate(s) by post or by hand in respect of the Ordinary Shares being tendered.

Eligible Shareholders holding their interest in Ordinary Shares in uncertificated form in CREST who wish to participate in the Tender Offer should ensure that their TTE Instructions are submitted in CREST **so as to be settled and received in the escrow account of the Receiving Agent no later than 1.00 p.m. on 30 January 2015.**

If you have any questions relating to this document, and the completion and return of the Tender Form, please telephone Capita Asset Services between 9.00am and 5.30pm (London time) Monday to Friday on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider’s network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

THE LAST DATE FOR RETURN OF FORMS OF ACCEPTANCE AND/OR RETURN OF TENDERS IN CREST IS 1.00 P.M. ON 30 JANUARY 2015.

EXPECTED TIMETABLE FOR THE TENDER OFFER*

Publication of this Circular	13 January 2015
Latest time and date for receipt of Forms of Tender and TTE Instructions from CREST Shareholders	1.00 p.m. 30 January 2015
Record Date	5.00 p.m. 30 January 2015
Outcome of Tender Offer announced	by 8.00 a.m. on 2 February 2015
Tender Entitlement announced	by 8.00 a.m. on 5 February 2015
Value of Tender Price announced	by 8.00 a.m. on 5 February 2015
Close of Tender Offer	5 February 2015
Cheques dispatched for certificated Ordinary Shares purchased pursuant to the Tender Offer and payment through CREST for uncertificated Ordinary Shares purchased pursuant to the Tender Offer	by 13 February 2015
CREST accounts credited for revised holdings of Ordinary Shares	by 13 February 2015
Dispatch of balance share certificates for unsold Ordinary Shares	by 13 February 2015

* All times shown in this Circular are London GMT times unless otherwise stated. The dates and times given are indicative only and are based on the Company's current expectations and may be subject to change. If any of the times and/or dates above change the revised times and/or dates will be notified to Shareholders by announcement through the Regulatory News Service of the London Stock Exchange.

DEFINITIONS

In this Circular and the Tender Form, the following definitions apply unless the context requires otherwise

“Acc Class Shares”	means the Fund shares where net income is automatically reinvested and is reflected either in the value of the units or in additional units being allocated. Acc Class Shares are being offered to Port Erin as “Subscription Shares” at an initial price of € 10 or the equivalent thereof GBP;
“Act”	means the Isle of Man Companies Act 2006 (as amended);
“AIM”	the AIM Market operated by the London Stock Exchange;
“AIM Rules”	together the AIM Rules for Companies, the AIM Rules for Nominated Advisers and the AIM Disciplinary Procedures and Appeals Handbook as published from time to time;
“Articles of Association”	means the current articles of association of the Company as registered with the Isle of Man Companies Registry (the Department of Economic Development);
“Board” or “Directors”	means the board of directors of the Company, whose names are set out at the beginning of Part One of this Circular;
“Capita Asset Services”	the trading name of Capita Registrars Limited;
“Circular”	means this document;
“Closing Time”	means 1.00 p.m. on the Record Date;
“Company” or “PEBI”	means Port Erin Biopharma Investments Limited, a company incorporated in IOM under registered number 006874V and whose registered office address is at 18 Athol Street, Douglas, Isle of Man IM1 1JA;
“Company NAV” or “Net Asset Value”	means unaudited the net asset value of the Company’s assets from time-to-time, as announced by the Company;
“Company NAV Per Share”	means the implied unaudited Company NAV per Ordinary Share, based on the Net Fund Share Proceeds and as adjusted to reflect the accruals and liabilities (including Expenses) set out in the December 2014 Balance Sheet;
“CREST”	the computerised settlement system used to facilitate the transfer of title to shares in uncertificated form;
“CREST member”	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations);
“CREST participant”	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);
“CREST Regulations”	Uncertificated Securities Regulations 2001 (SI 2001 No. 3755);
“December 2014 NAV”	the unaudited net asset valuation of the Company published on 12 January 2015;
“December 2014 Balance Sheet”	the unaudited balance sheet of the Company, including Expenses, published by the Company on the Valuation Date;
“Discount”	the difference from time-to-time between the implied value of the Ordinary Shares based on the Company NAV, and the actual market price of the Ordinary Shares of the Company on AIM;
“Distribution”	means the proposed dividend in specie, share buy-back or other return of capital or distribution proposed by the Company in relation to some or all of the Fund Shares owned by the Company, approved by Shareholders at the EGM;
“EGM”	means the general meeting of the Company on 11 November 2013 at which the proposed Distribution was approved by Shareholders;

“EGM Circular”	means the circular to shareholders dated 24 October 2013 including notice of a general meeting of the Company (held on 11 November 2013) at which the adoption of the Investing Policy, and the proposed Distribution, were approved by Shareholders;
“Eligible Shareholders”	means Shareholders, resident in, or citizens of, a jurisdiction outside of a Restricted Jurisdiction on the Record Date;
“Euroclear”	Euroclear UK & Ireland Limited (previously CRESTCo Limited);
“Expenses”	means the estimated professional expenses incurred by the Company in relation to the Tender Offer including but not limited to nominated adviser fees, accounting fees, legal fees, brokerage costs and commissions, printing costs, registrar costs and all other costs and fees and expenses incurred by the Company in completing the Tender Offer;
“Fund” or “Magna Biopharma Income Fund”	means Magna Biopharma Income Fund, a sub-fund of Magna Umbrella Fund plc;
“Fund Shares”	shares in the Fund which take the form of “Acc Class Shares”, which had an initial value of €10 (further details of Acc Class are set out in the Magna Prospectus);
“Investing Policy”	the investing policy of the Company adopted by the Company from time-to-time (the current investing policy of the Company was adopted by Shareholders at the EGM, further details of which are set out in the EGM Circular);
“Investment Portfolio”	the portfolio of short and medium term investment assets held by the Company from time-to-time, including the Fund Shares;
“Issued Shares”	the aggregate number of issued Ordinary Shares of the Company at 5.00 p.m. on the Record Date;
“IOM”	means the Isle of Man;
“Lock-in Period”	means the 12 month from completion of the investment in Fund Shares expiring on 10 December 2014;
“London Stock Exchange”	London Stock Exchange plc;
“Magna Prospectus”	means the prospectus of the Magna Umbrella Fund, dated 20 June 2013 together with Supplement 13, dated 9 September 2013, relating to the Magna Biopharma Income Fund;
“Magna Umbrella Fund”	Magna Umbrella Fund plc, an open-ended umbrella type investment company authorised as a UCITS pursuant to the UCITS Regulations with segregated liability between sub-funds and quoted on the Irish Stock Exchange;
“Management Fee”	fees due under the Management Agreement with Shellbay, to be satisfied by the issue of such number of Ordinary Shares equivalent to 15 per cent. of any increase, subject to a “high-water mark”, in the Net Asset Value of the Company over each quarterly period;
“Management Agreement”	the services agreement between Shellbay and the Company dated 6 May 2011 under the terms of which Shellbay provides the services of Mr Mellon as Non-Executive Chairman of the Company;
“Mellon Associates”	each of the parties set out at paragraph 5.1 of Part I of this Circular;
“member account ID”	identification code or number attached to any member account in CREST;
“Mr Mellon”	Mr James Mellon;
“Net Fund Share Proceeds”	means the aggregate sale proceeds received by the Company following sale or transfer of Tender Entitlement Fund Shares as

	soon as reasonably practicable after the Record Date less Expenses;
“Ordinary Share” or “Ordinary Shares”	means an ordinary share or ordinary shares, of £0.000001 par value each in the capital of the Company;
“Overseas Shareholders”	means Shareholders who are citizens or nationals of, or resident in, jurisdictions outside the United Kingdom;
“participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
“Receiving Agent”	Capita Asset Services;
“Record Date”	means 5.00pm on 30 January 2015 being the date on which the Tender Period expires (unless extended by the Directors);
“Register”	means the register of members of the Company maintained by the Registrar constituting the record of holders from time to time of the Ordinary Shares;
“Registrar”	Capita Registrars (Isle of Man) Limited;
“Restricted Jurisdiction”	means the United States, Australia, New Zealand, the Republic of Ireland, South Africa, Canada, Japan or any other jurisdiction where the mailing of this Circular, or the making of the Tender Offer into such jurisdiction would constitute a violation of the laws of such jurisdiction;
“Settlement Date”	means the date by which the consideration for Ordinary Shares tendered under the Tender Offer will be dispatched by cheque to Eligible Shareholders entitled thereto, which is expected to be no later than 13 February 2015;
“Shareholders”	means holders of Ordinary Shares;
“Shellbay”	Shellbay Investments Limited, a company incorporated in the British Virgin Islands with company registration number 626429 and having its registered office at PO Box 438, Palm Grove House, Road Town, Tortola, British Virgin Islands, owned by a trust under which James Mellon is a life tenant;
“Takeover Code”	The City Code on Takeovers and Mergers;
“Tender Entitlement”	the percentage of their respective holding of Ordinary Shares a Shareholder may tender pursuant to the Tender Offer, representing the value of the Fund Shares on the Valuation Date as a percentage of the Company NAV on the Record Date;
“Tender Form”	means the tender form accompanying this Circular for use in connection with the Tender Offer by Eligible Shareholders who hold their Ordinary Shares in certificated form;
“Tender Offer”	means the invitation by the Company to Eligible Shareholders to tender Ordinary Shares for purchase by the Company on the terms and subject to the conditions set out in this Circular and (in the case of certificated holdings) the Tender Form or (in the case of uncertificated CREST holdings) the TTE Instruction;
“Tender Period”	the period from the date of this Circular to the Closing Time (unless extended by resolution of the Directors);
“Tender Price”	means the Company NAV Per Share based on the Net Fund Share Proceeds;
“TFE Instruction”	a transfer from escrow instruction (as defined by the CREST manual issued by Euroclear);
“TTE Instruction”	a transfer to escrow instruction (as defined by the CREST manual issued by Euroclear);

“UCITS”	an Undertaking for Collective Investment in Transferable Securities, an open-ended fund governed by the rules and regulations of the UCITS Regulations;
“UCITS Regulations”	Undertaking for Collective Investment in Transferable Securities authorised under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011;
“uncertificated” or “in uncertificated form”	or means for the time being recorded on the register of Shareholders as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST;
“United Kingdom” or “UK”	means the United Kingdom of Great Britain and Northern Ireland;
“United States” or “US”	means the United States of America, its territories and possessions, any state of the United States of America, any other areas subject to its jurisdiction and the District of Columbia; and
“Valuation Date”	means the date when the sale of the Fund Shares is completed by the Company and the Net Fund Share Proceeds are determined.

PART ONE

LETTER FROM THE INDEPENDENT DIRECTOR OF THE COMPANY

PORT ERIN BIOPHARMA INVESTMENTS LIMITED

(Incorporated and registered in the Isle of Man with registered number 006874V)

Directors:

James Mellon (*Non-Executive Chairman*)
Denham Eke (*Finance Director*)
Anderson Whamond (*Non-Executive Director*)

Registered Office:

18 Athol Street
Douglas
Isle of Man
IM1 1JA

13 January 2015

To the holders of existing Ordinary Shares

Dear Shareholder,

Proposed Tender Offer to purchase Ordinary Shares

1 INTRODUCTION

- 1.1 Following the EGM of the Company on 11 November 2013 at which the Distribution was approved, the Board has resolved to offer Shareholders the opportunity to sell back some of their Ordinary Shares to the Company by way of a Tender Offer.
- 1.2 Under the terms of the Tender Offer Shareholders will have the right to sell back to the Company some of their Ordinary Shares (being their respective Tender Entitlement) at the Tender Price.
- 1.3 The Tender Price shall be the Company NAV Per Share incorporating the actual sale proceeds received by the Company following sale or transfer of Fund Shares immediately following the Record Date (adjusted to reflect the accruals and liabilities included in the unaudited December 2014 Balance Sheet, including Expenses).
- 1.4 Although Shareholders should take their own tax advice on the implications of the Tender Offer for them, the Directors believe the Tender Offer (as opposed to a cash dividend) is a tax efficient method of returning value to Shareholders from the Fund Shares.
- 1.5 **Shareholders do not have to accept the Tender Offer. The Board of the Company will continue to identify potential investments under the Investing Policy following completion of the Tender Offer. Those Shareholders who do not accept the Tender Offer will have a proportionately larger interest in the Issued Shares of the Company (reflecting the fact that they have not tendered Ordinary Shares).**

By way of illustration:-

Calculation for cash

$$A \times (B/C) = D$$

Calculation for number of shares tendered

$$A \times (B/E) = F$$

Tender Price

$$E/C = \text{Company NAV Per Share}$$

Calculation for number of shares retained

$$A - F = G$$

Where:-

“A” represents number of shares held pre Tender Offer by Shareholder

“B” represents MBIF valuation, less the expenses associated with the Tender Offer, on the day immediately prior to the Record Date

“C” represents the number of shares in issue

“D” represents aggregate cash available to Shareholder pursuant to the Tender Offer

“E” represents the restated unaudited Company NAV on the Record Date

“F” represents number of shares (rounded down to the nearest share) each Shareholder may tender in accepting Tender Offer

“G” represents number of Ordinary Shares held by an individual Shareholder post Tender Offer

- 1.6 As an example and based on the previously published Company NAV / MBIF valuations at 31 December 2014 for a shareholder holding 1,000 shares in PEBI accepting the tender offer:-

	Unaudited to 31 December 2014	
Fixed Assets		
Magna Biopharma Income Fund	£2,761,998	
(Anticipated Tender Offer expenses)	<u>-£35,000</u>	
Net Magna Biopharma Income Fund	£2,726,998	“B”
Other investments	<u>£1,706,414</u>	
Total Investments	<u><u>£4,433,412</u></u>	
Current Assets		
Sundry Debtors	£13,739	
Uninvested cash	£431,744	
Current Liabilities		
Creditors: amounts due	<u>-£75,857</u>	
Net Assets	£4,803,038	“E”
Shares in Issue	33,864,836	“C”
Restated Net Asset Value per share	14.18 pence	

I Calculation for cash

$$1,000 \times (£2,726,998 / 33,864,836) = £80.50 \text{ cash paid}$$

II Calculation for number of shares tendered

$$1,000 \times (£2,726,998 / £4,803,038) = 567 \text{ PEBI shares tendered}$$

III Illustrative Tender Price per Share

$$1,000 \times (£4,803,038 / 33,864,836) = 14.18 \text{ pence}$$

IV Calculation for number of shares retained

$$1,000 - 567 = 433 \text{ PEBI shares retained}$$

- 1.7 Shareholders should note that the Tender Price will be at the Company NAV Per Share which, based upon the 31 December 2014 illustration as included in paragraph 1.6 above, would be 14.18 pence, representing a 13.44 per cent. premium to the closing price per share on AIM of 12.5 pence as at 12 January 2015, being the last business day prior to the publication of this Circular. The restated Company NAV Per Share of 14.18 pence allows for the deduction of the anticipated Expenses of £35,000.

- 1.8 This letter sets out the background to and reasons for the Tender Offer and why the Board has resolved that the Company make the Tender Offer.

2 BACKGROUND TO AND REASONS FOR THE TENDER OFFER

- 2.1 Port Erin was incorporated on 3 May 2011 under the laws of the Isle of Man, and was admitted to AIM on 15 September 2011 for the purpose of investing in the biotechnology and biopharmaceutical sector. The Company's strategy is to create value for Shareholders through investing in companies that have the potential to generate substantial revenues through the development within the biopharmaceutical sector.
- 2.2 At the time of Admission, the investment strategy of the Company was based on the Directors' continuing belief that recent progress in medical research is opening up opportunities for biopharmaceutical companies to develop new treatments for many of the diseases that impact on life expectancy and life quality.
- 2.3 Since Admission in September 2011, the Company has implemented the Investing Policy (as amended by Shareholders' vote in November 2013), having invested in aggregate £2.7 million (being the cash available after listing costs). (As at 31 December 2014 the value of funds invested was £4.4 million, a 63% uplift).
- 2.4 Despite the strong performance of the Company in difficult economic conditions, the price of the Company's Ordinary Shares on AIM has languished significantly below the underlying value of the Company's assets on a per share basis (the "**Discount**").
- 2.5 This Discount has continued to frustrate Shareholders and Directors, and various options for reducing or eliminating the Discount have been formally considered by the Directors and advisers. On 11 November 2013, at the EGM, the Company approved a proposed investment by the Company in the Fund Shares (and the corresponding change to the Company's Investing Policy at the time), and the proposed Distribution following expiry of the Lock-in Period.
- 2.6 At the time of the EGM, it was envisaged by Directors that all Shareholders would receive, following expiry of the Lock-in Period, Fund Shares to hold directly by way of a dividend *in specie* a share buy-back or other demerger in order to realise value for Shareholders based upon the then proportional net asset value of the Fund held by the Company. Following extensive discussions with the Fund however, a distribution *in specie* has not proved possible as the compliance requirements for making this generally available for all Shareholders would make the exercise prohibitively expensive for the Fund and for the Company. As a result the Company has, determined that the best way of implementing this commitment is the Tender Offer, which seeks to return the full value of Fund Shares (less Expenses) to Shareholders *pro rata* in cash (should they elect to take up the Tender Offer) by selling the necessary proportion of the Fund Shares.
- 2.7 The Tender Offer, therefore, allows Shareholders, if they so wish, to sell some of their shares back to the Company at the implied value of the Fund Shares relative to each Ordinary Share of the Company (less Expenses). The final Tender Price will be calculated (and announced) by the Company on the Valuation Date based on the Company NAV on the Record Date (taking account of the December 2014 Balance Sheet).
- 2.8 Based on the December 2014 NAV, the Company would agree to purchase up to a maximum of 56.7 per cent. of Issued Shares, and the Tender Price would be approximately 14.18 pence per Ordinary Share. As at 31 December 2014 the Fund Shares represented 56.7 per cent. of the Company NAV (as adjusted for Expenses). As at 12 January 2014, the last practicable date before publication of this Circular, the Company's closing price per share on AIM was 12.5 pence, a discount of 11.8 per cent.
- 2.9 **Whilst the elimination of the Fund Shares discount achieved by the Tender Offer is significant, Shareholders should note that the value of assets under management has risen considerably (please see paragraph 2.3 of Part One of this Circular), the strong track record of the Chairman, Mr Mellon, and the determination to return value to Shareholders (as evidenced by the Tender Offer), should provide Shareholders who choose not to accept the Tender Offer, with comfort and assurance that the Directors of the Company will continue to implement the Investing Policy to the best of their ability and endeavour to create significant shareholder value in the future, including by**

way of potential future acquisitions, and that by not accepting the Tender Offer such Shareholders shall benefit most should the objective of further shareholder value growth be achieved.

2.10 The Directors remain optimistic about the Company's holdings within the Investment Portfolio, and hence for the future prospects of the Company. In addition to the holding in MBIF, the Company has two additional directly held important strategic investments at the date of this Circular. All three of the Company's principal investments show significant and continuing indications for profitable growth:

Magna Biopharma Income Fund – Holding valued at £2,761,998 as at 31/12/2014 (unaudited)

2.11 The investment objective of the MBIF is to seek growing income distributions with capital appreciation potential in the long term by investing in a diversified portfolio of Biopharma Sector Securities. MBIF's portfolio is largely composed of high-quality pharmaceutical names with strong balance sheets, a solid dividend pay-out and some growth options. The portfolio has a significant allocation to well-funded innovative smaller companies, often in the biotechnology space, with advanced pipelines of highly promising and innovative therapeutics and highly reputable management teams with strong track records to provide the MBIF with the potential for marked capital appreciation. Exposure to these income and growth components of the portfolio can be adjusted to reflect relative value. MBIF already shows a 5.9% return for 2015 based on the closing price of €13.5 in 8 January 2015 (for further information, please visit www.charlemagnecapital.com).

Plethora Solutions Holdings – Holding valued at £561,875 as at 31/12/2014 (unaudited) – AIM: PLE

2.12 Plethora Solutions Holdings plc ("**Plethora**") reported on 11 November 2014 that it continues to make good progress in commercialising FORTACIN[®], a treatment and management for urological disorders, and expects to complete the New Drug Application filing and potential approval during Q4 2015. Regulatory approval has already been secured for the EU and a commercial partner, Recordati S.p.A., appointed for European and Russian distribution. Internal estimates made by Plethora suggest peak sales of US\$1 billion for the US and EU combined (for further information, please visit www.plethorasolutions.co.uk).

Summit Corporation – Holding valued at £509,833 as at 31/12/2014 (unaudited) – AIM: SUMM

2.13 Summit Corporation plc ("**Summit**") concentrates on developing products that address the unmet clinical needs of both Duchenne Muscular Dystrophy ("**DMD**"), a fatal genetic muscle wasting disease, and also the infectious disease caused by the bacteria Clostridium difficile ("**CDI**"). DMD affects 1 in 5,000 boys and Summit have developed a propriety product SMT C1100 which has achieved Phase 1 regulatory approval and is now entering Phase 1b. CDI, with over 250,000 cases per year in the USA alone, results in 14,000 deaths and requires an estimated annual healthcare expenditure of over US\$1 billion. Summit has developed a propriety product SMT 19969 which has passed Phase 1 regulatory approval and is now in Phase 2 trials which are progressing well. Summit announced on 19 December 2014 that it was seeking a possible dual listing on the US NASDAQ exchange during 2015 (for further information, please visit www.summitplc.com).

If Shareholders accept the Tender Offer, their *pro rata* investment in the Company's Investment Portfolio (including MBIF, Plethora and Summit) shall be correspondingly reduced.

No General Meeting Approval Required

2.14 Under the Act and the AIM Rules, **the Tender Offer does not require the approval at a general meeting of the Shareholders.**

Current operations and trading of the Company

2.15 As set out in the unaudited interim results of the Company for the period to 30 June 2014 (published by the Company on 30 September 2014), the Company has continued to implement the Investing Policy and to seek shareholder value growth through investments in the Biopharma sector.

2.16 Since 23 October 2013 (the date when the proposed Distribution was first announced) the price of the Company's Ordinary Shares on AIM has fallen by approximately 20 per cent. and continues to languish significantly below the implied value of the Company's assets on a per share basis.

- 2.17 Based on the December 2014 NAV, the Company had a net asset value of £4,803,038, giving a net asset value of approximately 14.18 pence per Ordinary Share (the “**Implied NAV Per Share**”), following adjustment to account for the anticipated Expenses.
- 2.18 As set out at paragraph 2.9 and 2.10 of this Part One, the Directors of the Company remain optimistic regarding the Investment Portfolio (which has performed very well to date), and Shareholders electing not to accept the Tender Offer will benefit proportionately more than the Shareholders who accept the Tender Offer should further shareholder value growth be achieved (including in respect to any future acquisitions completed by the Company).

3 THE TENDER OFFER

- 3.1 The terms of the Tender Offer, that all Eligible Shareholders tendering Ordinary Shares, must accept and agree to, are set out at Part Two of this Circular.
- 3.2 The Tender Offer is being made available to all Eligible Shareholders on the Register as at the Record Date (other than certain Overseas Shareholders, as described in paragraph 11 (Overseas Shareholders) below).
- 3.3 Eligible Shareholders are invited to tender Ordinary Shares for purchase by the Company for cancellation on the terms and subject to the conditions set out in Part Two of this Circular and, in the case of Eligible Shareholders holding certificated Ordinary Shares, in the Tender Form and, in the case of Eligible Shareholders holding uncertificated Ordinary Shares in CREST, by sending a TTE Instruction.
- 3.4 To be valid, Tender Forms must be received by the Receiving Agent, and in the case of a TTE Instruction must settle, no later than by 1.00 p.m. on 30 January 2015 (that is, the Record Date).
- 3.5 Eligible Shareholders may either tender: (a) Ordinary Shares representing their respective Tender Entitlement; or (b) none of their Ordinary Shares. **Shareholders are not required to accept the Tender Offer.**
- 3.6 Shareholders who hold Ordinary Shares through a nominee and wish to accept the Tender Offer should contact their nominee directly. The nominee will need to arrange for the underlying holding to be reregistered in a separate account so that the election to accept the Tender Offer can be submitted in respect of all of the Shareholder’s respective Ordinary Shares.
- 3.7 Successfully tendered Ordinary Shares accepted by the Company (at its sole discretion) will be cancelled by the Company and will not be available for re-issue. The overall number of issued Ordinary Shares will therefore be reduced by the number of Ordinary Shares so purchased and cancelled. The practical effect of this is that each remaining Ordinary Share will (immediately following such cancellation) represent a greater percentage of the Company’s issued share capital than it does at present.
- 3.8 Action required by Eligible Shareholders who do wish to participate in the Tender Offer is set out at paragraph 13 of this Part One of the Circular.
- 3.9 **Eligible Shareholders do not have to tender any Ordinary Shares if they do not wish to**, but, once submitted, a Tender Form and/or a TTE Instruction is irrevocable and cannot be withdrawn. Eligible Shareholders should note that, once tendered, Ordinary Shares may not be sold, transferred, charged or otherwise disposed of.
- 3.10 If Eligible Shareholders wish to accept the Tender Offer, they must do so in respect of their entire Tender Entitlement; but only one tender may be made in respect of any single Ordinary Share. The total number of Ordinary Shares tendered by any Eligible Shareholder should not exceed the Tender Entitlement of Ordinary Shares registered in such Eligible Shareholder’s name.
- 3.11 All Ordinary Shares which are successfully tendered and accepted by the Company (at its sole discretion) will be purchased at the Tender Price. No Ordinary Shares tendered or purported to be tendered at any price other than the Tender Price will be purchased by the Company.
- 3.12 Shareholders should note that the Company is entitled not to, and will not, proceed with the Tender Offer if the Directors determine, prior to 11.00 a.m. on the Record Date, that:

- (a) the Board cannot be satisfied on reasonable grounds that the Company will, immediately after completion of the Tender Offer, satisfy the solvency test referred to in section 49 of the Act;
- (b) the Board in its absolute discretion concludes that the Tender Offer would no longer be likely to promote the success of the Company for the benefit of Shareholders as a whole; or
- (c) there shall occur any material adverse change in national or international, financial, economic, political or market conditions,

which, in respect of (b) and (c) above, in the reasonable opinion of the Directors of the Company, renders the Tender Offer temporarily or permanently impractical or inadvisable (taking into account the background to and reasons for the Tender Offer); the Company shall in such a case terminate the Tender Offer and shall, as soon as reasonably practicable thereafter, notify the Eligible Shareholders affected in writing (and return tendered Ordinary Shares as soon as reasonably practicable).

- 3.13 Unless the Tender Period is extended (at the sole discretion of the Board) the Tender Offer will remain open from the date of this Circular until 1.00 p.m. on the Record Date (in the event of an extension of the Tender Period the Company will notify all Shareholders by way of regulatory news announcement on the day any extension is approved).
- 3.14 In the event that the Tender Offer is cancelled or withdrawn by the Company (at its sole discretion), neither the Company nor any Director shall have any liability to any Shareholder for any loss, damage or costs caused to such Shareholder as a direct or indirect result of the Tender Offer and/or its withdrawal or cancellation.
- 3.15 Ordinary Shares purchased pursuant to the Tender Offer will be acquired free of all liens, charges, restrictions, claims, equitable interests and encumbrances and together with all rights attaching thereto.
- 3.16 The Tender Price is net of all costs and expenses incurred by the Company (“**Expenses**”) in connection with the Tender Offer.

4 FINANCING THE TENDER OFFER

The Company will satisfy payment for validly tendered Ordinary Shares which are accepted by the Company pursuant to the Tender Offer in cash following the sale of Fund Shares.

5 SIGNIFICANT SHAREHOLDER INTENTIONS AND THE TAKEOVER CODE

- 5.1 In aggregate Mr Mellon, the Chairman of the Company, is interested in 9,824,836 Ordinary Shares representing approximately 29 per cent. of the Issued Shares of the Company. Details of Mr Mellon’s interests is set out below:

Name of Shareholder (“Mellon Associate”)	Number of Ordinary Shares	Per cent. of Issued Shares
Galloway Limited ⁽¹⁾	4,000,000	11.81
Shellbay Investments Limited ⁽²⁾	3,964,836	11.71
Pershing Nominees Limited a/c CACLT	1,860,000	5.49
TOTAL	9,824,836	29.01

(1) Mr Mellon is a life tenant of a trust which is the owner of Galloway Limited

(2) Mr Mellon is a life tenant of a trust which is the owner of Shellbay Investments Limited

- 5.2 Mr Mellon remains confident regarding the potential future shareholder value growth that can be realised by the Investment Portfolio, and believes Shareholders who do not accept the Tender Offer may realise proportionately greater value from the assets of the Company in the future.
- 5.3 Under Rule 9 of the Takeover Code, however, Mr Mellon (together with Mellon Associates) is not permitted to acquire 30 per cent. or more of the Issued Shares of the Company, without making a mandatory offer for the Ordinary Shares in the Company not under his control. Mr Mellon and the Mellon Associates do not wish to make a takeover offer under Rule 9 of the

Takeover Code, nor does the Company consider that it is in the interests of Shareholders that he (or the Mellon Associates) do make such an offer, or the Company seeks a Takeover Code waiver to enable Mr Mellon or the Mellon Associates to gain such greater percentage holding without incurring such an obligation to make a mandatory offer.

- 5.4 Accordingly, Mr Mellon and the Mellon Associates have agreed with the Company that they shall accept the Tender Offer only in respect of such number of Ordinary Shares as they respectively control (directly or indirectly), up to their respective Tender Entitlement, so as to maintain their current interest in the Company (i.e. Mr Mellon to retain an aggregate direct and indirect interest in the Company of 29 per cent. of Issued Shares post-completion of the Tender Offer). Unlike other Shareholders, Mr Mellon and the Mellon Associates are accordingly permitted to accept the Tender Offer in respect of some only of their Tender Entitlement.
- 5.5 Further, Mr Mellon and Mellon Associates have agreed with the Company and the Fund that, rather than receive the Tender Price in respect of Ordinary Shares tendered, they shall receive Fund Shares as consideration. By receiving Fund Shares directly, the Company reduces the dealing costs incurred, with the reduced Expenses benefitting all Shareholders equally. For the avoidance of doubt, Mr Mellon and Mellon Associates shall however bear their *pro rata* share of Expenses. Mr Mellon and Mellon Associates electing to receive Fund Shares rather than cash underlines Mr Mellon's commitment and belief in the investment philosophy and strategy, and future growth prospects, of not only the Company but also the Magna Biopharma Income Fund (in which the Company will continue to have a residual holding following the Tender Offer).
- 5.6 The reason for Mr Mellon and the Mellon Associates agreeing to such an adjustment mechanism, and agreeing that they will only take up the Tender Offer partially, is to enable the Company to retain the maximum assets (and have the maximum potential liquidity and market capital) post-Tender Offer. Mr Mellon and the Mellon Associates believe the balance sheet of the Company can be used to achieve further shareholder value in the future, and maximum value should be retained by the Company as part of this process.
- 5.7 Accordingly, on completion of the Tender Offer, Mr Mellon will remain interested (directly and indirectly) in 29 per cent. of the Issued Shares and no mandatory takeover offer under Rule 9 of the Takeover Code shall be triggered. This is the same as Mr Mellon's direct and indirect interest in the Company prior to the Tender Offer.

6 STATUS OF THE COMPANY POST-COMPLETION OF TENDER OFFER

- 6.1 Following the completion of the Tender Offer, the Company will continue to hold and manage the Investment Portfolio (excluding the number of Fund Shares disposed of as part of the Tender Offer process), and have cash resources of approximately £431,744 (as set out in the December 2014 NAV). This will continue to be in accordance with the Investing Policy, as approved by Shareholders in November 2013, set out below for ease of reference.

The Company will invest in the Biopharma Sector and will establish a portfolio of investments in biotechnology and biopharmaceutical companies.

The Company will invest in equity and equity related products in both quoted companies, which offer the benefits of liquidity, and in unquoted companies which offer the attraction of additional capital gains upon completion of a successful IPO.

The Company may also invest in shares of collective investment schemes ("UCITS") with exposure to the Biopharma Sector and in long-term equity participation securities the underlying securities of which will be based on Biopharma Sector securities and/or indices relating to the Biopharma Sector. The Company may invest in Biopharma Sector debt. Investments in Biopharma Sector debt shall not exceed 15 per cent. of the Net Asset Value of the Company.

The Company will be ungeared and will be a passive investor.

The Company aims to deliver capital growth by realising capital gains when it considers that the valuation of individual investments looks to be excessive or, as is often the case in this sector, as a result of trade sales.

Assets and investments will be held by the Company directly or through the individual share custodians of the brokers used by the Company to acquire the shares.

Any material variation to the Investing Policy will require the approval of Shareholders at a general meeting of the Company in accordance with the AIM Rules for Companies.

- 6.2 Save for the corporate and operating costs, and professional fees linked to the Company's listing on AIM, the Company has no other material liabilities outstanding at the date of this Circular.
- 6.3 The Management Agreement shall continue in full force and effect following completion of the Tender Offer.
- 6.4 Under the terms of the Management Agreement, the Company is required to pay the Management Fee quarterly by issuing new Ordinary Shares to Shellbay at the closing offer price of the Company at the end of each calendar quarter, on the basis of 15 per cent. of any increase in Net Asset Value from the previous "high watermark". As Shellbay is a party indirectly related to Mr Mellon who is indirectly interested in 29 per cent. of Issued Shares, no further Ordinary Shares can be issued to the manager in lieu of the Management Fee without triggering a requirement under Rule 9 of the Takeover Code for Shellbay to make an offer for the entire issued share capital of the Company.
- 6.5 Accordingly, as previously announced, the Company has agreed (subject to the exclusion at paragraph 6.6 below) that any Management Fees due in the future under the Management Agreement shall be settled by the transfer of Fund Shares from the Company to Shellbay in full and final settlement of Management Fees.
- 6.6 For the avoidance of doubt, calculation of Shellbay's entitlement to a Management Fee under the Management Agreement shall not include any fees in respect of increases in the value of Fund Shares retained by the Company post-Tender Offer.
- 6.7 No Management Fees are due to Shellbay under the Management Agreement as at the date of this Circular.

7 DIRECTORS' INTENTIONS

- 7.1 Details of Directors' shareholdings and those of their respective connected persons are set out below:

Director	Number of Ordinary Shares as at the date of this Circular	Percentage of Ordinary Shares as at the date of this Circular
James Mellon ⁽¹⁾	9,824,836	29.0
Denham Eke	0	0
Anderson Whamond	0	0

(1) Including the interests of the Mellon Associates

- 7.2 The intentions of Mr Mellon and the Mellon Associates in relation to the Tender Offer are set out at paragraph 5 of this Part One of the Circular.

8 RELATED PARTY TRANSACTION

- 8.1 Mr Mellon, the Non-Executive Chairman of the Company is interested in shares representing 29 per cent. of the Issued Shares of the Company. In addition, Denham Eke, the Finance Director of the Company is the sole Director of Shellbay. Accordingly, the transaction is deemed to be a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies.
- 8.2 Mr Anderson Whamond is the Independent Director for the purposes of the Tender Offer. Mr Whamond is a Non-Executive Director of the Company. Mr Whamond, having consulted with Beaumont Cornish Limited, the Company's nominated adviser, considers the terms of the Tender Offer to be fair and reasonable insofar as the Company's Shareholders are concerned.
- 8.3 In particular, the mechanism by which Mr Mellon and/or Mellon Associates can accept the Tender Offer partially in respect of some only of their Ordinary Shares and by which they have agreed to take Fund Shares rather than cash (please see paragraph 5 above) is

considered by Mr Whamond to be fair and reasonable as the mechanism has been agreed so that the Company retains the maximum possible assets without triggering a mandatory offer for the Company by Mr Mellon (and/or Mellon Associates) under the Takeover Code.

- 8.4 Whilst the Fund is not a party to the Tender Offer (the arrangements with the Fund having been previously dealt with and approved by Shareholders in November 2013), it is noted that Mr Mellon is the non-executive Chairman of the investment manager to the Fund, and Mr Whamond is a non-executive director of Magna Umbrella Fund of which the Fund is a sub-fund and a non-executive director of the investment manager of the Fund.

9 TAXATION

No advice is provided regarding taxation. Any Shareholder who is in any doubt as to their tax position should consult an appropriate professional adviser.

10 CLOSING TIME AND RECORD DATE

- 10.1 Only Eligible Shareholders who hold Ordinary Shares at the Closing Time on the Record Date are eligible to participate in the Tender Offer in respect of those Ordinary Shares so held. Any Shareholder holding Ordinary Shares in certificated form who returns a Tender Form is required to return also the relevant share certificate or a completed letter of indemnity in lieu thereof by the Record Date.

11 OVERSEAS SHAREHOLDERS

- 11.1 The Tender Offer is not available to Shareholders whose address, as stated on the Register, is in a Restricted Jurisdiction, or who are resident in a Restricted Jurisdiction. The Board shall use its discretion in deciding whether the Tender Offer is made available to Shareholders whose address or place of residence is not in a Restricted Jurisdiction but is outside of the UK or the Isle of Man. A Restricted Jurisdiction includes the United States, Australia, New Zealand, the Republic of Ireland, South Africa, Canada or Japan or any other jurisdiction where the mailing of this Circular, or the making of the Tender Offer into such jurisdiction would constitute a violation of the laws of such jurisdiction.

The making of the Tender Offer in, or to persons resident in, jurisdictions outside the United Kingdom, or custodians, nominees or trustees for persons who are citizens, residents or nationals of jurisdictions outside the United Kingdom, may be prohibited or affected by the laws of the relevant overseas jurisdiction. Shareholders who are Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of any such Shareholder wishing to tender Ordinary Shares to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. If you are in any doubt about your position, you should consult your professional adviser in the relevant jurisdiction. Any such Shareholder will be responsible for any such issue, transfer or other taxes payable and the Company and any person acting on their behalf shall be fully indemnified and held harmless by such Shareholder for any such issue, transfer or other taxes such person may be required to pay. No steps have been taken to register or qualify the Tender Offer or to authorise the extending of the Tender Offer or the distribution of this Circular, the Tender Form and any related documents in any territory outside the United Kingdom.

- 11.2 A Shareholder will be deemed not to have tendered Ordinary Shares pursuant to the Tender Offer if:
- (a) such Shareholder is unable to make the representations and warranties set out in paragraph 5 of Part Two of the Circular (in the case of Shareholders holding their interest in certificated form) and paragraph 6 of Part Two of this Circular (in the case of Shareholders holding their shares through CREST); or
 - (b) such Shareholder completes Box 1 of a Tender Form with an address in any Restricted Jurisdiction or has a registered address in any Restricted Jurisdiction and in either case such Shareholder does not insert in Box 1 of a Tender Form the name and address of

the person or agent outside of any Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the Tender Offer to be sent, subject to the provisions of this paragraph and applicable law; or

- (c) such Shareholder inserts in Box 5 of a Tender Form the name and address of a person or agent in any Restricted Jurisdiction to whom he wishes the consideration to which such Shareholder is entitled under the Tender Offer to be sent; or
- (d) the Tender Form received from him is in an envelope postmarked in, or which otherwise appears to the Company or its agents to have been sent from any Restricted Jurisdiction.

11.3 The Company reserves the right, in its absolute discretion, to investigate in relation to any acceptance, whether the representations and warranties in paragraphs 5 and 6 (as applicable) of Part Two of this Circular are correct and, if such investigation is undertaken and as a result the Company determines (for any reason) that such representation and warranty is not correct, such acceptance shall not be valid.

11.4 The provisions in this paragraph 11 and/or any other terms of the Tender Offer relating to Overseas Shareholders, may be waived, varied or modified as regards a specific Shareholder or on a general basis by the Company in its absolute discretion but only if the Company is satisfied that such waiver, variation or modification will not constitute or give rise to breach of applicable securities or other laws. References to a "Shareholder" shall include references to the persons executing Tender Forms and and/or submitting a TTE Instruction, and in the event of more than one person executing Tender Forms, the provisions in this paragraph 11 shall apply to them jointly and severally.

12 ADDITIONAL INFORMATION

12.1 If you have any questions relating to this document, and the completion and return of the Tender Form, please telephone Capita Asset Services between 9.00am and 5.30pm (London time) Monday to Friday on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

13 ACTION TO BE TAKEN

13.1 Shares held in certificated form

Eligible Shareholders who hold Ordinary Shares in certificated form and who wish to participate in the Tender Offer should follow the instructions on the accompanying Tender Form and return it to the Receiving Agent: Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU to arrive by no later than 1.00 p.m. on 30 January 2015 (the Record Date). Eligible Shareholders who hold their Ordinary Shares in certificated form should also send their share certificate(s) or other documents of title in respect of the Ordinary Shares tendered with their Tender Form to the Receiving Agent at the address above, to be received not later than the Record Date. Further details of the procedure for tendering and settlement are set out in Part Two of this Circular and on the accompanying Tender Form. **COMPLETED FORMS OF ACCEPTANCE MUST BE RECEIVED BY NOT LATER THAN 1.00 P.M. ON 30 JANUARY 2015.**

The execution of the Tender Form will constitute the irrevocable appointment of any Director or officer of the Company, or other person(s) nominated by the Company, as a Shareholder's attorney and/or agent ("**Attorney**") and an irrevocable instruction and authorisation for the Attorney to complete and execute all or any instruments of transfer and/or other documents at the Attorney's absolute discretion in relation to the Ordinary Shares being tendered by that Shareholder. Further details of the procedures for tendering and settlement are set out in Part Two of this Circular and, in the case of Shareholders tendering Ordinary Shares held in certificated form, in the Tender Form.

Further copies of the Tender Form may be obtained on request from the Receiving Agent by telephone from Capita Asset Services between 9.00am and 5.30pm (London time) Monday to Friday on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

Interest in Ordinary Shares in uncertificated form held in CREST

Eligible Shareholders who hold their interest in Ordinary Shares in uncertificated form in CREST and who wish to tender all or any of their Ordinary Shares under the Tender Offer should tender electronically through CREST so that the TTE Instruction settles no later than 1.00 p.m. on 30 January 2015. Further details of the procedures for tendering and settlement are set out in Part Two of this Circular.

Shareholders who hold Ordinary Shares through a nominee and wish to accept the Tender Offer should contact their nominee directly. The nominee will need to arrange for the underlying holding to be reregistered in a separate account so that the election to accept the Tender Offer can be submitted in respect of all of the Shareholder's respective Ordinary Shares.

13.2 Shareholders who do not want to participate in the Tender Offer

Shareholders who do not want to participate in the Tender Offer should not complete the Tender Form and will not be required to make a TTE Instruction.

Given that Shareholders will have their own individual financial and investment considerations, I make no recommendation to Shareholders in relation to whether accepting the Tender Offer is in their individual best interests. If Shareholders are in any doubt as to what action to take, they should consult an appropriately qualified independent financial adviser authorised under the United Kingdom Financial Services and Market Act 2000.

It should be noted that Mr Mellon and the Mellon Associates will maintain their respective proportional interest in the Company following the Tender Offer (meaning Mr Mellon will remain interested, directly and indirectly, in 29 per cent. of the Issued Shares) and, as set out in paragraph 5.4 above, agreed that they shall only accept the Tender Offer to the limited extent necessary to maintain their shareholding at this level and thus avoid the requirement for a mandatory offer for the Company by Mr Mellon and/or Mellon Associates under the Takeover Code. Neither I, nor Mr Eke, hold any Issued Shares in the Company.

Yours faithfully

**Anderson Whamond
Independent Director**

PART TWO

DETAILS AND TERMS AND CONDITIONS OF THE TENDER OFFER

1 Introduction

- 1.1 Eligible Shareholders are invited to tender Ordinary Shares on the terms and subject to the conditions set out in this Circular and, in respect of Eligible Shareholders who hold Ordinary Shares in certificated form, on the accompanying Tender Form and, in respect of Eligible Shareholders holding in uncertificated form in CREST, by sending a TTE Instruction.
- 1.2 The Board is proposing that the Company should purchase from Eligible Shareholders Ordinary Shares to the value of the underlying *pro rata* Fund Shares. The Tender Offer is open to all Eligible Shareholders on the Company's Register at the Closing Time on the Record Date at the Tender Price.
- 1.3 It is intended that Ordinary Shares purchased under the Tender Offer will be cancelled and will not be available for re-issue. Ordinary Shares purchased pursuant to the Tender Offer will be acquired free of all liens, charges, restrictions, claims, equitable interests and encumbrances and together with all rights attaching thereto.

2 Terms and Conditions of the Tender Offer

- 2.1 The Company hereby offers to purchase Ordinary Shares from Eligible Shareholders on the terms of the Tender Offer, and subject to the Tender Offer not having been terminated in accordance with paragraph 9 of this Part Two prior to 11.00 a.m. on the Record Date.
- 2.2 Each Ordinary Share may be tendered under the Tender Offer at the Tender Price and only tenders made at the Tender Price will be accepted.
- 2.3 The Tender Offer is only available to Eligible Shareholders on the Register at the Closing Time on the Record Date and only in respect of the Tender Offer proportion of the number of Ordinary Shares registered in their names on that date.
- 2.4 Tender Forms and/or TTE Instructions which have been, or are deemed to be, validly and properly completed and received by the Receiving Agent, by 1.00 p.m. on 30 January 2015 (that is, the Record Date) will become irrevocable at such time as they are received and will not be capable of being withdrawn.
- 2.5 The Tender Offer will close at 1.00 p.m. on the Record Date and no Tender Forms or TTE Instructions received after 1.00 p.m. on the Record Date will be accepted in whole or in part, except to the extent that the Company extends the period for tendering under the Tender Offer, in which case a new date for the Tender Offer will be given. The Company reserves the right, subject to applicable legal and regulatory requirements, to extend the period for tendering under the Tender Offer at any time prior to 11.00 a.m. on the Record Date. Any material change to the expected timetable will be notified to Shareholders by way of an announcement through a Regulatory Information Service of London Stock Exchange. Any such extension will comply with all applicable legal and regulatory requirements including, but not limited to, the duration of such extension.
- 2.6 Subject to the Tender Offer not being terminated in accordance with paragraph 9 of this Part Two, Ordinary Shares successfully tendered and accepted for purchase by the Company will be purchased fully paid and free of all liens, charges, restrictions, claims, equitable interests and encumbrances and together with all rights attaching thereto.
- 2.7 All tenders in respect of Ordinary Shares held in certificated form must be made on the accompanying Tender Form duly completed in accordance with the instructions set out below and in the Tender Form (which constitute part of the terms of the Tender Offer). Such tenders will only be valid if the procedures contained in this Circular and in the Tender Form are complied with in full.
- 2.8 All tenders in respect of Ordinary Shares held in uncertificated form (that is, in CREST) must be made by the input and settlement of a TTE Instruction in CREST in accordance with the instructions set out in this Part Two below and the relevant procedures in the CREST manual (which together constitute part of the terms of the Tender Offer). Such tenders will only be valid when the procedures contained in this Circular and in the relevant parts of the CREST manual are complied with in full.

- 2.9 Shareholders who hold Ordinary Shares through a nominee and wish to accept the Tender Offer should contact their nominee directly. The nominee will need to arrange for the underlying holding to be reregistered in a separate account so that the election to accept the Tender Offer can be submitted in respect of all of the Shareholder's respective Ordinary Shares.
- 2.10 The Tender Offer and all tenders relating thereto will be governed by and construed in accordance with the laws of England and Wales. Delivery of a Tender Form and/or the forwarding of a TTE Instruction in CREST, as applicable, will constitute submission to the exclusive jurisdiction of the English courts.
- 2.11 All documents and remittances sent by or to Eligible Shareholders will be sent at the risk of the Eligible Shareholder concerned. If the Tender Offer does not become unconditional and lapses, share certificates and other documents of title will be returned by post to the person whose name and address (outside the Restricted Jurisdiction) is set out in Box 1 of the Tender Form or, if relevant, to the person whose name and address (outside the Restricted Jurisdiction) is set out in Box 5 of the Tender Form, in each case by no later than ten business days after the date of such lapse, or, in the case of Ordinary Shares held in uncertificated form, the Receiving Agent will provide instructions to Euroclear to transfer all such Ordinary Shares held in escrow balances by TFE Instruction to the original available balances to which those Ordinary Shares relate.
- 2.12 As only the Tender Entitlement in respect of a holding of Ordinary Shares may be tendered by a Shareholder or accepted by the Company pursuant to the Tender Offer, the relevant Eligible Shareholder will be entitled to receive a balance certificate in respect of the unsold or unaccepted (as appropriate) Ordinary Shares (in the case of Ordinary Shares held in certificated form) or, if appropriate, the transfer of the unsold or unaccepted Ordinary Shares by the Receiving Agent by TFE Instruction to the original registered holder(s) of those unsold or unaccepted Ordinary Shares (in the case of Ordinary Shares held through CREST).
- 2.13 Further copies of the Tender Form may be obtained on request from the Receiving Agent: Please telephone Capita Asset Services between 9.00am and 5.30pm (London time) Monday to Friday on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.
- 2.14 The decision of the Company as to the results of the Tender Offer shall be final and binding on all Shareholders.
- 2.15 Holdings in certificated and uncertificated form under the same name with different designations will be treated as separate shareholdings for the purposes of the application of terms of the Tender Offer and a separate Tender Form or TTE Instruction, as appropriate, will need to be submitted in order to tender each such separate holding.
- 2.16 All questions as to the number of Ordinary Shares tendered, and the validity, form, eligibility (including the time of receipt) and acceptance for payment of any tender of Ordinary Shares will be determined by the Company, in its sole and absolute discretion, which determination shall be final and binding on all of the parties (except as otherwise required under applicable law).
- 2.17 Ordinary Shares will be purchased by the Company under the Tender Offer free of commissions and dealing charges.
- 2.18 The failure of any person to receive a copy of this Circular and/or for a person who holds his Ordinary Shares in certificated form, the Tender Form, shall not invalidate any aspect of the Tender Offer. None of the Company, the Receiving Agent or any other person will incur any liability in respect of any person failing to receive this Circular and/or for a person who holds its Ordinary Shares in certificated form, the Tender Form. Additional copies of this Circular and the Tender Form can be obtained from the Receiving Agent.

- 2.19 The Company reserves the right to revise the Tender Price pursuant to the Tender Offer, based on market conditions and/or other factors, subject to compliance with applicable Law and regulatory requirements. Any such revision will require, amongst other things, new Tender Forms being dispatched or new TTE Instructions being submitted, to or by Eligible Shareholders and, in certain circumstances, may require that the period of the Tender Offer be extended.
- 2.20 No acknowledgement of receipt of any Tender Form, share certificate(s), other document(s) of title and/or TTE messages (as appropriate) will be given.

3 Procedures for tendering Ordinary Shares

- 3.1 Different procedures apply for Ordinary Shares in certificated and uncertificated form.
- 3.2 If you hold Ordinary Shares in certificated form, you may only tender such Ordinary Shares by completing and returning the Tender Form in accordance with the instructions set out in paragraphs 3.5 to 3.8 of this Part Two below and the instructions printed thereon.
- 3.3 If you hold Ordinary Shares in certificated form, but under different designations, you should complete a separate Tender Form in respect of each designation. Additional Tender Forms are available upon request from the Receiving Agent.
- 3.4 If you hold Ordinary Shares in uncertificated form (that is, through CREST) you may only tender such Ordinary Shares by TTE Instruction in accordance with the procedure set out in paragraphs 3.9 to 3.16 of this Part Two below and, if those Ordinary Shares are held under different member account IDs, you should send a separate TTE Instruction for each member account ID.

Ordinary Shares held in certificated form

- 3.5 If you wish to participate in the Tender Offer you should complete and sign Box 3 of the accompanying Tender Form in accordance with the instructions printed on it. Tenders may only be made on the Tender Form. The Tender Form represents a right to tender Ordinary Shares. It is not a document of title. For the avoidance of doubt, personalised Tender Forms cannot be transferred and/or assigned to any other party.
- 3.6 If you hold Ordinary Shares in both certificated and uncertificated forms, you should complete a Tender Form for the certificated holding/s and tender your Ordinary Shares held in uncertificated form by TTE Instruction in accordance with the procedure set out in paragraphs 3.9 to 3.16 below. In addition you should complete separate Tender Forms for Ordinary Shares held in certificated form but under different designations, additional Tender Forms can be obtained from the Receiving Agent.
- 3.7 If you wish to participate in the Tender Offer the completed and signed Tender Form, together with your share certificate(s) and/or other documents of title, or indemnity in lieu thereof, in respect of your Ordinary Shares tendered, should be returned by post, or by hand (during normal business hours only) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to be received not later than 1.00 p.m. on the Record Date. No acknowledgement of receipt of documents will be given. The instructions printed on the Tender Form shall be deemed to form part of the terms of the Tender Offer. Any Tender Form received in an envelope postmarked in a Restricted Jurisdiction or otherwise appearing to the Company or its agents to have been sent from any such territory may be rejected as an invalid tender.
- 3.8 To accept the Tender Offer, by signing the Tender Form, you will be deemed to have tendered your Tender Entitlement of Ordinary Shares pursuant to the Tender Offer.

Ordinary Shares in uncertificated form

- 3.9 If the Ordinary Shares that you wish to tender are in uncertificated form you should take (or procure to take) the action set out below to transfer to escrow (by means of a TTE Instruction), specifying the Receiving Agent (in its capacity as a CREST participant under the participant ID referred to below) as the escrow agent, as soon as possible and in any event so that the transfer to escrow settles not later than 1.00 p.m. on the Record Date.

Note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) and you should therefore ensure you time the input of any TTE Instructions accordingly.

- 3.10 The input and settlement of a TTE Instruction in accordance with paragraph 3.9 to 3.16 of this Part Two shall constitute an offer to sell the number of Ordinary Shares at the Tender Price, by transferring such Ordinary Shares to the relevant escrow account as detailed below (an “**Electronic Tender**”).
- 3.11 If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your Participant ID and the member account ID under which your Ordinary Shares are held. In addition, only your CREST sponsor will be able to send the TTE Instruction to Euroclear in relation to your Ordinary Shares.
- 3.12 To tender the Ordinary Shares you should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) a TTE Instruction to Euroclear, which must be properly authenticated in accordance with Euroclear’s specifications for transfers to escrow and which must contain, in addition to the other information that is required for the TTE Instruction to settle in CREST, the following details:
- (a) the ISIN for the Ordinary Shares which is: IM00B6QH1J21;
 - (b) the number of Ordinary Shares to be transferred to an escrow balance;
 - (c) your Member account ID;
 - (d) your Participant ID;
 - (e) the Participant ID of the escrow agent, the Receiving Agent, in its capacity as a CREST receiving agent, which is RA10;
 - (f) the member account ID of the escrow agent (which is 28449POR)
 - (g) the Corporate Action Number of the Tender Offer, which is allocated by Euroclear and is available by viewing the relevant corporate action detail, in CREST;
 - (h) the intended settlement date for the transfer to escrow. This should be as soon as possible and in any event no later than 1.00 p.m. on 30 January 2015;
 - (i) the standard delivery instruction with Priority 80; and
 - (j) contact name and telephone number inserted in the shared note field.
- 3.13 After settlement of the TTE Instruction, you will not be able to access the Ordinary Shares being the subject of such TTE Instruction in CREST for any transaction or charging purposes, notwithstanding that they will be held by the Receiving Agent until they are transferred to itself, as escrow agent for the Company or the Tender Offer otherwise lapses. If the Tender Offer becomes unconditional and the relevant tender is accepted, the Receiving Agent will transfer the Ordinary Shares that are accepted by the Company to itself, as escrow agent for the Company.
- 3.14 You are recommended to refer to the CREST Manual published by Euroclear for further information on the CREST procedures outlined above.
- 3.15 You should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE Instruction relating to your uncertificated Ordinary Shares to settle prior to 1.00 p.m. on the Record Date. In this connection you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 3.16 Shareholders who hold Ordinary Shares through a nominee and wish to accept the Tender Offer should contact their nominee directly. The nominee will need to arrange for the underlying holding to be reregistered in a separate account so that the election to accept the Tender Offer can be submitted in respect of all of the Shareholder’s respective Ordinary Shares.
- 3.17 An appropriate announcement will be made if any of the details contained in paragraphs 3.5 to 3.16 of this Part Two are altered in any material respect for any reason.

Withdrawals of TTE Instructions are not permitted once submitted.

- 3.18 A Tender Form which is received in respect of Ordinary Shares held in uncertificated form in CREST will not constitute a valid acceptance and will be disregarded. Holders of Ordinary Shares held in uncertificated form in CREST who wish to accept the Tender Offer should note that a TTE Instruction will only be a valid acceptance if it has settled on or before 1.00 p.m. (London time) on the Record Date.

Deposits of Ordinary Shares into, and withdrawals of Ordinary Shares from, CREST

- 3.19 Normal CREST procedures (including timings) apply in relation to any Ordinary Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Tender Offer. Eligible Shareholders who are proposing to convert any such shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable them to take all necessary steps in connection with any participation in the Tender Offer (in particular, as regards delivery of share certificates and/or other documents of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on the Record Date.

Share certificates and documents of title not readily available or lost

- 3.20 If your Ordinary Shares are in certificated form but your share certificate(s) and/or other document(s) of title is/are not readily available or have been lost, the Tender Form should nevertheless be completed, signed and returned as described in paragraphs 3.5 to 3.8 of Part Two of this Circular so as to be received not later than by 1.00 p.m. on 30 January 2015 together with any share certificate(s) and/or other document(s) of title that you may have available, accompanied by a letter stating that the balance will follow and the share certificate(s) and/or other document(s) of title should be forwarded as soon as possible thereafter and, in any event, so as to arrive by not later than 1.00 p.m. on the Record Date.
- 3.21 If you have lost your share certificate(s) and/or other document(s) of title, you should write to Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham BR3 4TU, for a letter of indemnity in respect of the lost share certificate(s) and/or other document(s) of title that, when completed in accordance with the instructions given, should be returned by post or by hand (during normal business hours) to the Receiving Agent to be received no later than 1.00 p.m. on 30 January 2015.
- 3.22 You should note that no payment will be made until satisfactory documentation has been received as described above.
- 3.23 If the Tender Offer is terminated or void, all documents lodged pursuant to the Tender Offer will be returned promptly by post not later than 14 Business Days after such date or, in the case of Ordinary Shares held in uncertificated form, the escrow agent will provide instructions to Euroclear to transfer all uncertificated Ordinary Shares held in escrow balances by TFE Instruction to the original available balances from which those Ordinary Shares came within such time. In any of these circumstances, Tender Forms will cease to have any effect.
- 3.24 Tendering Eligible Shareholders will not be obliged to pay brokerage fees, commissions or transfer taxes or duty in the UK on the sale of Ordinary Shares in relation to the Tender Offer.
- 3.25 The delivery of share certificates for Ordinary Shares and all other required documents and all remittances will be at the risk of the tendering Eligible Shareholder.
- 3.26 If you have any questions relating to this document, and the completion and return of the Tender Form, please telephone Capita Asset Services between 9.00am and 5.30pm (London time) Monday to Friday on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

4 Settlement

- 4.1 Unless the Tender Offer becomes void or is terminated or is extended, the outcome of the Tender Offer, will be announced by no later than 8.00 a.m. on 2 February 2015. The payment of any consideration for Ordinary Shares pursuant to the Tender Offer will be made only after the relevant TTE Instruction has settled or (in the case of Ordinary Shares in certificated form which are tendered) timely receipt by the Receiving Agent of share certificate(s) and/or other document(s) of title, or an indemnity in lieu thereof, a properly completed and duly executed Tender Form and any other documents required by the Tender Form.
- 4.2 If any tendered Ordinary Shares are not purchased by the Company pursuant to the terms of the Tender Offer, relevant share certificate(s) evidencing any such Ordinary Shares and/or other document(s) of title will be returned or sent as promptly as practicable without expense to, but at the risk of, the tendering Eligible Shareholder. In the case of any tendered Ordinary Shares held in uncertificated form which are not purchased by the Company pursuant to the terms of the Tender Offer, the escrow agent will provide instructions to Euroclear to transfer all uncertificated Ordinary Shares held in escrow balances by TFE Instruction to the original available balances from which those Ordinary Shares came.
- 4.3 Settlement of the consideration to which any Eligible Shareholder is entitled pursuant to valid tenders accepted by the Company, will be made as follows:

Ordinary Shares in uncertificated form

- (a) Where an accepted tender relates to Ordinary Shares in uncertificated form, any cash consideration will be paid by means of CREST by the Company procuring the creation of an assured payment obligation in favour of the payment banks of tendering Eligible Shareholders in accordance with the CREST assured payment arrangements, not later than 14 Business Days after the day that the outcome of the Tender Offer is announced.
- (b) The Company reserves the right to settle all or any part of the consideration referred to in this paragraph (i), for all or any accepted tenders, in the manner referred to in paragraph (ii) below, if, for any reason, it wishes to do so.

Ordinary Shares in certificated form

- (c) Where an accepted tender relates to Ordinary Shares in certificated form, cheques for the consideration will be dispatched by first class post not later than 14 Business Days after the day that the outcome of the Tender Offer is announced at the risk of the person entitled thereto. All cash payments will be made in pounds sterling by cheque drawn on a branch of a UK clearing bank.
- 4.4 Delivery of cash for the Ordinary Shares to be purchased by the Company pursuant to the Tender Offer will be made by the Receiving Agent. Under no circumstances will interest be paid on the cash to be paid by the Company or the Receiving Agent regardless of any delay in making such payment.

5 Tender Form

- 5.1 Each Eligible Shareholder by whom, or on whose behalf, a Tender Form is executed, irrevocably undertakes, represents, warrants and agrees to and with the Company, for themselves and as agent for the Company, so as to bind such holder and their personal or legal representatives, heirs, successors and assigns to the following effect:
- (a) that the execution of the Tender Form shall constitute an irrevocable offer to sell to the Company the total number of Ordinary Shares inserted or deemed to have been inserted in Box 2 of the Tender Form on and subject to the terms and conditions set out or referred to in this Circular and the Tender Form;
- (b) that the execution of the Tender Form shall constitute the consent of the Eligible Shareholder to the purchase by the Company of the Ordinary Shares in respect of which such irrevocable offer is accepted for the purposes of article 6 of the Articles of Association;

- (c) that such Eligible Shareholder has full power and authority to tender, sell, assign or transfer the Ordinary Shares in respect of which such irrevocable offer is accepted (together with all rights attaching thereto) and, when the same are purchased by the Company, the Company will acquire such Ordinary Shares free and clear from all liens, charges, restrictions, claims, equitable interests and encumbrances and together with all rights attaching thereto and such representation and warranty will be true in all respects at the time the Company purchases such Ordinary Shares as if it had been entered into anew at such time and shall not be extinguished by such purchase;
- (d) that the execution of the Tender Form will, upon acceptance of such irrevocable offer, constitute the irrevocable appointment of any director of, or other person nominated by the Company as such Eligible Shareholder's attorney and agent ("attorney"), and an irrevocable instruction to the attorney, to complete and execute all or any contracts and/or other documents at the attorney's discretion in relation to the Ordinary Shares referred to in sub-paragraph (a) above for the purchase of such shares by the Company (or such reduced number of Ordinary Shares as determined by the Company in its sole discretion) and to do all such other acts and things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the Tender Offer;
- (e) that such Eligible Shareholder agrees to ratify and confirm each and every act or thing that may be done or effected such attorney and/or by the Company or any of its directors or any person nominated by the Company in the proper exercise of its or his or her powers and/or authorities hereunder;
- (f) that in respect of tendered Ordinary Shares held in certificated form, such Eligible Shareholder will deliver to the Receiving Agent their share certificate(s) and/or other document(s) of title in respect of the Ordinary Shares inserted in Box 2 of the Tender Form or an indemnity acceptable to the Company in lieu thereof, or will procure the delivery of such documents to such person as soon as possible thereafter and, in any event, before the closing of the Tender Offer;
- (g) that the terms of this Part Two shall be deemed to be incorporated in, and form part of, the Tender Form, which shall be read and construed accordingly;
- (h) that such Eligible Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable to complete the purchase of the Ordinary Shares referred to in Box 2 of the Tender Form (or such reduced number of Shares as determined by the Company in its sole discretion) and/or to perfect any of the authorities expressed to be given hereunder;
- (i) that the execution of a Tender Form constitutes, subject to the Tender Offer becoming unconditional, irrevocable authorisations and requests if the Ordinary Shares concerned are in certificated form to the Company to procure the dispatch by post of a cheque drawn in Pounds Sterling at a branch of a UK clearing bank for the cash consideration to which a tendering Eligible Shareholder is entitled, at the risk of such Eligible Shareholder, to the personal agent whose name and address outside any Restricted Jurisdiction is set out in Box 5 of the Tender Form, or if no such name and address is set out in Box 5, to the first named holder at his registered address outside any Restricted Jurisdiction; or
- (j) such Eligible Shareholder, if an Overseas Shareholder, has fully observed any applicable legal requirements and that the invitation under the Tender Offer may be made to him under the laws of the relevant jurisdiction;
- (k) such Eligible Shareholder has not received or sent copies or originals of this Circular, the Tender Form or any related documents in, into or from a Restricted Jurisdiction and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of any Restricted Jurisdiction;

- (l) that the Tender Form has not been mailed or otherwise sent in, into or from any Restricted Jurisdiction and such Eligible Shareholder is accepting the Tender Offer from outside any Restricted Jurisdiction;
- (m) the dispatch of a cheque to a Eligible Shareholder as referred to in the section headed "Settlement" above, will discharge fully any obligation of the Company to pay such Shareholder the consideration to which he is entitled under the Tender Offer;
- (n) on execution, the Tender Form takes effect as a deed;
- (o) the execution of the Tender Form constitutes such Eligible Shareholder's submission to the jurisdiction of the courts of England in relation to all matters arising out of or in connection with the Tender Offer or the Tender Form; and
- (p) if the appointment of attorney provision under paragraph (d) above shall be unenforceable or invalid or shall not operate so as to afford any director or officer of the Company the benefit or authority expressed to be given therein, the Eligible Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable the Company to secure the full benefits of paragraph (d) above.

5.2 A reference in this paragraph to a holder of Ordinary Shares or an Eligible Shareholder includes a reference to the person or persons executing the Tender Form and in the event of more than one person executing a Tender Form, the provisions of this paragraph will apply to them jointly and severally.

6 Electronic Tenders

6.1 Each Eligible Shareholder by whom, or on whose behalf, an electronic tender is made by submission of a TTE Instruction irrevocably undertakes, represents, warrants and agrees to and with the Company, for themselves and as agent for the Company, so as to bind such holder and their personal or legal representatives, heirs, successors and assigns to the following effect:

- (a) the input of the TTE Instruction shall constitute an irrevocable offer to sell to the Company such number of Ordinary Shares as are specified in the TTE Instruction or deemed to be tendered, in each case, on and subject to the terms and conditions set out or referred to in this Circular;
- (b) such Eligible Shareholder has full power and authority to tender, sell, assign or transfer the Ordinary Shares in respect of which such irrevocable offer is accepted (together with all rights attaching thereto) and, when the same (or any reduced amount) are purchased by the Company, the Company will acquire such Ordinary Shares free and clear from all liens, charges, restrictions, claims, equitable interests and encumbrances and together with all rights attaching thereto and such representation and warranty will be true in all respects at the time the Company purchases such Ordinary Shares as if it had been entered into anew at such time and shall not be extinguished by such purchase;
- (c) the input of the TTE Instruction will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of any director of, or other person nominated by, the Company, as such Eligible Shareholder's attorney and agent ("attorney"), and an irrevocable instruction to the attorney to complete and execute all or any contracts and/or any other documents or input any instructions into Euroclear at the attorney's discretion in relation to the Ordinary Shares referred to in paragraph (b) above for the purchase of such shares by the Company and to deliver any documents or input any instructions into Euroclear relating to such Ordinary Shares, for registration within six months of the Tender Offer becoming unconditional and to do all such other acts and things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the Tender Offer;
- (d) such Eligible Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by such attorney and/or by the Company or any of its directors or any person nominated by the Company in the proper exercise of its or his or her powers and/or authorities hereunder;

- (e) the input of a TTE Instruction will constitute the consent of the Eligible Shareholder to the purchase by the Company of the Ordinary Shares in respect of which such irrevocably offer is accepted for the purposes of article 6 of the Articles of Association and the agreement by such Eligible Shareholder that any purchase from that Eligible Shareholder of Ordinary Shares by the Company pursuant to the Tender Offer will be subject to the Rules of the London Stock Exchange and the number of shares purchased will be at the sole discretion of the Company;
- (f) such Eligible Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable to complete the purchase of the Ordinary Shares referred to in paragraph (a) above and/or to perfect any of the authorities expressed to be given hereunder;
- (g) such Eligible Shareholder, if an Overseas Shareholder, has fully observed any applicable legal requirements and that the invitation under the Tender Offer may be made to him under the laws of the relevant jurisdiction;
- (h) such Eligible Shareholder has not received or sent copies or originals of this Circular, the Tender Form or any related documents in, into or from any Restricted Jurisdiction and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of any Restricted Jurisdiction at the time of the input of and settlement of the relevant TTE Instruction(s); that the TTE Instruction has not been sent from any Restricted Jurisdiction, and such Eligible Shareholder is accepting the Tender Offer from outside any Restricted Jurisdiction;
- (i) the input of a CREST payment in favour of such Eligible Shareholder's payment bank in accordance with the CREST payment arrangements as referred to in the section headed "Settlement" above will discharge fully any obligation of the Company to pay to such Shareholder the consideration to which he is entitled under the Tender Offer;
- (j) the input of the TTE Instruction constitutes such Eligible Shareholder's submission to the jurisdiction of the courts of England in relation to all matters arising out of or in connection with the Tender Offer;
- (k) if, for any reason, any Ordinary Shares in respect of which a TTE Instruction has been made are, prior to the Record Date, converted into certificated form, the electronic tender in respect of such Ordinary Shares shall cease to be valid and the Eligible Shareholder will need to comply with the procedures for tendering Ordinary Shares in certificated form as set out above in respect of the Ordinary Shares so converted, if he wishes to make a valid tender of such Ordinary Shares pursuant to the Tender Offer; and
- (l) if the appointment of attorney provision under paragraph (c) above shall be unenforceable or invalid or shall not operate so as to afford any director or officer of the Company the benefit or authority expressed to be given therein, the Eligible Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable the Company to secure the full benefits of paragraph (c) above.

7 Invalid tenders

- 7.1 The Company reserves the absolute right to inspect (either itself or through its agents) all Tender Forms and/or TTE Instructions and may consider void and reject any tender that does not in the sole judgment of the Company meet the requirements of the Tender Offer. None of the Company, the Receiving Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification. The Company reserves the right, in its sole discretion, to treat as valid in whole or in part any Tender Form and/or TTE Instruction that is not entirely in order or (where required) that is not accompanied by the relevant share certificate(s) and/or other document(s) of title. In that event, however, the consideration under the Tender Offer will only be dispatched when the Tender Form is entirely in order, when the relevant TTE Instruction has been settled or (as the case may be) the relevant share certificate(s) and/or other documents of title or indemnities satisfactory to the Company has/have been received.

- 7.2 The long-stop date for receipt of all outstanding title documents (including in particular a share certificate or letter of indemnity in relation thereto) is 27 February 2015 (the “**Long Stop Date**”). Where a valid Tender Form has been received by the Record Date, but supporting title documents have not been submitted and received by the Receiving Agent by the Long Stop Date, the relevant Tender Form and tender shall be rejected and relevant documents returned to the Eligible Shareholder submitting the Tender Form. The Company and the Receiving Agent shall have no liability whatsoever for the failure of the Company to buy back Ordinary Shares for any reason.
- 7.3 All tenders received in respect of Ordinary Shares in issue at the Record Date held in certificated form must be made on a Tender Form delivered to the Receiving Agent so as to be received by 1.00 p.m. on the Record Date.
- 7.4 A Tender Form which is received in respect of Ordinary Shares held in uncertificated form will not constitute a valid tender and will be disregarded. Holders of Ordinary Shares in uncertificated form who wish to tender any such Ordinary Shares should note that a TTE Instruction submitted will only be validly tendered if it has settled on or before 1.00 p.m. on the Record Date.

8 Record Date and right to extend

- 8.1 The Tender Period will expire at 1.00 p.m. on the Record Date and no tenders that are received after that time will be accepted unless the Company, in its sole and absolute discretion shall have extended the period during which the Tender Offer is open (which may include in circumstances where the Company utilises its discretion to increase or decrease the Tender Price in accordance with the terms of paragraph 2.19 of Part Two above), in which event the term “Record Date” shall mean the latest time and date at which the Tender Offer, as so extended by the Company, shall remain open. The Company shall notify the Receiving Agent of any extension of the Record Date by oral or written notice and shall notify holders of Ordinary Shares of such extension by public announcement not later than 11.00 a.m. on 30 January 2015.
- 8.2 Formal acquisition of the Ordinary Shares validly tendered by Eligible Shareholders will take place at the Closing Time on the Record Date.

9 Right to terminate or amend the Tender Offer

- 9.1 The Company is entitled not to, and will not, proceed with the Tender Offer if the Directors (in their absolute discretion) determine prior to 11.00 a.m. on 30 January 2015 that:
- (a) the Board cannot be satisfied on reasonable grounds that the Company will, immediately after completion of the Tender Offer, satisfy the solvency test referred to in section 49 of the Act and article 6 of the Articles of Association;
 - (b) the Tender Offer would no longer be likely to promote the success of the Company for the benefit of the Shareholders as a whole; or
 - (c) there shall occur any material adverse change in the national or international, financial, economic, political or market conditions; or
 - (d) there shall occur any change in the financial position or prospects and/or circumstances of the Company (including, without limitation, in relation to the distributable profits of the Company), which, in respect of (b) and (c) above, in the opinion of the Company (acting in its absolute discretion), renders the Tender Offer temporarily or permanently impractical or inadvisable (taking into account the background to and reasons for the Tender Offer),

If any such determination in relation to withdrawal or cancellation of the Tender Offer is made, the Company shall, as soon as practicable thereafter, announce the same through a Regulatory Information Service of London Stock Exchange and notify Shareholders in writing.

- 9.2 In the event that the Tender Offer is cancelled and/or withdrawn by the Company (in its absolute discretion and for whatsoever reason), neither the Company nor any Director shall have any liability to any Shareholder for any loss, damage or costs caused to such Shareholder as a direct or indirect result of the Tender Offer and/or its withdrawal or cancellation.

10 Overseas Shareholders

- 10.1 The making of the Tender Offer in, or to certain persons who are citizens or nationals of, or resident in, jurisdictions outside the United Kingdom and IOM or custodians, nominees or trustees for persons who are citizens or nationals of, or residents in, jurisdictions outside the United Kingdom and IOM, may be affected or prohibited by the laws of the relevant overseas jurisdiction. Shareholders who are Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such Shareholder wishing to tender Ordinary Shares to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents that may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.
- 10.2 If you are in any doubt about your position, you should consult your professional adviser in the relevant jurisdiction. Any such Shareholder will be responsible for payment of any such issue, transfer or other taxes or other requisite payments due by whomsoever payable and the Company and the Receiving Agent and any person acting on either's behalf shall be entitled to be fully indemnified and held harmless by such Shareholder for any such issue, transfer or other taxes as such person may be required to pay. No steps have been taken to register or qualify the Tender Offer or authorise the extending of this Tender Offer or the distribution of the Circular or any Tender Form and any related documents in any territory outside the United Kingdom.
- 10.3 In particular, the Tender Offer is not being made directly or indirectly in or into, or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or any facilities of a national securities exchange of any Restricted Territory. This includes, but is not limited to, facsimile transmission, telex and telephone. Copies of this Circular, the Tender Form and any related documents are not being mailed or otherwise distributed or sent in or into any Restricted Jurisdiction, including to Shareholders with registered addresses in these jurisdictions or to persons whom the Company knows to be trustees, nominees or custodians holding Ordinary Shares for such persons. Persons receiving such documents (including, without limitation trustees, nominees or custodians) must not distribute or send them in or into any Restricted Jurisdiction or use such mails or any such means or instrumentality for any purpose directly or indirectly in connection with the Tender Offer, and so doing may invalidate any purported tender pursuant to the Tender Offer. Persons wishing to tender pursuant to the Tender Offer must not use such mails or any such means or instrumentality for any purpose directly or indirectly related to any tender pursuant to the Tender Offer. Envelopes containing Tender Form(s) should not be postmarked in any of the Restricted Jurisdictions or otherwise dispatched from any of the Restricted Jurisdictions, and all acceptors must provide addresses outside the Restricted Jurisdictions for the remittance of cash, or for the return of Tender Form(s), share certificates and/or other document(s) of title.
- 10.4 The provisions of this paragraph 10 and/or any other terms of the Tender Offer relating to Overseas Shareholders may be waived, varied or modified as regards a specific Shareholder or on a general basis by the Company in its absolute discretion, but only if the Company is satisfied that such waiver, variation or modification will not constitute or give rise to breach of applicable securities or other laws. Subject to this, the provisions of this paragraph 10 supersede any terms of the Tender Offer inconsistent herewith. References in this paragraph 10 to a Shareholder shall include references to the persons executing a Tender Form and/or TTE Instruction and, in the event of more than one person executing a Tender Form, the provisions of this paragraph 10 shall apply to them jointly and severally.
- 10.5 A Shareholder will be deemed not to have offered Ordinary Shares pursuant to the Tender Offer if: (i) such Shareholder is unable to make the representations and warranties set out in paragraph 5 and 6 of this Part Two (as appropriate); or (ii) such Shareholder completes a Tender Form with an address in any of the Restricted Jurisdiction or has a registered address in any of the Restricted Jurisdictions; or (iii) such Shareholder inserts on a Tender Form the name and address of the person or agent in any of the Restricted Jurisdictions to whom he wishes the consideration to which such Shareholder is entitled under the Tender Offer to be sent; or (iv) the Tender Form received from him is in an envelope postmarked in, or which otherwise appears to the Company or its agents to have been sent from any of

the Restricted Jurisdiction. The Company reserves the right, in its absolute discretion, to investigate in relation to any acceptance, whether the representations and warranties set out in paragraph 5 and 6 of this Part Two (as appropriate) and given by any Shareholder are correct and, if such investigation is undertaken and as a result the Company determines (for any reason) that such representation and warranty is not correct, such acceptance shall not be valid.

- 10.6 If, in connection with making the Tender Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this Circular, any Tender Form or any related documents in, into or from any of the Restricted Jurisdiction, such person should:
- (a) inform the recipient of such fact;
 - (b) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
 - (c) draw the attention of the recipient to this paragraph 10 headed "Overseas Shareholders".

11 Taxation

- 11.1 The following information, which relates only to UK, is applicable to the Company and to persons who are resident or ordinarily resident in the UK and who hold Ordinary Shares as investments. It is based on the law and practice currently in force in the UK.
- 11.2 The information is not exhaustive and is intended as a general guide only and does not constitute advice. If any Shareholder is in any doubt as to his taxation position, he should consult his professional adviser without delay. Shareholders should note that tax law and its interpretation can change and that, in particular, the levels and bases of, and reliefs from, taxation may change and such changes may alter the benefits of investment in the Company. These comments do not apply to certain classes of shareholders, such as dealers in securities, insurance companies, collective investment schemes and shareholders who have, or are deemed to have, acquired their shares by reason of, or in connection with, an office or employment.

12 UK taxation

The Company

- 12.1 The following comments are intended only as a general guide to certain aspects of current UK law and HM Revenue & Customs ("HMRC") published practice and do not constitute tax advice. They are of a general nature and apply only to Shareholders who are resident in the UK (except where indicated) and who hold their Shares beneficially as an investment. They do not address the position of certain classes of Shareholders such as dealers in securities. Shareholders who are subject to tax in a jurisdiction other than the UK or who are in any doubt as to the tax consequences of the Tender Offer should consult their own independent adviser.

Tender Offer

- 12.2 A Shareholder who sells Shares in the Tender Offer should be treated, for the purposes of UK taxation as though the Shareholder had sold them to a third party in the open market. Accordingly, and subject to the comments in the next paragraph, any such Shareholder who is UK resident may, depending on that Shareholder's personal circumstances, be subject to capital gains tax (or, in the case of a corporate Shareholder, corporation tax on chargeable gains) in respect of any gain arising on such sale. For corporate Shareholders within the charge to UK corporation tax, indexation allowance may apply to reduce any chargeable gain arising on the disposal of Shares but will not create or increase an allowable loss. Shareholders who are not resident in the UK for taxation purposes will not normally be liable to UK taxation on chargeable gains arising from the sale of their Shares unless those Shares are held for the purposes of a trade profession or vocation by those Shareholders through a UK branch, agency or permanent establishment, although they may be subject to

foreign taxation depending on their personal circumstances. Individual Shareholders who are temporarily resident in the UK for tax purposes may be liable to capital gains tax under tax anti-avoidance legislation.

Transactions in Securities

12.3 The UK tax code contains provisions which permit HMRC to counteract tax advantages arising from certain transactions in securities by treating some or all of the proceeds of capital disposals as distributions of income. However, these provisions do not apply where it can be shown that the transactions in question were entered into for *bona fide* commercial reasons and did not involve as one of their main objects the obtaining of a tax advantage. Shareholders are advised to take independent advice as to the potential application of these provisions in the light of their own particular motives and circumstances. Application has not been made to HMRC for clearance as to these matters.

Offshore Funds

12.4 The Directors do not consider that the Company constitutes an “Offshore Fund” for the purposes of current UK tax legislation. If the Company were to be treated for UK taxation purposes as an “Offshore Fund”, gains on disposals of Shares realised by a Shareholder may be taxable as income and not as capital gains.

The information relating to taxation set out above is a general guide and is not exhaustive. It is based on law and published practice currently in force in the United Kingdom and is subject to changes therein (potentially with retrospective effect). If you are in any doubt as to your taxation position should consult an appropriate professional adviser without delay.

Non-UK Shareholders

12.5 Shareholders who are not resident (or temporarily non-resident) in the United Kingdom and do not carry on a trade, profession or vocation through a branch, agency or other form of permanent establishment in the United Kingdom with which Ordinary Shares are connected will not normally be liable to United Kingdom taxation on capital gains arising on the sale or other disposal of Ordinary Shares. However, non-UK Shareholders will need to take specific professional advice about their individual tax position.

