

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or about what action to take, you should immediately seek your own professional advice from your stockbroker, solicitor, accountant or other appropriately qualified independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are taking advice in the United Kingdom or, if you are taking advice in another jurisdiction, from another appropriately authorised independent financial adviser. All Shareholders are advised to consult their professional advisers regarding their own tax position.

If you have sold or otherwise transferred all of your Ordinary Shares you should at once forward this document (but not the Tender Form) to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, no such documents should be forwarded or transmitted in or into any Restricted Jurisdiction.

J.P. Morgan Cazenove is authorised and regulated by the UK Financial Conduct Authority and is acting as broker to the Company and no one else in connection with the Tender Offer Series and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in connection with the Tender Offer Series. J.P. Morgan Securities LLC or another registered broker dealer is acting as dealer manager in connection with the Tender Offer as made to all holders of Ordinary Shares in the United States and will have no responsibility with respect to the Tender Offer as made to holders outside the United States.

Apart from the responsibilities and liabilities, if any, which may be imposed on J.P. Morgan Cazenove by FSMA or the regulatory regime established thereunder, J.P. Morgan Cazenove accepts no responsibility whatsoever for the contents of this document and disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this document.



SVG CAPITAL plc

(Incorporated and registered in England with limited liability under registration number 3066856)

Proposed Tender Offer by J.P. Morgan Cazenove to purchase Ordinary Shares up to a total amount of £50 million

The availability of the Tender Offer to Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction in which they are located. Persons who are not resident in the United Kingdom should read the paragraph headed "Overseas Shareholders" set out in Part 3 of this Circular and should inform themselves about, and observe, any applicable legal or regulatory requirements.

The Tender Offer is not being made, directly or indirectly, in or into, or by use of the mail, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone and email) of interstate or foreign commerce of, or any facilities of a national securities exchange of, any Restricted Jurisdiction and the Tender Offer cannot be accepted by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction.

Accordingly, unless otherwise determined by J.P. Morgan Cazenove and permitted by applicable law and regulation, neither this Circular nor the accompanying Tender Form or any related document is being, or may be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed, or sent in, into or from any Restricted Jurisdiction, and persons receiving this Circular, the accompanying Tender Form and/or any related document (including, without limitation, trustees, nominees or custodians) must not mail or otherwise forward, distribute or send it in, into or from such Restricted Jurisdiction, as to do so may invalidate any purported acceptance of the Tender Offer. Any person (including, without limitation, trustees, nominees or custodians) who would or otherwise intends to, or who may have a contractual or legal obligation to, forward this Circular together with the accompanying Tender Form and/or any related document to any jurisdiction outside the United Kingdom, should seek appropriate advice before taking any action.

If you are a Qualifying Shareholder holding Ordinary Shares in certificated form and wish to participate in the proposed Tender Offer, you should complete and return the accompanying

Tender Form to the Receiving Agent at Corporate Actions, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA (using the accompanying reply paid envelope for use within the UK only) or (during normal business hours only) by hand at Corporate Actions, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to be received by not later than 3.00 p.m. on 30 May 2014. If you are a Qualifying Shareholder holding Ordinary Shares in uncertificated form and wish to participate in the proposed Tender Offer, you should send the TTE instruction through CREST so as to settle by no later than 3.00 p.m. on 30 May 2014.

NOTICE FOR U.S. SHAREHOLDERS

The Tender Offer relates to securities of a non-U.S. company that is subject to the disclosure requirements, rules and practices applicable to companies listed in the UK, which differ from those of the United States in certain material respects. This Circular has been prepared in accordance with UK style and practice for the purpose of complying with English law and the Listing Rules, and U.S. Shareholders should read this entire Circular. The Tender Offer is not subject to the disclosure and other procedural requirements of Regulation 14D under the U.S. Exchange Act. The Tender Offer will be made in the United States in accordance with the requirements of Regulation 14E under the U.S. Exchange Act to the extent applicable. U.S. Shareholders should note that the Ordinary Shares are not listed on a U.S. securities exchange and the Company is not subject to the periodic reporting requirements of the U.S. Exchange Act and is not required to, and does not, file any reports with the U.S. Securities and Exchange Commission thereunder.

To the extent permitted by applicable law and in accordance with normal UK practice, the Company, J.P. Morgan Cazenove, or any of its affiliates, may make certain purchases of, or arrangements to purchase, Ordinary Shares outside the United States during the period in which the Tender Offer remains open for acceptance, including sales and purchases of Ordinary Shares effected by J.P. Morgan Cazenove acting as market maker in the Ordinary Shares. These purchases, or other arrangements, may occur either in the open market at prevailing prices or in private transactions at negotiated prices. In order to be excepted from the requirements of Rule 14e5 under the U.S. Exchange Act by virtue of Rule 14e5(b)(10), such purchases, or arrangements to purchase, must comply with applicable English law and regulation, including the Listing Rules. Any information about such purchases will be disclosed as required in the UK and, if required, will be reported via the Regulatory News Service of the London Stock Exchange and will be available on the London Stock Exchange website at <http://www.londonstockexchange.com>.

The Tender Offer has not been approved by the SEC or by the securities regulatory authority of any state or of any other United States jurisdiction, nor has the SEC or any such securities regulatory authority passed upon the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States. In those jurisdictions where the securities, "blue sky" or other laws require the Tender Offer to be made by a licensed broker or dealer, the Tender Offer shall be deemed to be made on behalf of the Company by J.P. Morgan Cazenove or one or more registered brokers or dealers licensed under the laws of such jurisdiction. This document does not constitute an offer to purchase, or solicitation of an offer to sell, Ordinary Shares in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such offer or solicitation under applicable securities laws.

The delivery of this Circular shall not under any circumstances create any implication that the information contained herein is correct as of any time subsequent to the date hereof, or that there has been no change in the information set forth herein or in the affairs of the Company since the date hereof. No dealer, salesperson or other person is authorised to give any information or to make any representations with respect to the Tender Offer other than such information or representations contained herein and, if given or made, such information or representations must not be relied upon as having been authorised by the Company.

This Circular is dated 30 April 2014.

CONTENTS

	<i>Page</i>
SVG CAPITAL PLC DIRECTORS, SECRETARY AND ADVISERS	4
DEFINITIONS	5
PART 1 LETTER FROM THE CHAIRMAN OF SVG CAPITAL PLC	8
PART 2 POSSIBLE RISKS ASSOCIATED WITH THE TENDER OFFER SERIES (AND ASSOCIATED REPURCHASES) AND TENDER OFFER (AND ASSOCIATED REPURCHASE) AND FURTHER INFORMATION	12
PART 3 TERMS AND CONDITIONS OF THE TENDER OFFER	14
PART 4 TAXATION IN RELATION TO THE TENDER OFFER	27

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Tender Offer (and associated Repurchase)	30 April 2014
Tender Offer opens	1 May 2014
Latest time and date for receipt of Tender Forms and share certificates in relation to the Tender Offer	3.00 p.m. on 30 May 2014
Latest time and date for receipt of TTE instructions in relation to the Tender Offer	3.00 p.m. on 30 May 2014
Tender Offer Record Date	5.00 p.m. on 30 May 2014
Announcement of results of the Tender Offer	7.00 a.m. on 2 June 2014
CREST accounts credited for revised, uncertificated holdings of Ordinary Shares (or, in the case of unsuccessful tenders, for entire holdings of Ordinary Shares)	3 June 2014
CREST accounts credited in respect of Tender Offer proceeds for uncertificated Ordinary Shares	4 June 2014
Cheques despatched in respect of Tender Offer proceeds for certificated Ordinary Shares	10 June 2014
Return of share certificates in respect of unsuccessful tenders of certificated Ordinary Shares	10 June 2014
Despatch of balancing share certificates (in respect of certificated Ordinary Shares) for revised, certificated holdings in the case of partially successful tenders	10 June 2014

SVG CAPITAL plc

DIRECTORS, SECRETARY AND ADVISERS

Directors	Andrew Sykes, <i>Chairman</i> Lynn Fordham, <i>Chief Executive</i> David Robins Stephen Duckett Caroline Goodall all of Bow Bells House, 1 Bread Street, London EC4M 9HH and all of whom, other than Lynn Fordham, are non-executive directors of SVG Capital
Registered office and principal place of business	Bow Bells House 1 Bread Street London EC4M 9HH
Secretary	Stuart Ballard Bow Bells House 1 Bread Street London EC4M 9HH
Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF
Solicitors	Slaughter and May One Bunhill Row London EC1Y 8YY
Registrar and Receiving Agent for Ordinary Shares	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA
Bankers	Lloyds TSB Bank plc 10 Gresham Street London EC2V 7AE
Corporate brokers	Espirito Santo Investment Bank 10 Paternoster Square London EC4M 7AL J.P. Morgan Cazenove 25 Bank Street Canary Wharf London E14 5JP Numis Securities The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
Counsel to J.P. Morgan Cazenove in respect of the Tender Offer Series is Linklaters LLP, One Silk Street, London EC2Y 8HQ.	

DEFINITIONS

“2014 AGM”	the Annual General Meeting of the Company held on 28 March 2014;
“Adjusted Diluted NAV per Ordinary Share”	means the Company’s most recent published net asset value per Ordinary Share as at the pricing of the relevant tender offer and updated for changes to the value of quoted holdings, Fees and Financing Costs, foreign exchange movements and gains or losses in connection with realisations of investments up to the latest practicable date prior to the pricing of the relevant tender offer (“Relevant NAV”), with the denominator used for calculating the per Ordinary Share value determined on the basis of: (i) all the Ordinary Shares in issue, less any Ordinary Shares held by the Company in treasury, in each case as at the latest practicable date prior to pricing of the relevant tender offer; and (ii) all Options outstanding as at the latest practicable date prior to pricing of the relevant tender offer which (a) if having an exercise price, have an exercise price which is less than the Relevant NAV per Ordinary Share on an undiluted basis as described in paragraph (i) above, having been exercised; and (b) if having no exercise price, having been satisfied;
“ARAN message”	a registrar’s adjustment message (as defined in the CREST manual issued by Euroclear);
“Board” or “Directors”	the board of directors of the Company;
“Business Day”	any day other than a Saturday, Sunday or public holiday on which banks are open in the City of London for the transaction of general commercial business;
“Buy-backs”	any on market buy-backs of Ordinary Shares made by the Company on or after 28 March 2014 pursuant to the general authority granted by Shareholders at the 2014 AGM or any subsequent general authority granted by Shareholders;
“certificated form” or “certificated”	Ordinary Shares not recorded on the Register as being in uncertificated form in CREST;
“Circular”	this document;
“Company” or “SVG Capital”	SVG Capital plc;
“Convertible Bonds”	the Company’s £120,000,000, 8.25% convertible bonds due 2016;
“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations);
“CREST Member”	a person who has been admitted by Euroclear as a system member (as defined in the Regulations);
“CREST Participant”	a person who is, in relation to CREST, a system-participant (as defined in the Regulations);
“CREST Sponsor”	a CREST Participant admitted to CREST as a CREST sponsor;
“CREST Sponsored Member”	a CREST Member admitted to CREST as a CREST sponsored member;
“Electronic Tender”	an electronic tender of Ordinary Shares in accordance with paragraphs 3.3 and 4.2 of Part 3 of this Circular;
“Euroclear”	Euroclear UK & Ireland Limited;
“Fees and Financing Costs”	management or advisory fees paid (or accrued) with respect to investments held by the Company, interest, non-utilisation or commitment fees and swap costs paid (or accrued) with respect to the Company’s senior debt and Convertible Bonds;

“Financial Conduct Authority” or “FCA”	the Financial Conduct Authority, acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
“FSMA”	the Financial Services and Markets Act 2000 as amended from time to time;
“Group”	the Company and all its subsidiary undertakings from time to time;
“Individual Basic Entitlement”	shall have the meaning given on page 10 of this Circular;
“Individual Excess Tender”	shall have the meaning given on page 10 of this Circular;
“J.P. Morgan Cazenove”	J.P. Morgan Securities plc, which conducts its UK investment banking activities as J.P. Morgan Cazenove, and its affiliates, including J.P. Morgan Securities LLC, as the context requires;
“Listing Rules”	the Listing Rules of the FCA;
“London Stock Exchange”	London Stock Exchange plc;
“Net Asset Value”	the Company’s valuation of its net assets;
“Option Agreement”	the agreement dated 30 April 2014 between the Company and J.P. Morgan Cazenove whereby the Company has granted to J.P. Morgan Cazenove a put option entitling J.P. Morgan Cazenove to require the Company to purchase, and J.P. Morgan Cazenove has granted to the Company a call option entitling the Company to require J.P. Morgan Cazenove to sell to it, in each case as an on market purchase and at an amount per Ordinary Share equal to the Tender Offer Price, all of the Ordinary Shares purchased by J.P. Morgan Cazenove pursuant to the Tender Offer;
“Options”	awards made under the SVG Capital Share Incentives Plan, the SVG Capital 2007 Performance Share Plan, the SVG Capital 2010 Performance Share Plan, the Schroder Ventures International Investment Trust plc Executive Share Option Plan 2001 and any awards made under any other employees’ share scheme or long-term incentive scheme (as such terms are defined in the Listing Rules) made by the Company in respect of Ordinary Shares from time to time;
“Ordinary Shares”	the issued ordinary shares of £1 each in the capital of the Company;
“Original Tender Offer Series”	the original series of tender offers relating to the Ordinary Shares, the first of which took place in March 2012 and the second and last of which took place in April 2013;
“Overseas Shareholder”	a Shareholder who is resident in, or a citizen of, a jurisdiction 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;
“Qualifying Shareholders”	Shareholders who are entitled to participate in the Tender Offer, being those who are on the Register on the Tender Offer Record Date and who are not Restricted Shareholders;
“Receiving Agent”	Equiniti Limited;
“Register”	the Company’s register of members;
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
“Regulatory Information Service”	any of the services set out on the FCA’s list of regulated information services (as set out on the FCA’s website) from time to time;

“Repurchase” or “Repurchases”	the purchase(s) by the Company pursuant to the authority granted under the Tender Offer Resolution or any subsequent authorities granted in connection with the Tender Offer Series of Ordinary Shares from J.P. Morgan Cazenove in connection with the Tender Offer or, where appropriate, in connection with any other tender offer carried out pursuant to the Tender Offer Series;
“Restricted Jurisdiction”	each of Australia, Canada, Japan, New Zealand and South Africa and any other jurisdiction where the mailing of this Circular or the accompanying documents into or inside such jurisdiction would constitute a violation of the laws of such jurisdiction;
“Restricted Shareholder”	a Shareholder subject to the securities laws of a Restricted Jurisdiction;
“SEC”	the United States Securities and Exchange Commission;
“Shareholders”	holders of Ordinary Shares;
“tender” or “tendered”	refers to tenders by Shareholders of Ordinary Shares pursuant to the Tender Offer or, as the context requires, the Tender Offer Series;
“Tender Conditions”	shall have the meaning given on page 14 of this Circular;
“Tender Form”	the tender form issued with this Circular to Shareholders for use in respect of Ordinary Shares held in certificated form;
“Tender Offer”	the invitation by J.P. Morgan Cazenove to Qualifying Shareholders to tender Ordinary Shares for sale to J.P. Morgan Cazenove on the terms and subject to the conditions set out in this Circular and, in the case of Ordinary Shares held in certificated form only, using the Tender Form;
“Tender Offer Price”	the price of 480 pence per Ordinary Share, being the price at which J.P. Morgan Cazenove is to purchase Ordinary Shares under the Tender Offer;
“Tender Offer Record Date”	5.00 p.m. on 30 May 2014;
“Tender Offer Resolution”	the ordinary resolution passed by Shareholders at the 2014 AGM in relation to the Tender Offer Series;
“Tender Offer Series”	the series of tender offers relating to the Ordinary Shares authorised by Shareholders at the 2014 AGM, the first of which is the Tender Offer;
“TFE instruction”	a transfer from escrow instruction (as defined by the CREST manual issued by Euroclear);
“Total Available Shares”	shall have the meaning given on page 10 of this Circular;
“Total Excess Tenders”	shall have the meaning given on page 10 of this Circular;
“TTE instruction”	a transfer to escrow instruction (as defined by the CREST manual issued by Euroclear);
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“uncertificated” or “in uncertificated form”	Ordinary Shares which are recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST;
“U.S. Exchange Act”	the U.S. Securities Exchange Act of 1934;
“U.S. Shareholders”	Shareholders who are located in, or are citizens of, the United States; and
“United States” or “U.S.”	the United States of America.

PART 1

LETTER FROM THE CHAIRMAN OF SVG CAPITAL PLC

(Incorporated in England and Wales with registered number 3066856)



Directors:

Andrew Sykes (*Chairman*)
Lynn Fordham (*Chief Executive*)
David Robins
Stephen Duckett
Caroline Goodall

Registered Office:

Bow Bells House
1 Bread Street
London
EC4M 9HH

30 April 2014

Dear Shareholder,

1. Introduction and background

The Company's investment strategy aims to maximise long term Shareholder value by focusing on both net asset growth and total Shareholder returns. As part of this strategy, in December 2011, we made a commitment to return £170 million of capital to Shareholders and that commitment was fulfilled by a series of on-market repurchases of Ordinary Shares and a series of tender offers (and associated repurchases of Ordinary Shares) that was completed in April 2013, bringing the Original Tender Offer Series to an end.

The Company has a concentrated investment portfolio, and therefore distributions from the portfolio are more likely to be large and infrequent. Balancing a desire for efficient balance sheet management with the importance of prudent risk controls, in February 2013 the Company announced that it will target to return a further £300 million to Shareholders over three years, taking the total targeted distributions to Shareholders since December 2011 to £470 million. As at 28 April 2014 (being the latest practicable date prior to the publication of this Circular), the Company had returned a total of £298 million to Shareholders, or 63% of this enlarged target and is today launching a £50 million Tender Offer (and associated Repurchase), which is the first in the Tender Offer Series. The Company has Shareholder authority to return up to £150 million in the Tender Offer Series (and associated Repurchases) provided that a maximum of 34,076,660 Ordinary Shares may be purchased under that authority.

As highlighted in the 2013 Report and Accounts, the overriding objective of our investment programme is to allocate capital in a disciplined manner, ensuring that it is deployed to maximise long term value for Shareholders. The Board believes the best way to achieve this is through a combination of new investments, which are intended to provide longer term net asset growth, and continued returns of capital to Shareholders.

Over the longer term, the Board believes that returns from the private equity asset class will be attractive, with the potential to exceed SVG Capital's long term objective of a 5% p.a. net outperformance over public markets over a 10 year period. Manager selection is paramount in achieving this outperformance and we have started to build a portfolio of a limited number of leading private equity managers focused on management buyouts, building on our investment advisers' core strength in manager selection. This approach is designed to give Shareholders a balanced portfolio of private equity assets, with an element of diversification across vintage year, manager and size, and will allow the Company to lay the foundations for returns beyond the current investment portfolio. In line with this strategy, during 2013 we made commitments totalling £250.6 million to three leading private equity managers; Cinven, Permira and Clayton Dubilier & Rice.

It is expected that all distributions to Shareholders will be either in the form of buy-backs, regular tender offers and / or dividends and will be dependent on: the size and timing of distributions from the existing investment portfolio; the requirement of SVG Capital to comply with the constraints of any senior borrowings; relevant taxation and other legislation; the Company's overall priority of

maintaining a prudent level of debt; available investment opportunities and, in subsequent years, the renewal of relevant Shareholders' authorities. Shareholder approval for any future tender offers will be sought in due course.

2. Tender Offer – further information

Tender Offer Series

The terms and conditions of the Tender Offer are set out in this Circular. Following on from the Original Tender Offer Series, the Directors' current intention is that Shareholders will continue to be given the opportunity from time to time to tender their Ordinary Shares for cash through the Tender Offer Series. The terms and conditions of any subsequent tender offer in the Tender Offer Series will be notified to Shareholders in a separate circular and, provided that the price of any subsequent tender offer is within the range permitted by the Tender Offer Resolution, the Directors may exercise their discretion in respect of pricing structure, the terms of the scale-back mechanism and changes required to ensure practical compliance with applicable securities laws. For each tender offer in the Tender Offer Series, the minimum price to be paid per Ordinary Share must be £1 and the maximum price to be paid per Ordinary Share will be such amount as equals the Adjusted Diluted NAV per Ordinary Share.

Under SVG Capital's accounting policies, the Net Asset Value will be determined in accordance with the latest issued International Private Equity and Venture Capital Valuation Guidelines. Updates (for the purposes of determining the Adjusted Diluted NAV per Ordinary Share) for changes to the value of quoted holdings, Fees and Financing Costs, foreign exchange movements and gains or losses in connection with realisations will be determined in accordance with SVG Capital's accounting policies.

Please refer to section A of Part 2 of this Circular for a summary of certain possible risks associated with the Tender Offer Series and Tender Offer.

Tender Offer

The Tender Offer is the first tender offer in the Tender Offer Series. The Board believes that the return of capital by means of the Tender Offer and the associated Repurchase is in the best interests of the Shareholders as a whole. The Company has engaged J.P. Morgan Cazenove to implement the Tender Offer (and any other tender offers in the Tender Offer Series). The Directors propose that, under the Tender Offer, J.P. Morgan Cazenove will purchase, as principal, up to a maximum of 10,416,666 Ordinary Shares (being 4.6% of the Company's issued ordinary share capital (excluding Ordinary Shares held in treasury) as at 28 April 2014, being the latest practicable date prior to the publication of this Circular) at a price of 480 pence per Ordinary Share (being a discount of 6.9% to the Adjusted Diluted NAV per Ordinary Share).

The Tender Offer is subject to the conditions set out in the Option Agreement and Part 3 of this Circular being fulfilled or, where permitted, waived. The Tender Offer is open to Qualifying Shareholders on the Register on the Tender Offer Record Date.

In accordance with the terms and subject to the conditions of the Option Agreement: (i) the Company has granted to J.P. Morgan Cazenove a put option pursuant to which J.P. Morgan Cazenove may require the Company to purchase at an amount per Ordinary Share equal to the Tender Offer Price from J.P. Morgan Cazenove the Ordinary Shares purchased by J.P. Morgan Cazenove pursuant to the Tender Offer; and (ii) J.P. Morgan Cazenove has granted to the Company a call option pursuant to which the Company may require J.P. Morgan Cazenove to sell to it at an amount per Ordinary Share equal to the Tender Offer Price the Ordinary Shares purchased by J.P. Morgan Cazenove pursuant to the Tender Offer. All of the Ordinary Shares purchased by the Company in connection with the Tender Offer under the Option Agreement will be cancelled. SVG Capital will state, in the circulars (if any) which may be published in relation to any further tender offer forming part of the Tender Offer Series, whether Ordinary Shares purchased by the Company in connection with the relevant tender offer under arrangements which are equivalent to the Option Agreement will be cancelled or held in treasury.

The Board reserves the right to require that J.P. Morgan Cazenove does not proceed with the Tender Offer if it concludes, at any time prior to the announcement of the results of the Tender Offer, that the implementation of the Tender Offer and the associated Repurchase is no longer in the interests of the Company and the Shareholders as a whole.

The purchase of Ordinary Shares from J.P. Morgan Cazenove pursuant to the Option Agreement will be funded from available cash of the Company and paid out of its distributable reserves. If the Tender Offer is taken up in full and the associated Repurchase is completed in full, the Company's distributable reserves will be reduced by the size of the Tender Offer. Upon the purchase of Ordinary Shares by the Company in connection with the Tender Offer pursuant to the Option Agreement and the subsequent cancellation of such Ordinary Shares, the Company's issued ordinary share capital will be reduced to 215,058,077 Ordinary Shares (excluding Ordinary Shares held in treasury), assuming that: (i) the Tender Offer is taken up in full; (ii) the Repurchase is completed; and (iii) there is no change to the Company's issued ordinary share capital after 28 April 2014, being the latest practicable date prior to the publication of this Circular.

You are recommended to read Part 3 of this Circular which sets out the full terms and conditions of the Tender Offer.

How to accept the Tender Offer

A. Ordinary Shares in certificated form (that is, not in CREST)

Shareholders who hold Ordinary Shares in certificated form will also find accompanying this Circular a **Tender Form** for use in connection with the Tender Offer. Such Shareholders who wish to tender some or all of the Ordinary Shares registered in their name on the Tender Offer Record Date should complete the **Tender Form** in accordance with the instructions printed thereon and in Part 3 of this Circular.

The completed, signed and witnessed Tender Forms **together with your valid share certificates and/or other document(s) of title** should be sent to the Receiving Agent by post or (during normal business hours only) by hand at Corporate Actions, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, so as to be received by no later than 3.00 p.m. on 30 May 2014.

A prepaid envelope is enclosed for this purpose (for use within the UK only).

B. Ordinary Shares in uncertificated form (that is, in CREST)

Shareholders who hold Ordinary Shares in CREST (uncertificated form) who wish to take advantage of the Tender Offer should comply with those procedures set out in Part 3 of this Circular in respect of transferring uncertificated Ordinary Shares in escrow through CREST.

To do so they should ensure that their CREST nominee, custodians, brokers or financial advisers have been advised to send the TTE instruction through CREST so as to settle by no later than 3.00 p.m. on 30 May 2014.

Scale-back

Under the Tender Offer and subject to the terms and conditions set out in Part 3 of this Circular, and (where relevant) the Tender Form, Qualifying Shareholders will be entitled to sell to J.P. Morgan Cazenove up to 4.6% of their holdings of Ordinary Shares as at the Tender Offer Record Date (the "**Individual Basic Entitlement**"). They may tender a number of Ordinary Shares representing more or less than the Individual Basic Entitlement.

If a Shareholder validly tenders a number of Ordinary Shares less than or equal to the Individual Basic Entitlement, the tender will be satisfied in full (subject to the Tender Offer not being withdrawn prior to its completion and satisfaction of the other terms and conditions set out in Part 3 of this Circular and (where relevant) the Tender Form).

If:

- (a) any Shareholder(s) tender(s) a number of Ordinary Shares in excess of the Individual Basic Entitlement (each, an "**Individual Excess Tender**" and, in aggregate, the "**Total Excess Tenders**"); and
- (b) any Shareholder(s) has/have validly tendered a number of Ordinary Shares less than the Individual Basic Entitlement which, upon aggregation of the unused portions of all Shareholders' Individual Basic Entitlements, results in a pool of Ordinary Shares available to be allocated between the Individual Excess Tenders (the "**Total Available Shares**"),

any such Individual Excess Tender will be scaled-back by application of the following ratio, such that the Total Available Shares may be allocated between the Individual Excess Tenders and the

total number of Ordinary Shares purchased pursuant to the Tender Offer does not exceed 10,416,666:

$$\frac{\text{Total Available Shares}}{\text{Total Excess Tenders}}$$

Further considerations

Shareholders should take into account their tax position when deciding whether or not to participate in the Tender Offer. A summary of UK and U.S. taxation in connection with the Tender Offer is set out in Part 4 of this Circular. Shareholders are advised to take independent advice in relation to the tax implications for them of selling Ordinary Shares pursuant to the Tender Offer.

3. Consents

J.P. Morgan Cazenove has given and has not withdrawn its consent to the inclusion in this Circular of its name and the references to it in the form and context in which it is included or referenced.

4. No recommendation

Although the Board has approved the Tender Offer and the associated Repurchase, the Board is not making a recommendation to Shareholders as to whether they should participate in the Tender Offer itself. Whether or not Shareholders decide to tender all or any of their Ordinary Shares will depend, among other things, on their view of the Company's prospects, their assessment of the possible risks set out in section A of Part 2 below and their own individual circumstances, including their tax position. Shareholders should make their own decisions in respect of participation in the Tender Offer and are recommended to consult their duly authorised independent advisers.

5. Further information

You are advised to read all of the information contained in this Circular before deciding on the course of action you will take in respect of the Tender Offer.

Yours faithfully,

Andrew Sykes
Chairman

PART 2

POSSIBLE RISKS ASSOCIATED WITH THE TENDER OFFER SERIES (AND ASSOCIATED REPURCHASES) AND TENDER OFFER (AND ASSOCIATED REPURCHASE) AND FURTHER INFORMATION

A. Possible risks associated with the Tender Offer Series (and associated Repurchases) and Tender Offer (and associated Repurchase)

- The Tender Offer will not proceed if any of the Tender Conditions is not satisfied or if it is terminated on the Company's instructions at any time prior to the announcement of the results of the Tender Offer.
- There is no assurance that any further tender offers in the Tender Offer Series will take place. Any further capital returns to Shareholders will be dependent on considerations such as: the timing, nature, feasibility or tax result of alternative methods for returning capital to Shareholders, which will be subject to cash balances and distributions from the portfolio and the requirement of the Company to comply with the constraints of any senior borrowings; relevant taxation and other legislation; the Company's overall priority of maintaining a prudent level of debt; available investment opportunities and, in subsequent years, the renewal of relevant Shareholders' authorities.
- Accordingly, a Shareholder who chooses not to participate in the Tender Offer cannot be certain that there will be a further opportunity to participate in a subsequent tender offer forming part of the Tender Offer Series.
- If the Company returns capital to Shareholders by applying funds to repurchase Ordinary Shares from J.P. Morgan Cazenove in connection with tender offers made under the Tender Offer Series, the Company's cash balances will be reduced. As a result, the funds so returned will no longer be available for application in the ordinary course of the Company's investment business or to meet contingencies.
- The Net Asset Value, the Adjusted Diluted NAV per Ordinary Share and the market price of the Ordinary Shares are subject to change during the course of the Tender Offer Series. It therefore cannot be certain whether the Tender Offer Price will be greater or less than: (a) the tender offer price of subsequent tender offers in the Tender Offer Series (if these are made); or (b) the price at which Ordinary Shares could be sold in the market at any time.
- The Tender Offer (and associated Repurchase) (and any further tender offers in the Tender Offer Series (and associated Repurchases)) will reduce the number of Ordinary Shares in issue. The impact on the liquidity and the market price of the Ordinary Shares as a result of the implementation of the Tender Offer or any subsequent tender offers in the Tender Offer Series cannot be predicted.

The Board considers the above risks to be material for Shareholders to consider in connection with the Tender Offer Series (and the associated Repurchases) and the Tender Offer (and the associated Repurchase). However, those risks do not comprise all of the relevant risks and are not set out in any order of priority.

B. Further information

Options and Warrants

As at 28 April 2014 (being the latest practicable date prior to the publication of this Circular), the total number of outstanding Options, the percentage of issued Ordinary Shares (excluding treasury shares) that they represent and the percentage of issued Ordinary Shares (excluding treasury shares) that they will represent if the Tender Offer is implemented in full, the associated Repurchase occurs and the general buy-back authority granted by Shareholders at the 2014 AGM is used in full are:

Number of Options	Percentage of issued Ordinary Shares (excluding treasury shares) as at 28 April 2014	Percentage of issued Ordinary Shares (excluding treasury shares) if the maximum number of Ordinary Shares is purchased pursuant to the Tender Offer and repurchased under the associated Repurchase and under the buy-back authority granted at the 2014 AGM
4,431,647	1.97	2.30

As at 28 April 2014 (being the latest practicable date prior to the publication of this Circular), there were no outstanding warrants to subscribe for Ordinary Shares.

Convertible Bonds

As at 28 April 2014 (being the latest practicable date prior to publication of this Circular), there were £100.65 million of the Convertible Bonds outstanding. If any Ordinary Shares are repurchased pursuant to the Repurchases or the Buy-backs, there may be an adjustment to the conversion price of the Convertible Bonds, depending on whether the repurchase price per Ordinary Share paid by the Company on a Repurchase in connection with any tender offer under the Tender Offer Series, or in respect of any Buy-back, exceeds by more than 5% the average of the closing prices of an Ordinary Share (as published by or derived from the stock exchange on which the Ordinary Shares are listed from time to time) on the five dealing days immediately preceding the date of the announcement of such tender offer or Buy-back.

The tender offer completed by the Company on 30 March 2012 resulted in an adjustment to the conversion price of the Convertible Bonds. This adjustment was incorrectly calculated at that time. The adjustment should have been from 648 pence to 644 pence and not from 648 pence to 610 pence.

The Tender Offer will result in a further adjustment to the conversion price of the Convertible Bonds. The size of the adjustment will be calculated at the time of closing of the Tender Offer. By way of example, if: (i) the full £50.0 million is paid to Shareholders in connection with the Tender Offer; (ii) the Repurchase is made at the Tender Offer Price; (iii) no Buy-backs are made on or after the publication of this Circular and before the close of the Tender Offer; (iv) the average of the closing prices per Ordinary Share on the five dealing days up to and including 28 April 2014, being the latest practicable date prior to publication of this Circular, was 425.06 pence; and (v) the average of the volume weighted average price of an Ordinary Share for the five consecutive dealing days prior to 2 June 2014 (being the date on which the Tender Offer is expected to become effective) was 425.06 pence, the conversion price would change from 644 pence to 642 pence.

Announcement of Buy-backs and results of Repurchases

The Company will announce the results of any Buy-back and any Repurchase through a Regulatory Information Service in accordance with applicable regulation as soon as possible and, in any event, by no later than 7.30 a.m. on the Business Day following the date on which the relevant Buy-back or Repurchase occurred. As required by applicable regulation, the announcement will set out: (i) the date of purchase; (ii) the number of Ordinary Shares purchased; (iii) the price paid per Ordinary Share; (iv) the number of Ordinary Shares purchased for cancellation and the number of Ordinary Shares purchased to be held in treasury; and (v) certain further information (as required by applicable regulation) regarding the Company's issued share capital as a result of the relevant Buy-back or Repurchase.

PART 3

TERMS AND CONDITIONS OF THE TENDER OFFER

1. Introduction

- 1.1 Qualifying Shareholders on the Register on the Tender Offer Record Date are being invited to tender some, all or none of their Ordinary Shares for purchase by J.P. Morgan Cazenove on the terms and subject to the conditions set out in this Circular and, in the case of certificated Ordinary Shares only, in the Tender Form.
- 1.2 Shareholders who do not wish to participate in the Tender Offer need take no action. The rights of Shareholders who choose not to tender their Ordinary Shares will be unaffected.
- 1.3 In accordance with the terms and subject to the conditions of the Option Agreement: (i) the Company has granted to J.P. Morgan Cazenove a put option pursuant to which J.P. Morgan Cazenove may require the Company to purchase at an amount per Ordinary Share equal to the Tender Offer Price from J.P. Morgan Cazenove the Ordinary Shares purchased by J.P. Morgan Cazenove pursuant to the Tender Offer; and (ii) J.P. Morgan Cazenove has granted the Company a call option pursuant to which the Company may require J.P. Morgan Cazenove to sell to it at an amount per Ordinary Share equal to the Tender Offer Price the Ordinary Shares purchased by J.P. Morgan Cazenove pursuant to the Tender Offer. All of the Ordinary Shares purchased by the Company under the Option Agreement in connection with the Tender Offer will be cancelled.

2. Terms of the Tender Offer

- 2.1 The Tender Offer is conditional upon the following (together, the “**Tender Conditions**”):
 - (a) the Tender Offer not having been terminated in accordance with paragraph 2.21 of this Part 3; and
 - (b) J.P. Morgan Cazenove being satisfied, acting reasonably, that, at all times up to immediately prior to the announcement of the results of the Tender Offer, the Company has complied with its obligations, and is not in breach of any of the representations and warranties given by it, under the Option Agreement in connection with the Tender Offer.

J.P. Morgan Cazenove will not purchase the Ordinary Shares pursuant to the Tender Offer unless the Tender Conditions have been satisfied. The purchase by J.P. Morgan Cazenove of the Ordinary Shares pursuant to the Tender Offer will occur upon the Tender Conditions being satisfied. The Tender Conditions may not be waived by J.P. Morgan Cazenove or the Company. If any of the above conditions is not satisfied by 7.00 a.m. on 2 June 2014 (or such later time and date as the Company and J.P. Morgan Cazenove may agree), the Tender Offer will lapse.
- 2.2 All Ordinary Shares tendered by Shareholders under the Tender Offer will be tendered at the Tender Offer Price. Ordinary Shares may not be tendered at any other price.
- 2.3 The total number of Ordinary Shares purchased pursuant to the Tender Offer will not exceed 10,416,666 Ordinary Shares, equivalent to a maximum total amount payable of £50 million.
- 2.4 The Tender Offer is available only to Qualifying Shareholders on the Register on the Tender Offer Record Date and in respect of the number of Ordinary Shares registered in those Shareholders’ names at such time.
- 2.5 Tender Forms once duly completed (for Ordinary Shares held in certificated form) and submitted to the Receiving Agent and TTE instructions which have settled (for Ordinary Shares held in uncertificated form) will become irrevocable and cannot be withdrawn. All questions as to the validity (including time of receipt) of tenders will be determined by J.P. Morgan Cazenove, in its sole discretion, which determination shall be final and binding (except as otherwise required under applicable law). None of the Company, J.P. Morgan Cazenove, the Receiving Agent or any other person is or will be obliged to give notice of any defects or irregularities and none of them will incur any liability for failure to give such notice.
- 2.6 The Tender Offer will close at 3.00 p.m. on 30 May 2014 and no tenders received after that time will be accepted unless otherwise approved by J.P. Morgan Cazenove (with the consent of the Company).

- 2.7 All or any part of a holding of Ordinary Shares may be tendered. Only whole numbers of Ordinary Shares may be tendered and, in the event of scaling-back, successful tenders will be rounded down to the nearest whole number of Ordinary Shares in accordance with paragraph 2.16 of this Part 3.
- 2.8 Ordinary Shares successfully tendered under the Tender Offer will be sold to J.P. Morgan Cazenove fully paid and free from all liens, charges, equitable interests and encumbrances and with all rights attaching to the same. Upon the exercise by J.P. Morgan Cazenove of the put option, or the exercise by the Company of the call option, in each case in accordance with the terms and subject to the conditions of the Option Agreement, Ordinary Shares successfully tendered under the Tender Offer (or a corresponding number of Ordinary Shares) will be sold by J.P. Morgan Cazenove to the Company through the facilities of the London Stock Exchange and will subsequently be cancelled and will not rank for any dividends, distribution or other equity related rights declared by the Company after that date.
- 2.9 All tenders 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 on the Tender Form, as applicable (which constitute part of the terms of the Tender Offer). Such tenders will be valid only when the procedures contained in this Circular and in the Tender Form are complied with.
- 2.10 All tenders of Ordinary Shares held in uncertificated form (that is, in CREST) must be made by the input and settlement of an appropriate TTE instruction in CREST in accordance with the instructions set out below and the relevant procedures in the CREST manual which together constitute part of the terms of the Tender Offer. Such tenders will be valid only when the procedures contained in this Circular and in the relevant parts of the CREST manual are complied with.
- 2.11 The Tender Offer and all tenders will be governed by, and construed in accordance with, the laws of England and Wales and the delivery of a Tender Form or the input of a TTE instruction in CREST, as applicable, will constitute submission to the jurisdiction of the courts of England and Wales.
- 2.12 The results of the Tender Offer and, if applicable, the extent to which Individual Excess Tenders will be scaled-back, are expected to be announced on 2 June 2014.
- 2.13 All documents and remittances sent by or to Shareholders and all instructions made by or on behalf of a Shareholder in CREST relating to the Tender Offer will be sent or made (as the case may be) at the risk of the sender or maker. If the Tender Offer does not become unconditional, or does not proceed, and lapses, in respect of Ordinary Shares held in certificated form, Tender Forms, share certificates and other documents of title will be returned by post to Shareholders not later than ten Business Days after the date of such lapse, or, in respect of Ordinary Shares held in uncertificated form (that is, in CREST), the Receiving Agent will provide instructions to Euroclear to transfer all Ordinary Shares held in escrow by TFE instruction to the original available balances to which those Ordinary Shares relate.
- 2.14 If only part of the number of Ordinary Shares that are validly tendered is successfully tendered pursuant to the Tender Offer, the relevant Shareholder will be entitled to receive the following:
- (a) if Ordinary Shares are held in certificated form, a certificate in respect of the unsold Ordinary Shares; or
 - (b) if Ordinary Shares are held in uncertificated form (that is, in CREST), the transfer by the Receiving Agent by TFE instruction to the original available balances of those unsold Ordinary Shares or the credit of the balance of the unsold Ordinary Shares by the Receiving Agent by an ARAN message.
- 2.15 Further copies of the Tender Form may be obtained on request from the Receiving Agent, Equiniti Limited at Corporate Actions, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, or by telephone from the Shareholder Helpline on 0871 384 2731 or, if calling from overseas, on +44 121 415 0167. Lines are open 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except UK public holidays).

Calls to 0871 384 2731 are charged at 8 pence per minute (excluding VAT) plus network extras. Calls to the Shareholder Helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The Shareholder Helpline cannot provide advice on the merits of the Tender Offer or give any financial, legal or tax advice.

- 2.16 Under the Tender Offer and subject to the terms and conditions set out in Part 3 of this Circular, and (where relevant) the Tender Form, Qualifying Shareholders will be entitled to sell to J.P. Morgan Cazenove up to 4.6% of their holdings of Ordinary Shares as at the Tender Offer Record Date (the “**Individual Basic Entitlement**”). They may tender a number of Ordinary Shares representing more or less than the Individual Basic Entitlement.

If a Shareholder validly tenders a number of Ordinary Shares less than or equal to the Individual Basic Entitlement, the tender will be satisfied in full (subject to the Tender Offer not being withdrawn prior to its completion and satisfaction of the other terms and conditions set out in Part 3 of this Circular and (where relevant) the Tender Form).

If:

- (a) any Shareholder(s) tender(s) a number of Ordinary Shares in excess of the Individual Basic Entitlement (each, an “**Individual Excess Tender**” and, in aggregate, the “**Total Excess Tenders**”); and
- (b) any Shareholder(s) has/have validly tendered a number of Ordinary Shares less than the Individual Basic Entitlement which, upon aggregation of the unused portions of all Shareholders’ Individual Basic Entitlements, results in a pool of Ordinary Shares available to be allocated between the Individual Excess Tenders (the “**Total Available Shares**”),

any such Individual Excess Tender will be scaled-back by application of the following ratio, such that the Total Available Shares may be allocated between the Individual Excess Tenders and the total number of Ordinary Shares purchased pursuant to the Tender Offer does not exceed 10,416,666:

$$\frac{\text{Total Available Shares}}{\text{Total Excess Tenders}}$$

- 2.17 All Ordinary Shares successfully tendered will be purchased by J.P. Morgan Cazenove, as principal, at the Tender Offer Price.
- 2.18 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 under the Tender Offer will be determined by J.P. Morgan Cazenove in its sole discretion, which determination shall be final and binding on all parties except as otherwise required under applicable law. J.P. Morgan Cazenove reserves the absolute right to reject any or all tenders it determines not to be in proper form or the acceptance of payment for which may, in the opinion of J.P. Morgan Cazenove, be unlawful. J.P. Morgan Cazenove also reserves the absolute right to waive any of the terms or conditions of the Tender Offer (other than the Tender Conditions) and any defect or irregularity in the tender of any particular Ordinary Shares or any particular holder thereof. Unless J.P. Morgan Cazenove determines otherwise, no tender of Ordinary Shares will be deemed to be validly made until all defects or irregularities have been cured or waived. In the event of a waiver, the consideration under the Tender Offer will not be despatched (in respect of Ordinary Shares in certificated form) or made by way of CREST payment (in respect of Ordinary Shares in uncertificated form) to the relevant Shareholder until after (in the case of Ordinary Shares in certificated form) the Tender Form is complete in all respects and the share certificate(s) and/or other document(s) of title satisfactory to J.P. Morgan Cazenove have been received or (in the case of Ordinary Shares in uncertificated form) the relevant TTE instruction has settled. None of the Receiving Agent, J.P. Morgan Cazenove, the Company or any other person is or will be obliged to give notice of any defects or irregularities in any tender and none of them will incur any liability for failure to give any such notice.

- 2.19 Ordinary Shares will be purchased under the Tender Offer free of all commissions and dealing charges. Certain payments made in connection with the Tender Offer may be subject to U.S. backup withholding. All Shareholders who choose to participate in the Tender Offer are referred to certain aspects of the U.S. information reporting and backup withholding rules and the relevant forms required to be completed, if any, set out under the heading “Important U.S. Tax Information for all Shareholders Whose Sales of Shares Are Not Effected at an Office outside the United States” on the Tender Form.
- 2.20 The failure of any person to receive a copy of this Circular or the Tender Form shall not invalidate any aspect of the Tender Offer.
- 2.21 The Board reserves the right to compel J.P. Morgan Cazenove to terminate the Tender Offer at any time prior to announcement of the results of the Tender Offer if it concludes that the implementation of the Tender Offer and the related Repurchase is no longer in the best interests of the Company and the Shareholders as a whole or if the purchase of Ordinary Shares by J.P. Morgan Cazenove and the subsequent Repurchase may have adverse fiscal consequences (whether by reason of any change in legislation, practice, circumstances or otherwise) for the Company or Shareholders as a whole which were previously unexpected. If the Tender Offer is terminated, the Company will make an announcement through a Regulatory Information Service that such is the case.
- 2.22 The terms of the Tender Offer shall have effect subject to such non-material modifications as the Company and J.P. Morgan Cazenove may from time to time approve in writing. The times and dates referred to in this Circular may be amended by agreement in writing between the Company and J.P. Morgan Cazenove.

3. Procedure for tendering

3.1 *Different procedures for certificated and uncertificated Ordinary Shares*

If you hold Ordinary Shares in certificated form, you may tender such Ordinary Shares only by completing and returning the Tender Form in accordance with the instructions printed thereon and set out in paragraph 3.2 below. If you hold Ordinary Shares in certificated form, but under different designations, you should complete a separate Tender Form for each designation. Additional copies of the Tender Form can be obtained from the Receiving Agent or by calling the Shareholder Helpline.

If you hold Ordinary Shares in uncertificated form (that is, in CREST) you may tender such Ordinary Shares only by TTE instruction in accordance with the procedure set out in paragraph 3.3 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.

3.2 *Ordinary Shares held in certificated form (that is, not in CREST)*

To participate in the Tender Offer, Shareholders holding Ordinary Shares in certificated form must complete, sign, have witnessed and return the Tender Form in accordance with these instructions and the instructions on the Tender Form.

Completed, signed and witnessed Tender Forms, together with the relevant valid share certificate(s) and/or other document(s) of title, should be sent either by post in the accompanying reply paid envelope (for use in the UK only) or (during normal business hours only) delivered by hand to the Receiving Agent at Corporate Actions, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA as soon as possible and, in any event, so as to be received by no later than 3.00 p.m. on 30 May 2014. Tenders received after that time will be accepted only at the sole discretion of J.P. Morgan Cazenove (with the consent of the Company).

Duly completed Tender Forms sent by any of the means set out above and received signed and complete in all respects by the prescribed time will be treated as tenders of Ordinary Shares in accordance with the terms and conditions of the Tender Offer. No acknowledgement of receipt of documents will be given.

The completed and signed Tender Form should be accompanied, where possible, by the relevant share certificate(s) and/or other document(s) of title.

If your share certificate(s) and/or other document(s) of title are not readily available (for example, if they are with your stockbroker, bank or other agent) or are lost, the Tender Form should nevertheless be completed, signed and returned as described above so as to be

received by the Receiving Agent, at Corporate Actions, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by no later than 3.00 p.m. on 30 May 2014 together with any share certificate(s) and/or document(s) of title that you may have available.

In respect of those Ordinary Shares for which your share certificate(s) is/are unavailable and you have been sent a Tender Form, a letter of indemnity can be obtained by writing to Equiniti Limited at Corporate Actions, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or contacting them on the Shareholder Helpline. If a separate letter of indemnity is completed, this should be returned with the Tender Form as described above so as to be received by the Receiving Agent at Corporate Actions, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by no later than 3.00 p.m. on 30 May 2014. A fee may be payable by the Shareholder in respect of each letter of indemnity.

Where you have completed and returned a letter of indemnity in respect of unavailable share certificates and you subsequently find or obtain the relevant share certificates, you should immediately send the certificates by post or (during normal business hours only) by hand to the Receiving Agent at Corporate Actions, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

If you are in any doubt as to the procedure for acceptance, please telephone the Shareholder Helpline on 0871 384 2731 from within the UK or on +44 121 415 0167 if calling from outside the UK. Lines are open from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except UK public holidays). Calls to 0871 384 2731 are charged at 8 pence per minute (excluding VAT) plus network extras. Calls to the Shareholder Helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, the Receiving Agent will not be able to give advice on the merits of the Tender Offer or provide legal, financial or personal taxation advice and, accordingly, for such advice you should consult your stockbroker, solicitor, accountant, bank manager or other independent professional adviser.

By signing and returning a Tender Form, you will be deemed to have appointed J.P. Morgan Cazenove as your agent in respect of the tender process. J.P. Morgan Cazenove will therefore issue a contract note on behalf of all Shareholders whose Ordinary Shares are so purchased under the Tender Offer and will remit the cash consideration to Equiniti Limited with instructions that such consideration be remitted to Shareholders in accordance with the instructions set out on the Tender Form.

3.3 *Ordinary Shares in uncertificated form (that is, in CREST)*

If your Ordinary Shares are in uncertificated form, to tender such shares under the Tender Offer you should take (or procure the taking of) the action set out below to transfer (by means of a TTE instruction) the number of Ordinary Shares you wish to tender under the Tender Offer to the relevant escrow account specifying Equiniti Limited (in its capacity as a CREST Participant under the relevant Participant ID(s) and member account ID(s) referred to below) as the escrow agent, as soon as possible and in any event so that the TTE instruction settles by no later than 3.00 p.m. on 30 May 2014. Please 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.

The input and settlement of a TTE instruction in accordance with this paragraph shall constitute an offer to J.P. Morgan Cazenove to sell to it the number of Ordinary Shares at the price indicated on the terms of the Tender Offer by transferring such shares to the relevant escrow account as detailed below.

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 the Ordinary Shares which you wish to tender. The Corporate Action Number is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST.

After settlement of the TTE instruction, you will not be able to access in CREST the Ordinary Shares concerned for any transaction or charging purposes, notwithstanding that they will be held by Equiniti Limited as the escrow agent until completion or lapse of the Tender Offer. If the Tender Offer becomes unconditional by 7.00 a.m. on 2 June 2014, or such later time and date as the Company and J.P. Morgan Cazenove may agree, Equiniti Limited will transfer the successfully tendered Ordinary Shares to itself as the agent of J.P. Morgan Cazenove, returning any Ordinary Shares not successfully tendered to you.

You are recommended to refer to the CREST manual published by Euroclear for further information on the CREST procedures outlined below.

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 Ordinary Shares to settle prior to 3.00 p.m. on 30 May 2014. In this connection you are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

Electronic Tenders

To tender Ordinary Shares in uncertificated form you should send (or, if you are a CREST Sponsored Member, procure that your CREST Sponsor sends) a TTE instruction to Euroclear in relation to such Ordinary Shares.

The TTE instruction must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain, in addition to the other information that is required for the TTE instruction to settle in CREST, the following details:

- (a) the number of Ordinary Shares in respect of which you wish to tender and be transferred to the relevant escrow account;
- (b) your member account ID;
- (c) your Participant ID;
- (d) the Participant ID of Equiniti Limited, in its capacity as a CREST receiving agent, which is 2RA35;
- (e) the member account ID of the Receiving Agent in its capacity as escrow agent, which is RA170401;
- (f) the corporate action ISIN in respect of the Ordinary Shares, which is GB0007892358;
- (g) the intended settlement date. This should be as soon as possible and, in any event, no later than 3.00 p.m. on 30 May 2014;
- (h) the contact name and telephone number inserted in the shared note field;
- (i) the corporate action number for the Tender Offer, which is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST; and
- (j) input with a standard delivery instruction priority of 80.

The Company and/or J.P. Morgan Cazenove will make an appropriate announcement if any of the details contained in this paragraph relating to settlement in CREST are materially altered.

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

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 vice versa during the course of the Tender Offer (whether such conversion arises as a result of a transfer of Ordinary Shares or otherwise). Shareholders who are proposing to convert any Ordinary Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Ordinary Shares as a result of the conversion to take all necessary steps in connection with such person's 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 3.00 p.m. on 30 May 2014.

3.5 *Validity of tenders*

(a) *Tender Forms*

J.P. Morgan Cazenove reserves the right to treat as valid only Tender Forms which are received entirely in order by 3.00 p.m. on 30 May 2014 and which are accompanied by the relevant share certificate(s) and/or other document(s) of title or a satisfactory indemnity in lieu thereof in respect of the entire number of Ordinary Shares tendered.

(b) *Validity of Electronic Tenders*

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. Shareholders holding Ordinary Shares in uncertificated form who wish to tender such shares should note that a TTE instruction will be a valid tender as at 30 May 2014 only if it has settled on or before 3.00 p.m. on that date.

An appropriate announcement will be made if any of the details contained in this paragraph 3.5 are altered.

(c) *General*

Notwithstanding the completion of a valid Tender Form or settlement of a TTE instruction, as applicable, the Tender Offer may lapse in accordance with the conditions set out above.

The decision of J.P. Morgan Cazenove as to which Ordinary Shares have been validly tendered shall be conclusive and binding on all Shareholders.

If you are in any doubt as to how to complete the Tender Form or as to the procedure for making an Electronic Tender please contact the Receiving Agent at Corporate Actions, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or on the Shareholder Helpline. You are reminded that, if you are a CREST Sponsored Member, you should contact your CREST Sponsor before taking any action.

Shareholders should note that, once tendered, Ordinary Shares may not be sold, transferred, charged or otherwise disposed of.

4. **Effect of Tender**

4.1 *Tender Forms*

Each Shareholder by whom or, as applicable, on whose behalf, a Tender Form is executed and lodged, including a Tender Form which is treated by J.P. Morgan Cazenove as valid, irrevocably undertakes, represents, warrants and agrees to and with J.P. Morgan Cazenove (so as to bind him, his personal representatives, heirs, successors and assigns) that:

- (a) the execution of the Tender Form shall constitute an offer to J.P. Morgan Cazenove to sell to it such number of certificated Ordinary Shares as are inserted in either Box 1A (being the Individual Basic Entitlement) or Box 1B of the Tender Form or deemed to be tendered, in each case on and subject to the terms and conditions set out or referred to in this Circular and the Tender Form and that, once lodged, such tender shall be irrevocable;
- (b) such Shareholder has full power and authority to tender, sell, assign or transfer the Ordinary Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by J.P. Morgan Cazenove, J.P. Morgan Cazenove will acquire such Ordinary Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, including the right to receive all dividends and other distributions declared, paid or made after that date;
- (c) such execution and lodgement, shall, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of any director or officer of J.P. Morgan Cazenove as such Shareholder's attorney and/or agent ("**Attorney**"), and an irrevocable instruction to the Attorney to:

- (i) complete and execute any and all instruments of transfer and/or other documents or forms and take any and all actions which are necessary or, in such Attorney's absolute discretion deemed necessary, in relation to the Ordinary Shares referred to in subparagraph (a) above in favour of J.P. Morgan Cazenove or such other person or persons as J.P. Morgan Cazenove may direct; and
 - (ii) deliver such instrument(s) of transfer and/or other documents or forms at the discretion of the Attorney, together with the share certificates and/or other documents of title 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 and to vest in J.P. Morgan Cazenove or its nominee(s) or such other person(s) as J.P. Morgan Cazenove may direct such Ordinary Shares;
- (d) such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by J.P. Morgan Cazenove and/or the Receiving Agent or any of their respective directors or officers or any person nominated by J.P. Morgan Cazenove or the Receiving Agent or any of their respective directors or officers in the proper exercise of their respective powers and/or authorities hereunder;
- (e) such Shareholder holding Ordinary Shares in certificated form will deliver to the Receiving Agent his share certificate(s) and/or other document(s) of title in respect of the Ordinary Shares referred to in subparagraph (a) above, or an indemnity acceptable to J.P. Morgan Cazenove in lieu thereof, or will procure the delivery of such document(s) to such person(s) as soon as possible thereafter and, in any event, by no later than 3.00 p.m. on 30 May 2014;
- (f) the provisions of the Tender Form shall be deemed to be incorporated into the terms and conditions of the Tender Offer;
- (g) such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by J.P. Morgan Cazenove to be desirable, in each case in order to complete the purchase of the Ordinary Shares and/or to perfect any of the authorities expressed to be given hereunder;
- (h) such Shareholder has observed the laws of all relevant jurisdictions, obtained any requisite consents and complied with all applicable formalities, that the invitation under the Tender Offer may be made to him under the laws of the relevant jurisdictions, and has not taken or omitted to take any action which would otherwise result in J.P. Morgan Cazenove or the Company acting in breach of any applicable legal or regulatory requirement in respect of the purchase by J.P. Morgan Cazenove of the Ordinary Shares tendered by him under the Tender Offer and the associated Repurchase;
- (i) such 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, telephone and email) of interstate or foreign commerce of, or of any facility of a national securities exchange of, a Restricted Jurisdiction; that each of this Circular or the Tender Form has not been mailed or otherwise sent in, into or from a Restricted Jurisdiction and such Shareholder is accepting the Tender Offer from outside a Restricted Jurisdiction;
- (j) the despatch of a cheque to a Shareholder as referred to in paragraph 5 of this Part 3 headed "Settlement", will discharge fully any obligation of J.P. Morgan Cazenove to pay such Shareholder the consideration to which he is entitled under the Tender Offer;
- (k) on execution a Tender Form takes effect as a deed;
- (l) the execution of a Tender Form constitutes such Shareholder's submission to the jurisdiction of the courts of England and Wales in relation to all matters arising out of or in connection with the Tender Offer or the Tender Form; and
- (m) if the appointment of agent provision under subparagraph (c) above shall be unenforceable or invalid or shall not operate so as to afford any director or officer of J.P. Morgan Cazenove the benefit or authority expressed to be given therein, the

Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable J.P. Morgan Cazenove to secure the full benefits of subparagraph (c) above.

Each Shareholder to which this paragraph 4.1 applies hereby consents to the assignment by J.P. Morgan Cazenove of all such benefit as J.P. Morgan Cazenove may have in any covenants, representations and warranties in respect of the Ordinary Shares which are successfully tendered under the Tender Offer.

A reference in this paragraph to a Shareholder includes a reference to the person or persons executing a 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.

4.2 *Electronic Tenders*

Each Shareholder by whom, or on whose behalf, a TTE instruction which is treated by J.P. Morgan Cazenove as valid is made irrevocably undertakes, represents, warrants and agrees to and with J.P. Morgan Cazenove (so as to bind him, his personal representatives, heirs, successors and assigns) that:

- (a) the input of the TTE instruction shall constitute an offer to sell to J.P. Morgan Cazenove 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 and the TTE instruction and that, once the TTE instruction has settled, such tender shall be irrevocable;
- (b) such Shareholder has full power and authority to tender, sell, assign or transfer the Ordinary Shares in respect of which the Tender Offer is accepted (together with all rights attaching thereto) and when the same are purchased by J.P. Morgan Cazenove, J.P. Morgan Cazenove will acquire such Ordinary Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, including the right to receive all dividends and other distributions declared, paid or made after that date;
- (c) the input of the TTE instruction, will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of any director or officer of J.P. Morgan Cazenove as such Shareholder's agent ("**Agent**"), and an irrevocable instruction and authority to the Agent to complete and execute all or any instruments of transfer and/or other documents or input any instructions into Euroclear at the Agent's discretion in relation to the Ordinary Shares referred to in subparagraph (a) above in favour of J.P. Morgan Cazenove or such other person or persons as J.P. Morgan Cazenove may direct 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 Agent be necessary or expedient for the purpose of, or in connection with, the Tender Offer and to vest in J.P. Morgan Cazenove of its nominee(s) or such other person(s) as J.P. Morgan Cazenove may direct, such Ordinary Shares;
- (d) such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by J.P. Morgan Cazenove and/or the Receiving Agent or any of their respective directors or officers or any person nominated by J.P. Morgan Cazenove or the Receiving Agent of any of their respective directors or officers in the proper exercise of their respective powers and/or authorities hereunder;
- (e) if, for any reason, any Ordinary Shares in respect of which a TTE instruction has been made are, prior to 3.00 p.m. on 30 May 2014, converted into certificated form, the Electronic Tender in respect of such Ordinary Shares shall cease to be valid and the Shareholder will need to comply with the procedures for tendering Ordinary Shares in certificated form as set out in this Part 3 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;

- (f) such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by J.P. Morgan Cazenove to be desirable, in each case in order to complete the purchase of the Ordinary Shares and/or to perfect any of the authorities expressed to be given hereunder;
- (g) such Shareholder has observed the laws of all relevant jurisdictions, obtained any requisite consents, complied with all applicable formalities, that the invitation under the Tender Offer may be made to him under the laws of the relevant jurisdictions, and has not taken or omitted to take any action which would otherwise result in J.P. Morgan Cazenove or the Company acting in breach of any applicable legal or regulatory requirement in respect of the purchase by J.P. Morgan Cazenove of the Ordinary Shares tendered by him under the Tender Offer and the associated Repurchase;
- (h) such Shareholder has not received or sent copies or originals of this Circular 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, telephone and email) of interstate or foreign commerce of, or of any facility of a national securities exchange of, a Restricted Jurisdiction at the time of the input of and settlement of the relevant TTE instruction; that the TTE instruction has not been sent from a Restricted Jurisdiction and such Shareholder is accepting the Tender Offer from outside a Restricted Jurisdiction;
- (i) the creation of a payment obligation in favour of such Shareholder's payment bank in accordance with the CREST payment arrangements as referred to in paragraph 5 of this Part 3 headed "Settlement" will discharge fully any obligation of J.P. Morgan Cazenove 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 Shareholder's submission to the jurisdiction of the courts of England and Wales in relation to all matters arising out or in connection with the Tender Offer; and
- (k) if the appointment of agent provision under subparagraph (c) above shall be unenforceable or invalid or shall not operate so as to afford any director or officer of J.P. Morgan Cazenove the benefit or authority expressed to be given therein, the Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable J.P. Morgan Cazenove to secure the full benefits of subparagraph (c) above.

Each Shareholder to which this paragraph 4.2 applies hereby consents to the assignment by J.P. Morgan Cazenove of all such benefit as J.P. Morgan Cazenove may have in any covenants, representations and warranties in respect of the Ordinary Shares which are successfully tendered under the Tender Offer.

5. Settlement

Settlement of the consideration to which any Shareholder is entitled pursuant to valid tenders accepted by J.P. Morgan Cazenove will be made by the dispatch of cheques or CREST messages as follows:

5.1 *Ordinary Shares in certificated form*

Where an accepted tender relates to Ordinary Shares held in certificated form, cheques for the consideration due will be despatched by the Receiving Agent (on behalf of J.P. Morgan Cazenove) by or on 10 June 2014 by first class post to the person or agent whose name and address (outside a Restricted Jurisdiction) is set out in section 1 or section 3 on page 3 of the Tender Form or, if none is set out, to the registered address of the tendering Shareholder or, in the case of joint holders, the registered address of the first named Shareholder. All payments will be made in pounds sterling by cheque, drawn on a branch of a UK clearing bank.

5.2 *Ordinary Shares in uncertificated form (that is in CREST)*

Where an accepted tender relates to Ordinary Shares held by Shareholders in uncertificated form, the consideration due will be paid by or on 4 June 2014 through CREST by the Receiving Agent (on behalf of J.P. Morgan Cazenove) procuring the creation of a payment obligation in favour of the payment banks of accepting Shareholders in accordance with the CREST payment arrangements.

6. Overseas Shareholders

- 6.1 Overseas Shareholders should inform themselves about and observe any applicable or legal regulatory requirements. If you are in any doubt about your position, you should consult your professional adviser in the relevant jurisdiction.
- 6.2 The making of the Tender Offer in, or to persons resident in, jurisdictions outside the United Kingdom or to persons who are citizens, residents or nationals of other countries may be affected by the laws of the relevant jurisdiction. Shareholders who are not resident in the United Kingdom, or who are citizens, residents or nationals of countries outside the United Kingdom should inform themselves about and observe any applicable legal requirements. It is the responsibility of any Overseas Shareholder wishing to take up the Tender Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes or other requisite payments due in such jurisdiction. Any Overseas Shareholder will be responsible for any such transfer or other taxes or other requisite payments by whomsoever payable and the Company, Equiniti Limited and J.P. Morgan Cazenove and any person acting on their behalf shall be fully indemnified and held harmless by such Shareholder on an after-tax basis for any such transfer or other taxes or other requisite payments such person may be required to pay. No steps have been taken to qualify the Tender Offer or to authorise the extending of the Tender Offer or the distribution of the Tender Form in any territory outside the United Kingdom.
- 6.3 In particular, the Tender Offer is not being made directly or indirectly in, into or from or by use of the mail or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone and email) of interstate or foreign commerce of, or of any facility of a national securities exchange of, a Restricted Jurisdiction and the Tender Offer cannot be accepted by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction.
- 6.4 Accordingly, copies of this Circular, the Tender Form and any related documents are not being and must not be mailed or otherwise distributed or sent in, into, or from a Restricted Jurisdiction, including to Shareholders with registered addresses in a Restricted Jurisdiction, or to persons who are custodians, nominees or trustees holding Ordinary Shares for persons in a Restricted Jurisdiction.
- 6.5 Persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute, send or mail them in, into or from a Restricted Jurisdiction or use such mails or any such means, instrumentality or facility in connection with the Tender Offer, and doing so will render invalid any related purported acceptance of the Tender Offer. Persons wishing to accept the Tender Offer should not use such mails or any such means, instrumentality or facility for any purpose, directly or indirectly, relating to acceptance of the Tender Offer. Envelopes containing a Tender Form should not be postmarked in or otherwise despatched from a Restricted Jurisdiction and all accepting Shareholders must provide addresses outside a Restricted Jurisdiction for the remittance of cash or return of Tender Forms and share certificates.
- 6.6 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, the Tender Form or any related documents in, into or from a Restricted Jurisdiction or uses the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone and email) of interstate or foreign commerce of, or any facility of a national securities exchange of, a Restricted Jurisdiction in connection with such forwarding, such persons 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 section of this Circular.
- 6.7 The provisions of this paragraph and/or any other terms of the Tender Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by J.P. Morgan Cazenove in its absolute discretion, but only if J.P. Morgan Cazenove is satisfied that such waiver, variation or modification will not constitute or give rise to a breach of applicable securities or other law. Subject to this, the provisions of this paragraph headed “Overseas Shareholders” supersede any terms of the Tender Offer inconsistent therewith.
- 6.8 References to a Shareholder shall include references to the persons executing a Tender Form and in the event of more than one person executing Tender Forms, the provisions of this paragraph shall apply to them jointly and severally.

United States

- 6.9 The Tender Offer relates to securities in a non-U.S. company that is subject to the disclosure requirements, rules and practices applicable to companies listed in the UK, which differ from those of the United States in certain material respects. This Circular has been prepared in accordance with UK style and practice for the purpose of complying with English law and the Listing Rules, and U.S. Shareholders should read this entire Circular. The Tender Offer is not subject to the disclosure and other procedural requirements of Regulation 14D under the U.S. Exchange Act. The Tender Offer will be made in the United States in accordance with the requirements of Regulation 14E under the U.S. Exchange Act to the extent applicable. U.S. Shareholders should note that the Ordinary Shares are not listed on a U.S. securities exchange and the Company is not subject to the periodic reporting requirements of the U.S. Exchange Act and is not required to, and does not, file any reports with the SEC thereunder.
- 6.10 To the extent permitted by applicable law and in accordance with normal UK practice, the Company, J.P. Morgan Cazenove, J.P. Morgan Securities LLC, or any of their affiliates, may make certain purchases of, or arrangements to purchase, Ordinary Shares outside the United States during the period in which the Tender Offer remains open for acceptance, including sales and purchases of Ordinary Shares effected by J.P. Morgan Cazenove acting as market maker in the Ordinary Shares. These purchases, or other arrangements, may occur either in the open market at prevailing prices or in private transactions at negotiated prices. In order to be excepted from the requirements of Rule 14e5 under the U.S. Exchange Act by virtue of Rule 14e-5(b)(10), such purchases, or arrangements to purchase, must comply with applicable English law and regulation, including the Listing Rules. Any information about such purchases will be disclosed as required in the UK and, if required, will be reported via the Regulatory News Service of the London Stock Exchange and will be available on the London Stock Exchange website at <http://www.londonstockexchange.com>.
- 6.11 The Tender Offer has not been approved by the SEC or by the securities regulatory authority of any state or of any other United States jurisdiction, nor has the SEC or any such securities regulatory authority passed upon the accuracy or adequacy of this Circular. Any representation to the contrary is a criminal offence in the United States. In those jurisdictions where the securities, “blue sky” or other laws require the Tender Offer to be made by a licensed broker or dealer, the Tender Offer shall be deemed to be made on behalf of the Company by J.P. Morgan Cazenove or one or more registered brokers or dealers licensed under the laws of such jurisdiction. This Circular does not constitute an offer to purchase, or solicitation of an offer to sell, Ordinary Shares in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such offer or solicitation under applicable securities or “blue sky” laws.
- 6.12 The delivery of this Circular shall not under any circumstances create any implication that the information contained herein is correct as of any time subsequent to the date hereof, or that there has been no change in the information set forth herein or in the affairs of the Company since the date hereof. No dealer, salesperson or other person is authorised to give any

information or to make any representations with respect to the Tender Offer other than such information or representations contained herein and, if given or made, such information or representations must not be relied upon as having been authorised by the Company.

PART 4

TAXATION IN RELATION TO THE TENDER OFFER

A. United Kingdom

THE FOLLOWING COMMENTS DO NOT CONSTITUTE TAX ADVICE AND ARE INTENDED ONLY AS A GUIDE TO CURRENT UNITED KINGDOM LAW AND H.M. REVENUE & CUSTOMS' PUBLISHED PRACTICE (WHICH ARE BOTH SUBJECT TO CHANGE AT ANY TIME, POSSIBLY WITH RETROSPECTIVE EFFECT). THEY RELATE ONLY TO CERTAIN LIMITED ASPECTS OF THE UNITED KINGDOM TAXATION TREATMENT OF SHAREHOLDERS WHO ARE RESIDENT IN THE UNITED KINGDOM FOR UNITED KINGDOM TAX PURPOSES, WHO ARE, AND WILL BE, THE BENEFICIAL OWNERS OF THEIR ORDINARY SHARES AND WHO HOLD, AND WILL HOLD, THEIR ORDINARY SHARES AS INVESTMENTS (AND NOT AS ASSETS TO BE REALISED IN THE COURSE OF A TRADE, PROFESSION OR VOCATION). THEY MAY NOT RELATE TO CERTAIN SHAREHOLDERS, SUCH AS DEALERS IN SECURITIES OR SHAREHOLDERS WHO HAVE (OR ARE DEEMED TO HAVE) ACQUIRED THEIR ORDINARY SHARES BY VIRTUE OF AN OFFICE OR EMPLOYMENT. SHAREHOLDERS ARE ADVISED TO TAKE INDEPENDENT ADVICE IN RELATION TO THE TAX IMPLICATIONS FOR THEM OF SELLING ORDINARY SHARES PURSUANT TO THE TENDER OFFER.

1. Taxation of chargeable gains

The sale of Ordinary Shares by a Shareholder to J.P. Morgan Cazenove pursuant to the Tender Offer should be treated as a disposal of those shares for United Kingdom tax purposes. This may, subject to the Shareholder's individual circumstances and any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of United Kingdom taxation of chargeable gains ("**CGT**").

The amount of CGT payable by a Shareholder who is an individual as a consequence of the sale of Ordinary Shares, if any, will depend on his or her own personal tax position. Broadly, a Shareholder whose total taxable gains and income in a given year, including any gains made on the sale of Ordinary Shares ("**Total Taxable Gains and Income**"), are less than or equal to the upper limit of the income tax basic rate band applicable in respect of that tax year (the "**Band Limit**") (£31,865 for 2014/2015) will normally be subject to CGT at a rate of 18% in respect of any gain arising on the sale of his or her Ordinary Shares. A Shareholder whose Total Taxable Gains and Income are more than the Band Limit will normally be subject to CGT at a rate of 18% in respect of any gain arising on the sale of his or her Ordinary Shares (to the extent that, when added to the Shareholder's other taxable gains and income, the gain is less than or equal to the Band Limit) and at a rate of 28% in respect of the remainder of the gain arising on the sale of his or her Ordinary Shares. However, no tax will be payable on any gain arising on the sale of Ordinary Shares if the amount of the chargeable gain realised by a Shareholder in respect of the sale, when aggregated with other chargeable gains realised by that Shareholder in the year of assessment (and after taking into account aggregate losses), does not exceed the annual exemption (£11,000 for 2014/2015).

A corporate Shareholder is normally taxable on all of its chargeable gains, subject to any relief and exemptions. Corporate Shareholders should be entitled to indexation allowance up to the date the chargeable gain is realised.

2. Transactions in Securities

Under the provisions of Part 15 of the Corporation Tax Act 2010, H.M. Revenue & Customs can in certain circumstances counteract corporation tax advantages arising in relation to a transaction or transactions in securities. If these provisions were to be applied by H.M. Revenue & Customs to the Tender Offer, Shareholders who are subject to corporation tax might be liable to corporation tax as if they had received an income amount rather than a capital amount.

No application has been made to H.M. Revenue & Customs for clearance in respect of the application of Part 15 of the Corporation Tax Act 2010 to the Tender Offer. **Shareholders who are within the charge to corporation tax are advised to take independent advice as to the potential application of the above provisions in light of their own particular motives and circumstances.**

3. Stamp duty and stamp duty reserve tax (“SDRT”)

The sale of Ordinary Shares pursuant to the Tender Offer will not give rise to any liability to stamp duty or SDRT for the selling Shareholder.

Stamp duty at a rate of 0.5% on the Ordinary Shares repurchased, rounded up to the nearest £5 if necessary, will be payable by the Company on its purchase of Ordinary Shares from J.P. Morgan Cazenove.

B. United States

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, SHAREHOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS CIRCULAR IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY SHAREHOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SHAREHOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE COMPANY IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE COMPANY OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) SHAREHOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

* * * * *

The following is a summary of certain material U.S. federal income tax consequences of the acceptance of the Tender Offer by a U.S. Holder (as defined below). This summary deals only with U.S. Holders who tender Ordinary Shares held as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acceptance of the Tender Offer by particular Shareholders, and does not address state, local, foreign or other tax laws (including the alternative minimum tax or the Medicare tax on net investment income). This summary also does not address tax considerations applicable to Shareholders that own (directly or indirectly) 10% or more of the voting stock of the Company, nor does this summary discuss all of the tax considerations that may be relevant to certain types of Shareholders subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, Shareholders who hold the Ordinary Shares as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, Shareholders whose functional currency is not the U.S. Dollar, or former citizens or long-term residents of the United States).

As used herein, the term “U.S. Holder” means a beneficial owner of Ordinary Shares that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity treated as a partnership for U.S. federal income tax purposes that holds Ordinary Shares will depend on the status of the partner and the activities of the partnership. Entities that are treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to their partners of the acceptance of the Tender Offer by the partnership.

The summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, (the “Code”) its legislative history, existing and proposed U.S. Treasury regulations, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect. The Company has not sought, and will not seek, any ruling from the U.S. Internal Revenue Service (the “IRS”) with respect to the tax consequences discussed herein, and there can be no assurance that the IRS will not take a position contrary to the tax consequences discussed below or that any position taken by the IRS would not be sustained.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL SHAREHOLDERS SHOULD CONSULT THEIR TAX

ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACCEPTING THE TENDER OFFER, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Passive Foreign Investment Company

Special U.S. federal income tax rules apply to U.S. holders owning shares of a passive foreign investment company (a “PFIC”). A corporation organized outside the United States generally will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules, either: (i) at least 75% of its gross income is “passive income” or (ii) on average, at least 50% of the gross value of its assets is attributable to assets that produce “passive income” or are held for the production of passive income. Passive income for this purpose generally includes dividends, interest, royalties, rents, annuities, the excess of gains over losses from commodities and securities transactions, and the excess of gains over losses from the disposition of assets that produce passive income. For the purposes of applying the foregoing tests, a company’s proportionate share of the assets and gross income of the company’s 25% or greater owned direct and indirect subsidiaries are attributed to the company. If a corporation is a PFIC (other than a QEF, as defined below) at any time during a shareholder’s holding period, it will continue to be treated as a PFIC with respect to such shareholder in future years unless the shareholder makes an election to purge the PFIC status. The Company believes that it was a PFIC for its year ending 31 December 2013.

A U.S. Holder who owns Ordinary Shares while the Company was a PFIC may be subject to increased tax liability upon the sale, exchange or other disposition of the Ordinary Shares or upon the receipt of certain distributions. However, these adverse tax consequences may not apply, in whole or in part, if the U.S. Holder timely made or makes, as the case may be, a mark-to-market election as described below. These adverse tax consequences include the application of the “excess distribution” regime under the Code and the regulations thereunder. An “excess distribution” generally is the excess of the amount a PFIC distributes to a shareholder during a taxable year over 125% of the average amount it distributed to the shareholder during the three preceding taxable years or, if shorter, the part of the shareholder’s holding period before the taxable year. Distributions with respect to the Ordinary Shares made by the Company during the taxable year to a U.S. Holder that are excess distributions must be allocated ratably to each day of the U.S. Holder’s holding period. The amount allocated to the current taxable year and to taxable years prior to the first year in which the Company was classified as a PFIC are included as ordinary income in a U.S. Holder’s gross income for the current year. The amount allocated to each prior taxable year is taxed at the highest applicable tax rate in effect for the U.S. Holder in that prior taxable year (without offset by any net operating loss for such year) and the tax is subject to an interest charge at the rate applicable to deficiencies in income taxes (the “special interest charge”). The entire amount of any gain realized upon the sale or other disposition of the Ordinary Shares will be treated as an excess distribution made in the year of sale or other disposition and as a consequence will be treated as ordinary income and, to the extent allocable to years prior to the year of sale or disposition, will be subject to the special interest charge described above. If the Company is classified as a PFIC for a taxable year, and, at any time during such taxable year, owns shares in another foreign corporation that is classified as a PFIC, U.S. Holders generally would be deemed to own a portion of the shares of such lower-tier PFIC, and generally could incur liability under the excess distribution regime described above if the Company receives an excess distribution from or disposes of all or part of its interest in the lower-tier PFIC or the U.S. Holder disposes of any interest in the Company. U.S. Holders should consult their tax advisers with respect to the potential application of the excess distribution rules with respect to lower-tier PFICs.

A U.S. holder of “marketable stock” (as defined below) may make a mark-to-market election for such stock to generally elect out of the adverse PFIC tax treatment discussed above. If a U.S. holder makes a mark-to-market election for the shares of a PFIC, the holder will include in income each year an amount equal to the excess, if any, of the fair market value of the shares as of the close of the holder’s taxable year over the holder’s adjusted tax basis in such shares. A U.S. holder is allowed a deduction for the excess, if any, of the adjusted tax basis of the shares over their fair market value as of the close of the taxable year, but only to the extent of any net mark-to-market gains on the shares included in the holder’s income for prior taxable years. Amounts included in a U.S. holder’s income under a mark-to-market election, as well as gain on the actual

sale or other disposition of mark-to-market PFIC shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the shares, as well as to any loss realized on the actual sale or disposition of the shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such shares. A U.S. holder's basis in the shares will be adjusted to reflect any such income or loss amounts. However, the special interest charge and other adverse tax consequences described above for non-electing holders may apply on a limited basis for the year in which the U.S. holder makes the mark-to-market election if such holder makes such election after such holder's holding period for the PFIC shares has begun and the foreign corporation was a PFIC for any taxable year during such holding period prior to the first taxable year for the which the mark-to-market election is effective.

The mark-to-market election is available only for "marketable stock", which is defined as stock that is traded in other than de *minimis* quantities on at least 15 days during each calendar quarter ("regularly traded") on a qualified exchange or other market, as defined in applicable U.S. Treasury regulations. The Ordinary Shares are admitted to trading on the London Stock Exchange, which should constitute a "qualified exchange" under applicable U.S. Treasury regulations. U.S. Holders should consult their tax advisers as to whether the Ordinary Shares would qualify for the mark-to-market election, the potential application of the excess distribution regime to them with respect to any lower-tier PFICs that the Company may own and the obligation to file IRS Forms 8621 and 8938 (whether or not a U.S. Holder makes or has made a mark-to-market election).

The adverse PFIC tax treatment discussed above may also generally be avoided if a U.S. holder is able to make a Qualified Electing Fund ("QEF") election with respect to shares owned in a PFIC. The effect of a QEF election is that a U.S. holder generally will be currently taxable on its *pro rata* share of a company's ordinary earnings and net capital gains (at ordinary income and capital gains rates, respectively) for each taxable year of such company in which it is classified as a PFIC, even if no dividend distributions are received by such U.S. holder, unless such U.S. holder makes an election to defer such taxes. A QEF election may only be made by a U.S. holder if the Company provides such holders with certain information that allows such holders to report and pay any current or deferred taxes due with respect to their *pro rata* shares of the Company's net ordinary earnings and net capital gains for such taxable year. The Company does not make such information available. Therefore, the Company does not anticipate that U.S. Holders will be able to make a QEF Election with respect to their Ordinary Shares.

The remainder of this discussion assumes, except as otherwise noted, that the Company is a PFIC and that the QEF election is not available. The applicability and consequences of the PFIC rules are very complex and, in some respects, unclear. U.S. Holders are strongly advised to consult their tax advisers regarding the application of the PFIC rules to the Tender Offer.

U.S. Holders whose Ordinary Shares are purchased in the Tender Offer

The tender of Ordinary Shares and receipt of cash by U.S. Holders pursuant to the Tender Offer will likely be treated for U.S. federal income tax purposes as a redemption of the tendered Ordinary Shares by the Company. However, the IRS might assert that a U.S. Holder's acceptance of the Tender Offer and the receipt of cash should be treated as a sale of the tendered Ordinary Shares to J.P. Morgan Cazenove. If the Tender Offer were treated as a sale of Ordinary Shares to J.P. Morgan Cazenove, it would result in the tax consequences discussed below regarding sale treatment.

The remainder of this discussion assumes that the acceptance of the Tender Offer and the receipt of cash by a U.S. Holder will be treated as a redemption of the tendered Ordinary Shares by the Company for U.S. federal income tax purposes. A redemption of shares is treated for U.S. federal income tax purposes as either: (i) a "sale or exchange" of such shares; or (ii) a distribution by the Company in respect of Ordinary Shares held by such holder.

Under Section 302 of the Code, a U.S. Holder whose Ordinary Shares are purchased under the Tender Offer will be treated as having sold those Ordinary Shares if the purchase:

- is "not essentially equivalent to a dividend" with respect to the U.S. Holder;
- results in a "complete termination" of the U.S. Holder's equity interest in the Company; or
- results in a "substantially disproportionate" redemption with respect to the U.S. Holder.

Each of these tests (collectively referred to as the “Section 302 tests”), and the consequences of satisfying any of them, is explained in more detail below.

Tax treatment of a “Sale or Exchange” of Ordinary Shares

If a U.S. Holder satisfies any of the Section 302 tests explained below, the U.S. Holder will be treated as having engaged in a “sale or exchange” of its Ordinary Shares and will recognize gain or loss equal to the difference between the amount of cash received under the Tender Offer and the U.S. Holder’s adjusted tax basis in the Ordinary Shares surrendered in exchange therefor. Assuming that the Company is a PFIC, any gain will be treated as an “excess distribution”, which is treated as ordinary income and subject to the special interest charge and the other PFIC rules discussed above, unless the U.S. Holder has made a mark-to-market election. In the unlikely event that the Company is not a PFIC, any gain or loss recognised by a U.S. Holder will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder’s holding period for the Ordinary Shares that were sold exceeds one year as of the date of purchase under the Tender Offer. Any recognized gain generally will be treated as U.S. source gain for U.S. foreign tax credit limitation purposes. Specified limitations apply to the deductibility of capital losses by U.S. Holders.

Gain or loss must be determined separately for each block of Ordinary Shares (i.e. Ordinary Shares acquired at the same cost in a single transaction) that is purchased from a U.S. Holder under the Tender Offer. A U.S. Holder may be able to designate, generally through its broker, which blocks of Ordinary Shares it wishes to tender under the Tender Offer if fewer than all of its Ordinary Shares are tendered under the Tender Offer, and the order in which different blocks will be purchased in the event the U.S. Holder has tendered a number of Ordinary Shares in excess of the Individual Basic Entitlement. U.S. Holders should consult their tax advisers concerning the mechanics and desirability of that designation. Proceeds paid pursuant to the Tender Offer in Sterling should be included in a cash-basis U.S. Holder’s income in a U.S. Dollar amount calculated by reference to the exchange rate in effect on the payment date, regardless of whether the payment is in fact converted into U.S. Dollars on such date. An accrual-method U.S. Holder may elect to have this rule apply to it. Any such election by an accrual basis U.S. Holder will apply for the taxable year in which it is made and all subsequent taxable years, unless revoked with the consent of the IRS.

An accrual-method U.S. Holder who does not so elect should realise for U.S. federal income tax purposes an amount equal to the U.S. Dollar value of the Sterling to which such U.S. Holder becomes entitled on the date its Ordinary Shares are accepted pursuant to the Tender Offer. A cash-basis U.S. Holder may have foreign currency gain or loss if the sales proceeds are not converted into U.S. Dollars on the payment date. Any gain or loss recognised on a sale or other disposition of a foreign currency (including upon exchange for U.S. Dollars) will generally be U.S. source ordinary income or loss.

Tax treatment of distribution in respect of Ordinary Shares

If a U.S. Holder does not satisfy any of the Section 302 tests explained below, the purchase of a U.S. Holder’s Ordinary Shares under the Tender Offer will not be treated as a sale or exchange. Instead, the entire amount received by a U.S. Holder with respect to the purchase of its Ordinary Shares under the Tender Offer will be treated as a distribution. If a U.S. Holder has timely made a mark-to-market election, such distribution will be a dividend to the extent of the U.S. Holder’s share of the available current or accumulated earnings and profits (within the meaning of the Code) of the Company and, to the extent that the amount of the distribution exceeds the Company’s current or accumulated earnings and profits, the excess first will be treated as a tax-free return of capital that will reduce the holder’s tax basis in the holder’s Ordinary Shares, and to the extent of any remaining portion in excess of such tax basis, the excess will be taxable as gain from the sale or exchange of such Ordinary Shares. U.S. Holders should consult their tax advisers on the character of any such gain. If a U.S. Holder has not timely made a mark-to-market election, under proposed Treasury regulations regarding the treatment of PFICs, a purchase of Ordinary Shares under the Tender Offer that does not satisfy any of the Section 302 tests and hence is treated as a distribution will be treated in its entirety as a distribution for PFIC purposes (and will be subject to the excess distribution rules) regardless of whether there are any earnings and profits. A dividend received by a corporate U.S. Holder generally will not be eligible for a dividends-received deduction. In addition, a dividend received by a noncorporate U.S. Holder will not qualify for the special reduced rates normally applicable to long term capital gains.

To the extent that a purchase of a U.S. Holder's Ordinary Shares under the Tender Offer is treated as the receipt by the U.S. Holder of a dividend or as a distribution under the PFIC excess distribution rules, the U.S. Holder's remaining adjusted tax basis in the purchased Ordinary Shares will be added to the basis of any Ordinary Shares retained by the U.S. Holder. Amounts treated as dividends or distributions under the PFIC excess distribution rules paid pursuant to the Tender Offer in Sterling should be included in a U.S. Holder's income or taken into account under the PFIC excess distribution rules in a U.S. Dollar amount calculated by reference to the exchange rate in effect on the date the amounts are received by such U.S. Holder, regardless of whether the payment is in fact converted into U.S. Dollars. If the amounts treated as dividends or distributions under the PFIC excess distribution rules are converted into U.S. Dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend income or distributions.

Section 302 Tests

One of the following tests must be satisfied in order for the purchase of Ordinary Shares under the Tender Offer to be treated as a sale or exchange for U.S. federal income tax purposes:

- *Not Essentially Equivalent to a Dividend Test*

The purchase of a U.S. Holder's Ordinary Shares under the Tender Offer will be treated as "not essentially equivalent to a dividend" if the purchase in the Tender Offer results in a "meaningful reduction" of the shareholder's proportionate interest in the corporation. Whether the receipt of cash by a U.S. Holder who sells Ordinary Shares under the Tender Offer will be "not essentially equivalent to a dividend" will depend upon the U.S. Holder's particular facts and circumstances.

The IRS has indicated in a published revenue ruling that even a small reduction in the percentage interest of a stockholder whose relative stock interest in a publicly held corporation is minimal (for example, an interest that represents a small fraction of one percent.) and who exercises no control over corporate affairs should constitute a "meaningful reduction". U.S. Holders should consult their tax advisers as to the application of this test in their particular circumstances.

- *Complete Termination Test*

The purchase of a U.S. Holder's Ordinary Shares under the Tender Offer will result in a "complete termination" of the U.S. Holder's equity interest in the Company if all of the Ordinary Shares that are actually owned by the U.S. Holder are sold under the Tender Offer and all of the Ordinary Shares that are constructively owned by the U.S. Holder, if any, are sold under the Tender Offer or, with respect to Ordinary Shares owned by certain related individuals, the U.S. Holder is entitled to and effectively waives attribution of the Ordinary Shares which otherwise would be considered as constructively owned by the U.S. Holder.

U.S. Holders wishing to satisfy the "complete termination" test through waiver of the constructive ownership rules should consult their tax advisers.

- *Substantially Disproportionate Test*

Generally, the purchase of a U.S. Holder's Ordinary Shares under the Tender Offer will result in a "substantially disproportionate" redemption with respect to the U.S. Holder if the percentage of the then outstanding Ordinary Shares actually and constructively owned by the U.S. Holder immediately after the purchase is less than 80% of the percentage of the Ordinary Shares actually and constructively owned by the U.S. Holder immediately before the purchase (treating as outstanding before the purchase all Ordinary Shares purchased under the Tender Offer).

The Company cannot predict whether or the extent to which a U.S. Holder that has tendered a number of Ordinary Shares in excess of the Individual Basic Entitlement will be accepted for purchase under the Tender Offer. Therefore, no assurance can be given that a sufficient number of a U.S. Holder's Ordinary Shares will be purchased under the Tender Offer to ensure that the U.S. Holder receives sale or exchange treatment, rather than dividend treatment, for U.S. federal income tax purposes under the rules discussed above.

In applying each of the Section 302 tests explained above, U.S. Holders must take into account not only Ordinary Shares that they actually own but also Ordinary Shares they are treated as owning under the constructive ownership rules of the Code. Under the constructive ownership rules, a U.S. Holder is treated as owning any Ordinary Shares that are owned (actually and in some cases constructively) by certain related individuals and entities as well as Ordinary Shares that the U.S. Holder has the right to acquire by exercise of an option or by conversion or

exchange of a security. In connection with options or warrants to acquire additional shares from the Company (including as a result of securities convertible into shares), the IRS takes the position that only options of the stockholders being tested under Section 302 of the Code are taken into account. However, there is both contrary and supporting case law with respect to this issue.

In addition, other contemporaneous acquisitions or dispositions of Ordinary Shares by the U.S. Holder (or by the Company in connection with the Tender Offer Series) may be taken into account. Due to the factual nature of the Section 302 tests explained above, U.S. Holders should consult their tax advisers to determine whether the purchase of their Ordinary Shares under the Tender Offer qualifies for sale or exchange treatment in their particular circumstances.

Backup withholding and information reporting

Payments with respect to the Tender Offer paid by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding (at a rate currently equal to 28%) may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding. If backup withholding applies, the amount withheld is not an additional tax, but is credited against the U.S. Holder's U.S. federal income tax liability. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

The discussion set forth above is included for general information only. U.S. Holders are urged to consult their tax advisers to determine the particular tax consequences to them of the Tender Offer, including the applicability and effect of U.S. state, local and non-U.S. tax laws.

