Value and Income Trust plc

(Incorporated in Scotland under the Companies Acts with registered number SC050366)

£15,000,000 11% First Mortgage Debenture Stock 2021

Issued by Audax Properties plc

(Incorporated in England under the Companies Acts with registered number 02027379)

On 7 August 1986, Audax Properties plc ("**Audax**") constituted £8,000,000 11 per cent. Debenture Stock 2021 (the "**First Debenture Stock**") and, on 23 March 1988, Audax constituted £7,000,000 11 per cent. Guaranteed Debenture Stock 2021 "A" (the "**Second Debenture Stock**"). On 27 September 1991, the First Debenture Stock and the Second Debenture Stock became known as £15,000,000 11 per cent. First Mortgage Debenture Stock 2021 (the "**2021 Debentures**"), of which £15,000,000 will remain outstanding from the Effective Date. On the Effective Date, Value and Income Trust plc (the "**Issuer**") will become the sole debtor in respect of the 2021 Debentures and Audax will cease to be an obligor in respect of the 2021 Debentures.

Application will be made to the Financial Conduct Authority (the "**FCA**") in its capacity as competent authority under the Financial Services and Markets Act 2000 ("**FSMA**") (the "**UK Listing Authority**") for the 2021 Debentures to be admitted to the Official List of the UK Listing Authority and to London Stock Exchange plc (the "**London Stock Exchange**") for such 2021 Debentures to be admitted to trading on the London Stock Exchange's main market for listed securities ("**Admission**"), which is a regulated market for the purposes of EU Directive 2003/71/EC, as amended by EU Directive 2010/73/EU (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom. It is expected that Admission will become effective and that dealings in the 2021 Debentures will commence on the London Stock Exchange at 8.00 a.m. (UK time) on 28 March 2014. All dealings in 2021 Debentures prior to the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. No application has been made, or is currently intended to be made, for the 2021 Debentures to be admitted to listing or dealt with on any other exchange.

This document comprises a prospectus for the purposes of the Prospectus Directive. This Prospectus has been filed with the UK Listing Authority and has been made available to the public in accordance with paragraph 3.2 of the Prospectus Rules of the UK Listing Authority. The 2021 Debentures are not the subject of any issue or sale. They are the subject of this Prospectus for the purposes of the application for listing and trading as obligations of the Issuer (in substitution for Audax).

The 2021 Debentures are not rated by any ratings agency and it is not expected that any rating agency will assign a credit rating to the 2021 Debentures after the Effective Date.

Particular attention is drawn to the risks and other factors that should be considered in connection with the Issuer and the 2021 Debentures set out in the section entitled "**Risk Factors**" on pages 11 – 15 of this document.

No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been so authorised by the Issuer. Without prejudice to any obligation of the Issuer to publish a supplementary prospectus pursuant to section 87G of FSMA and paragraph 3.4 of the Prospectus Rules, the delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date of this document or that the information in it is correct as of any subsequent time. The contents of this document should not be construed as legal, business or tax advice. Any person contemplating purchasing 2021 Debentures should consult its own legal, business, accounting and tax advisers.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or Audax, to subscribe for or purchase any of the 2021 Debentures. The distribution of this Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer to inform themselves about and to observe any such restrictions.

The 2021 Debentures have not been, and will not be, registered under the US Securities Act of 1933 as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any application state securities laws.

The 2021 Debentures have not been approved or disapproved by the Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Jones Lang LaSalle accepts responsibility for the Valuation Report contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in the Valuation Report is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference set out in the section entitled "**Documents Incorporated by Reference**" on page 17 of this document. This Prospectus should be read and construed on the basis that such documents are incorporated and form part of the Prospectus.

The Trustee has not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability (whether arising in tort or contract or otherwise) is accepted by the Trustee as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the 2021 Debentures.

This Prospectus should not be considered as a recommendation by the Issuer that any recipient of this Prospectus should purchase any of the 2021 Debentures. Any person contemplating purchasing 2021 Debentures should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

References in this Prospectus to **£**, **Sterling**, **sterling**, **pounds sterling** or **Pounds Sterling** are to the lawful currency for the time being of the United Kingdom and Northern Ireland.

The date of this Prospectus is 13 February 2014.

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PART 1

SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A-E (A.1—E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable."

Section A - Introduction and warnings		
Element		
A.1	**Introduction**	This summary should be read as an introduction to the Prospectus. Any decision to invest in the 2021 Debentures should be based on consideration of the Prospectus as a whole by the investor. This Prospectus should therefore be read in its entirety and reliance should not be placed solely on this summary. Where a claim relating to the information contained in this Prospectus is brought before a court in a member state of the EEA, the plaintiff may, under the national legislation of the member state where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation hereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the 2021 Debentures.
A.2	**Subsequent resale of securities or final placement of securities through financial intermediaries**	Not applicable. The Issuer is not engaging any financial intermediaries for any resale of securities or final placement of securities after publication of the Prospectus.

Section B - Issuer		
Element		
B.1	**Legal and commercial name**	Value and Income Trust plc
B.2	**Domicile / legal form / legislation / country of incorporation**	The Issuer is a public limited company, incorporated in Scotland on 19 April 1972 with registered number SC050366 and having its registered office at Kintyre House

		205, West George Street, Glasgow G2 2LW. The Issuer operates under the Companies Act.
B.5	**Description of the Issuer's group**	Prior to the Reorganisation, the Issuer's only significant subsidiary is Audax. Immediately following the Reorganisation, the Issuer will not have any subsidiary undertakings.
B.6	**Shareholders**	As at 11 February 2014 (being the latest prior to publication of this document), the Issuer's significant shareholders are Matthew Oakeshott and family (11.82%), Alliance Trust Savings Limited (9.18%), Value and Income Trust - Share Plan and ISA (5.38%). Brewin Dolphin Securities (4.13%), Barclays Stockbrokers (3.72%), Rathbones (3.67%) and Smith & Williamson (3.51%). Save for the significant shareholders, in so far as is known to the Directors, there is no other person interested in three per cent. or more of the issued share capital of the Issuer or any other person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Issuer. None of the Issuer's shareholders has or will have different voting rights attached to the shares than they hold in the Issuer.
B.7	**Selected historical key financial information**	The selected financial information set out below has been extracted, without adjustment, from the published audited consolidated accounts of the Issuer for the years ended 31 March 2013, 31 March 2012 and 31 March 2011 and the unaudited half yearly financial information of the Issuer for the periods ended 30 September 2013, 30 September 2012 and 30 September 2011.

	30 September 2013	31 March 2013	30 September 2012	31 March 2012	30 September 2011	31 March 2011
Net assets (valuing debt at par)	£140,966,000	£135,843,000	£119,459,000	£115,597,000	£105,383,000	£113,463,000
Net asset value per share (valuing debt at par)	309.48p	298.23p	262.26p	253.78p	231.36p	249.10p
Net asset value per share (valuing debt at market)	287.72p	269.78p	231.80p	227.58p	205.88p	233.67p
Profit before tax	£7,082,000	£23,568,000	£5,572,000	£5,545,000	(£6,289,000)	£11,139,000
Total assets	£177,776,000	£172,869,000	£156,622,000	£153,450,000	£142,876,000	£151,900,000
Total non-current assets	£172,795,000	£170,040,000	£153,214,000	£149,447,000	£138,695,000	£149,256,000
Basic earnings per share	15.55p	52.60p	12.63p	12.57p	(13.75p)	24.94p

		The significant rise in the profit before tax and the net asset value in the year ended 31 March 2013 was as a result of the 22% increase in the capital value of the equity portfolio. Save as set out in the preceding paragraph, there was no other significant change to the Issuer's financial and

		operating results in the period covered by the historical financial information. Since 30 September 2013 (being the date of the last published financial statements of the Issuer), there has been no significant change to the Issuer's financial condition or operating results.
B.8	**Pro forma financial information**	Not applicable.
B.9	**Profit forecast / estimate**	Not applicable. This Prospectus does not contain any profit forecast or estimate.
B.10	**Audit report - qualifications**	Not applicable. There are no qualifications in the accountant's reports on the historical financial information incorporated by reference into this Prospectus.
B.17	**Credit ratings**	Not applicable.
B.34	**Investment objective and policy**	The investment objective of the Issuer is to provide above average long-term growth in dividends and capital values through selective long term investments in higher yielding, less fashionable areas of UK commercial properties and UK quoted equity markets, particularly in smaller companies. The Issuer aims for long term real growth in dividends and capital value without undue risk. The Issuer's policy is to invest in, and its portfolio consists primarily of, quoted UK equities, UK commercial property and cash or near cash securities. UK equities usually account for between half and three-quarters of the total portfolio and property for a quarter to a half. No individual shareholding will account for more than 10% of the equity portfolio. Gearing is between 25% and 40% of the total portfolio. In addition: • distributable income will be principally derived from investments. The Issuer will not conduct any trading activity which is significant; • not more than 15 per cent. of distributable income will be retained by the Issuer; • not more than 15 per cent. of the Issuer's gross assets will be lent to or invested in the securities of any one company; and • the distribution as dividend of surpluses arising from the realisation of investments is prohibited.
B.35	**Borrowings**	The Issuer's borrowings shall not (unless sanctioned by ordinary resolution of the Issuer's shareholders) exceed three times the Issuer's adjusted total of capital and reserves (within the meaning given to such term in the Articles). It is the Issuer's policy to maintain gearing at between 25% and 40% of the total portfolio.
B.36	**Regulatory**	The Issuer is not regulated as a collective investment undertaking (or otherwise) and is not authorised by the FCA.

B.37	**Investors**	Institutional and professionally advised private investors.
B.38	**20% investment in collective investment undertakings**	Not applicable.
B.39	**40% investment in collective investment undertakings**	Not applicable.
B.40	**Services providers**	The Issuer has appointed: • two investment managers; • a custodian; and • a corporate secretary. The fees payable pursuant to these arrangements are: • 2/3 of 1% of the Issuer's current assets is payable as a management fee and a maximum of 1/3 of 1% of the Issuer's current assets may be payable as a performance fees, such fees are split between the investment managers; • £10,792.15 is currently payable quarterly to the custodian; and • £170,000 is payable annually to the corporate secretary.
B.41	**Investment manager, custodian**	OLIM Limited, which is regulated by the FCA, is appointed as investment manager of the Issuer's equity portfolio. OLIM Property Limited, which is regulated by the FCA, is appointed as investment manager of the Issuer's commercial portfolio. The Bank of New York Mellon Corporation is appointed as the Issuer's custodian. Its activities in the UK are regulated by the FCA.
B.42	**Net asset value**	The Issuer's property portfolio is valued bi-annually. The Issuer's equity portfolio is valued daily. Monthly statements of net asset value are announcement to a Regulatory Information Service.
B.43	**Umbrella collective investment undertakings**	Not applicable.
B.44	**Selected financial information**	See B.7 of this Summary.
B.45	**Portfolio**	The Issuer's portfolio consists primarily of quoted UK equities, UK commercial property and cash or near cash securities.
B.46	**Net asset value per security**	Not applicable in relation to the 2021 Debentures. The net asset value per ordinary share in the capital of the Issuer is 314.62 pence (debt at par value) and 292.83 pence (debt at fair value) as at 31 January 2014.

Section C – Securities		
Element		
C.1	**Description of Securities**	Application will be made to admit £15,000,000 First Mortgage Debenture Stock 2021 to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities. When admitted to trading, the 2021 Debentures will be registered with ISIN number GB00BJVDZP03 and SEDOL number BJVDZP0.
C.2	**Currency of issue**	British pound sterling.
C.3	**Issued share capital**	The nominal value of the issued ordinary share capital of the Issuer is £4,554,997.50 divided into 45,549,975 ordinary shares of 10p each, which are issued fully paid.
C.5	**Restrictions on transfer**	Subject to the Trust Deed and selling restrictions dictated by applicable laws, the 2021 Debentures are freely transferable in integral multiples of £1 each by instrument in writing and there are no restrictions on transfer.
C.7	**Dividend policy**	The dividends paid to the Issuer's shareholders depend on, inter alia, the income return on the Issuer's portfolio; they may therefore vary over time. It is the objective of the Issuer to maximise the return to its equity shareholders in the form of long term real growth in dividends and capital value without undue risk through the optimisation of the debt and equity balance. Since 1986 (when the current investment managers were appointed), the level of dividend per share has increased every year.
C.8/C.9	**Rights attaching to the 2021 Debentures**	The table below set out the rights attaching to the 2021 Debentures:

Principal Amount (£)	15,000,000
Interest rate (% per annum)	11
Interest accrual method	Daily
Interest payment dates	31 March and 30 September
First interest payment date	In respect of the First Debenture Stock, 31 March 1987 and, in respect of the Second Debenture Stock, 30 September 1988
Maturity date	31 March 2021

		Amortisation / Repayment	The Issuer will repay the 2021 Debentures from cash resources of the Issuer or from further borrowings
		Listing	UK Listing Authority and the London Stock Exchange's main market for listed securities
		Form	Registered
		Denomination	Not applicable
		Trustee	The Prudential Assurance Company Limited
		Clearing	Not applicable
C.10	**Derivative component**	Not applicable.	
C.11	**Admission to trading**	Application will be made to the UK Listing Authority for the 2021 Debentures to be admitted to the Official List of the UK Listing Authority and to the London Stock Exchange for the 2021 Debentures to be admitted to trading on the London Stock Exchange's main market for listed securities.	

Section D – Risks		
Element		
D.2	**Key information on the key risks that are specific to the Issuer**	• The value of the Issuer's UK equity portfolio is subject to volatility and may decrease or increase abruptly as a result of factors beyond the Issuer's control relating to, amongst other things, the underlying performance of any company in which the Issuer holds securities or the general economic climate and market conditions. • Rental revenues from, and property values of, the Issuer's property portfolio are affected by, amongst other things, changes in the general economic climate and local conditions such as oversupply and/or demand, competition and operating costs, which can sometimes result in rapid and substantial decreases in rental and valuation levels. • The Issuer is dependent on its investment managers for the successful management of its portfolio.
D.3	**Key information on the key risks relating to the 2021 Debentures**	• The terms and conditions of the 2021 Debentures and the Trust Deed contain provisions for calling meetings, at which defined majorities are able to bind all holders of the 2021 Debentures, including those who did not attend or voted against the majority, on issues affecting the holders generally.

		• Any trading market for the 2021 Debentures may not be liquid, and the price of the 2021 Debentures may therefore be subject to volatility and may decrease or increase as a result of factors beyond the Issuer's control.

Section E – Offer		
Element		Not applicable.
E.2b	**Reasons for offer / use of proceeds**	Not applicable.
E.3	**Terms and conditions of the offer**	Not applicable.
E.4	**Material interests**	Not applicable.
E.7	**Estimated expenses charged to investors**	Not applicable.

PART 2

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the 2021 Debentures. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the 2021 Debentures are described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the 2021 Debentures, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the 2021 Debentures for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Persons contemplating purchasing any 2021 Debentures should reach their own views prior to making any investment decision.

The risks relating to the Issuer's group and the 2021 Debentures summarised in Part 1 of this document headed "Summary" are the risks that the Issuer believes to be most essential to an assessment of whether to consider an investment in the 2021 Debentures. However, as the risks which the Issuer's group faces relate to events and depend on circumstances that may or may not occur in the future, the information on the key risks summarised in Part 1 of this document headed "Summary" should be considered together with, among other things, the risks and uncertainties described below.

Words and expressions defined elsewhere in this Prospectus have the same meaning in this section.

1. Factors that may affect the Issuer's ability to fulfil its obligations under the 2021 Debentures

Portfolio generally

The Issuer's financial instruments comprise securities, property and other investments, cash balances, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement or debtors for accrued income.

UK securities usually account for between half and three-quarters of the total portfolio and property for a quarter to a half.

Adverse market conditions in one or more asset classes or changes in economic factors may lead to a reduction in value and/or revenues. In addition, actual or perceived changes in market or economic outlook may lead the Issuer to alter its allocations to particular assets.

The value of the Issuer's UK equity portfolio is subject to volatility and may decrease or increase abruptly as a result of factors beyond the Issuer's control relating to, amongst other things, the underlying performance of any company in which the Issuer holds securities or the general economic climate and market conditions.

Rental revenues and property values are affected by changes in the general economic climate and local conditions such as an oversupply of space, a reduction in demand for property in an area, competition from other available space or increased operating costs. Rental revenues and property values are also affected by such factors as political developments, government regulations and changes in planning or tax laws, interest rate levels, inflation, the availability of financing and yields of alternative investments. The rental levels and values of the properties in the portfolio of property of the Issuer are sensitive to such factors, which can sometimes result in rapid and substantial decreases in rental and valuation levels.

Dependence on income

The Issuer's ability to fulfil its obligations under the 2021 Debentures will depend, in part, on the Issuer continuing to receive a significant level of rent from its tenants and dividends from the companies in which it holds securities.

The Issuer's ability to fulfil such obligations could be affected if occupancy levels were to fall or if a significant number of tenants were unable to meet their obligations. As existing leases terminate or become subject to tenant break options or space needs to be re-let for other reasons, there can be no assurance that such space will be re-let or, if re-let, that it will be re-let on terms (including rental levels) as favourable to the Issuer as those currently, or then, existing or that new tenants will be as creditworthy as existing tenants.

There can be no assurance that any company in which the Issuer holds equity will have sufficient available profits to declare or pay dividends or that the directors of any such company will choose to declare them.

Insurance

The Issuer seeks to maintain insurance cover on all its key property and liability exposures to a level consistent with sound business practice, using appropriate insurance products and providers, including self-insurance where applicable. No assurance can be given that the insurance cover acquired by the Issuer provides adequate or sufficient cover for all events or incidents. The insurance market is volatile and therefore there can be no guarantee that existing cover will remain available or will be available at commercially acceptable premia. If events or incidents were to occur which are not covered by the Issuer's insurance and/or adequate insurance were not to be available at commercially acceptable premia, this could adversely affect the financial position of the Issuer and its ability to meet its financial obligations.

2. Risks relating to the Issuer's business

The main risks that the Issuer faces from its financial instruments are (i) market risk (comprising price risk, interest rate risk and currency risk); (ii) liquidity risk; and (iii) credit risk.

Market risk

The fair value of, or future cash flows from, a financial instrument held by the Issuer may fluctuate because of changes in market prices, which may affect the value of the Issuer's investments.

Interest rate movements may affect the fair value of the investments in property and the level of income receivable on cash deposits.

A small proportion of the Issuer's investment portfolio is invested in securities whose fair value and dividend stream are affected by movements in foreign exchange rates. The Issuer does not currently engage in any currency hedging.

See the risk factors entitled "Portfolio generally" and "Dependence on income" above for further information as to the effect of market risk on the 2021 Debentures.

Liquidity risk

The Issuer may encounter difficulty in meeting obligations associated with its financial liabilities. The Issuer's assets comprise of readily realisable securities which can be sold to meet commitments if required and investment properties which, by their nature, are less readily realisable. However, no assurance can be given that the Issuer will be able to sell its assets or that, if sold, the value realised on any sale of the Issuer’s securities, or its investment properties, will be sufficient to meet obligations associated with its financial liabilities.

See the risk factors entitled "Portfolio generally" and "Dependence on income" above for further information as to the effect of liquidity risk on the 2021 Debentures.

Property risk

The Issuer's commercial property portfolio is subject to both market and specific property risk. The UK commercial property market has been cyclical for many years, and may be adversely affected by the price and availability of credit, real economic growth and the constraints on the development of new property.

See the risk factors entitled "Portfolio generally" and "Dependence on income" above for further information as to the effect of property risk on the 2021 Debentures.

Regulation

The UK, European and global regulatory environments are rapidly evolving. The expectations of financial regulators are changing and regulated entities must embed regulatory compliance in their business models

to an even greater extent than previously required. Regulation has become, in many areas, more complex and onerous and regulated entities are faced with shorter timelines to interpret and implement new regulation. There is substantial complexity from overlapping regulatory directives. Failure to comply with such regulations could expose the Issuer to penalties, claims for financial compensation and significant reputational damage. In addition, regulatory change may lead to the Issuer incurring substantive additional costs, including as a result of increased reliance on specialist third-party service providers.

Portfolio management

The Issuer's performance will depend on its and the Managers' ability to identify and acquire, operate and manage suitable investments and to overcome competition in doing so. The Issuer's success depends principally on the ability of the Managers to source, screen and select and then, under the direction of the board, operate and manage investments that it believes will meet the Issuer's investment policy.

The Issuer's future success is substantially dependent on the Managers' ability to attract, train, motivate and retain key management, commercial and technical personnel with the necessary skills and experience. There is no guarantee that the Managers will be successful in attracting and retaining key personnel. The loss of any of these key personnel may have a material adverse effect on the future of the Issuer's business.

Furthermore, there can be no assurance that the Issuer will be able to identify, realise, operate and manage and exit investments that satisfy its investment and rate of return objectives, or that it will be able fully to invest its capital. In addition, it is possible that competition for appropriate investment opportunities could increase, thereby reducing the number of opportunities available and adversely affecting the terms upon which the Issuer's investments may be made.

3. Risks relating to the 2021 Debentures

Return

There can be no certainty that the market price of the 2021 Debentures will fully reflect their underlying value. The price at which investors may dispose of their 2021 Debentures may be influenced by a number of factors, some of which may be related to the Issuer and the 2021 Debentures, and some not. Holders of the 2021 Debentures may realise less than the original amount invested.

Suitability

Any person contemplating purchasing any 2021 Debentures must determine the suitability of that investment in light of its own circumstances. In particular, any potential purchaser should: (i) have sufficient knowledge and experience to make a meaningful evaluation of the 2021 Debentures, the merits and risks of investing in the 2021 Debentures and the information contained or incorporated by reference in this Prospectus or any applicable supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the 2021 Debentures and the impact such investment will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the 2021 Debentures; (iv) understand thoroughly the terms of the 2021 Debentures and be familiar with the behaviour of any relevant markets; and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Credit ratings may not reflect all risks

Although the 2021 Debentures will not be assigned a credit rating by any rating agency on the Effective Date, one or more independent credit rating agencies may assign credit ratings to some or all of the 2021 Debentures in the future. The ratings may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the 2021 Debentures. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the relevant rating agency at any time.

Meetings

The terms and conditions of the 2021 Debentures contain provisions for calling meetings of holders of the 2021 Debentures to consider matters affecting their interests generally. These provisions permit defined

majorities to bind all holders of 2021 Debentures including any holders who did not attend and vote at the relevant meeting and any holders who voted in a manner contrary to the relevant majority.

Modification and waivers

The terms and conditions of the 2021 Debentures also provide that the Trustee may, without the consent of holders of the 2021 Debentures but provided that in each case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the holders of the 2021 Debentures, agree to (a) any modification of, or to the waiver of any breach or proposed breach of, any of the provisions of the 2021 Debentures or (b) determine without the consent of the holders of the 2021 Debentures that any Event of Default or potential Event of Default shall not be treated as such, although the Trustee may not exercise this power in contravention of express direction from the requisite holders of the 2021 Debentures.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories have agreed to adopt similar measures. Holders of the 2021 Debentures should be aware that the European Commission has proposed certain amendments to the EC Council Directive 2003/48/EC which may, if implemented, amend or broaden the scope of the requirements described above.

Withholding Tax

Under the current tax law of the United Kingdom, provided the 2021 Debentures continue to be listed on a "recognised stock exchange" (see the section entitled "United Kingdom Taxation" below), the Issuer is not, in respect of United Kingdom income tax, required to make any withholding or deduction at source from payments of any amounts in respect of the 2021 Debentures. If a change in law obliges the Issuer to make any withholding or deduction from payments of any amount in respect of the 2021 Debentures, such payments will be made subject to such required deduction or withholding. In such circumstances where the payment in question is a payment of interest in respect of the 2021 Debentures and the Issuer is required to make a deduction of United Kingdom income tax from such interest payment, there will be no obligation on the Issuer to pay any additional amounts to the holders of the 2021 Debentures as a result.

Change of law

The Terms and Conditions are based on English law in effect as at the date of the issue of the 2021 Debentures. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice.

4. Risks relating to the substitution of the Issuer as debtor under the 2021 Debentures

Certificates of Title

No new certificates of title have been or will be produced in respect of the Property comprised in the Specific Security in contemplation of the substitution of the Issuer as principal debtor in respect of the 2021 Debentures.

Each Property comprised in the Specific Security currently stands as security for the 2021 Debentures and was, at the time it became part of the security for the 2021 Debentures, the subject of a certificate of title given in contemplation of that security (the "**Existing Certificates of Title**") given by the then solicitors of Audax. The Existing Certificates of Title were issued between 1991 and 2012 and will not be updated in contemplation of the substitution of the Issuer as principal debtor in respect of the 2021 Debentures.

Although the Properties comprised in the Specific Security were considered suitable as security for the 2021 Debentures as at their date of inclusion within the relevant security package, information given in those Existing Certificates of Title is likely to be, in certain cases, substantially out of date and the time

period for bringing any claim in the event of any misstatement or omission in respect of the Existing Certificates of Title will, in the majority of cases, have elapsed.

Each Property comprised in the Specific Security has been subject to certain limited title investigations in contemplation of the substitution of the Issuer for Audax in respect of the 2021 Debentures. This investigation comprises searches at the Land Registry (in respect of Property comprised in the Specific Security in England and Wales) and the Land Register of Scotland or the General Register of Sasines (in respect of Property comprised in the Specific Security in Scotland) to confirm that there have not been any adverse registrations in respect of the Property comprised in the Specific Security since the provision of the Existing Certificates of Title.

Except as stated above, no additional searches or enquiries will be made in respect of the Specific Security or the Issuer.

Trustee Indemnification

The Issuer is required to indemnify, without contractual limit but subject to certain exceptions, the Trustee against liabilities incurred in connection with the substitution of the Issuer as debtor of the 2021 Debentures. The indemnification obligation of the Issuer would be payable from its assets.

PART 3

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	*Time and date*[1]
Admission and commencement of unconditional dealings on the London Stock Exchange	8.00am on 28 March 2014
Latest date for despatch of definitive certificates	11 April 2014

Notes:

(1) Each of the times and dates set out in the above timetable (and referred to elsewhere in this document) is subject to change without further notice. All references to time in this document are to London time.

(2) All dealings in 2021 Debentures prior to the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned.

PART 4

DOCUMENTATION INCORPORATED BY REFERENCE

The table below sets out the information that is incorporated by reference into this document. Each of the documents set out in the table below is available for inspection at the registered office of the Issuer. No information which is incorporated by reference into any of the documents set out in the table below is incorporated by reference into this document. Any information contained in any of the documents specified above which is not expressly incorporated by references in this Prospectus does not form part of this Prospectus and is either not relevant or is covered elsewhere in this Prospectus. Any information contained in any website referred to in any of the documents specified above does not form part of this Prospectus.

Copies of the documents incorporated by reference may be inspected during normal business hours at the offices of Shepherd and Wedderburn LLP, Condor House, 10 St. Paul's Churchyard, London EC4M 8AL and are available on the website of one of the Issuer's investment managers, OLIM Limited, at the web addresses detailed below.

Document

(i) The auditors' report and audited financial statements for the year ended 31 March 2011 of the Issuer (pages 2-3, 5-14 and 26-55 of the Issuer's annual report for the year ended 31 March 2011) http://www.olim.co.uk/downloads/vit_annual_report_2011.pdf

(ii) The auditors' report and audited financial statements for the year ended 31 March 2012 of the Issuer (pages 2-3, 5-14 and 26-55 of the Issuer's annual report for the year ended 31 March 2012) http://www.olim.co.uk/downloads/vit_annual_report_2012.pdf

(iii) The auditors' report and audited financial statements for the year ended 31 March 2013 of the Issuer (pages 2-3, 5-14 and 26-55 of the Issuer's annual report for the year ended 31 March 2013) http://www.olim.co.uk/downloads/vit_annual_report_2013.pdf

(iv) The unaudited half-yearly financial statements for the six months ended 30 September 2011 of the Issuer (pages 2 and 13-23 of the Issuer's half-yearly report for the six months ended 30 September 2011 http://www.olim.co.uk/downloads/vit_interim_report_2011.pdf)

(v) The unaudited half-yearly financial statements for the six months ended 30 September 2012 of the Issuer (pages 2 and 13-23 of the Issuer's half-yearly report for the six months ended 30 September 2012) http://www.olim.co.uk/downloads/vit_interim_report_2012.pdf)

(vi) The unaudited half-yearly financial statements for the six months ended 30 September 2013 of the Issuer (pages 2 and 13-24 of the Issuer's half-yearly report for the six months ended 30 September 2013) http://www.olim.co.uk/downloads/vit_interim_report_2013.pdf

PART 5

PRESENTATION OF INFORMATION

Presentation of financial information

Unless otherwise indicated, financial information set out in this document has been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as adopted by the European Commission for use in the European Union. Any unaudited financial information set out in this document has been extracted without material adjustment from the Issuer's accounting records.

Roundings

Percentages in tables have been rounded and accordingly may not add up to 100 per cent. Certain financial data in this document, including financial, statistical and operating information has also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

Issuer's group

References in this Prospectus to the Issuer and the Issuer's business will, where appropriate and in relation to the period prior to the Effective Date, be deemed to include reference to Audax.

Forward-looking statements

This document may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include, but are not limited to, statements regarding the Issuer's intentions, beliefs or current expectations concerning, among other things, the Issuer's results of operations, financial position, liquidity, prospects, growth, strategies and expectations of the industry in which the Issuer operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the development of the markets and the industry in which the Issuer operates, may differ materially from those described in, or suggested by, the forward-looking statements contained in this document. In addition, even if the development of the markets and the industry in which the Issuer operates are consistent with the forward-looking statements contained in this document, those developments may not be indicative of developments in subsequent periods. A number of factors could cause developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, commodity prices, changes in regulation, currency fluctuations, changes in its business strategy, political and economic uncertainty and other factors discussed in Part 2 ("Risk factors") and Part 7 ("Information on the Issuer") of this document.

Any forward-looking statements in this document reflect the Issuer's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Issuer's operations and growth strategy. Investors should specifically consider the factors identified in this document which could cause results to differ before making an investment decision. Subject to the requirements of applicable law or regulation (including the Disclosure and Transparency Rules, the Listing Rules, and the Prospectus Rules), the Issuer undertakes no obligation publicly to release the result of any revisions to any forward-looking statements in this document that may occur due to any change in the Issuer's expectations or to reflect events or circumstances after the date of this document.

PART 6

TERMS AND CONDITIONS OF THE 2021 DEBENTURES

Set out below are the principal terms and conditions of the 2021 Debentures in the form (subject to modification) in which they will appear in the Trust Deed.

The 2021 Debentures are constituted by the Trust Deed.

By virtue of the Deed of Amendment and Deed of Substitution with effect from the Effective Date:

i) the Issuer will be substituted as principal obligor under the 2021 Debentures in the place of Audax (which will henceforth be released from its obligations thereunder); and

ii) the terms and conditions of the 2021 Debentures will be modified as set out in Part 7 (Information on the Reorganisation) of this document.

The Existing Trust Deed, the Deed of Amendment and Deed of Substitution are together, and as further supplemented and/or amended, referred to as the Trust Deed and The Prudential Assurance Company Limited acts as trustee of the 2021 Debentures referred to as the Trustee.

The statements in these terms and conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trustee Deed are available for inspection during normal business hours by the holders of the 2021 Debentures at the registered office for the time being of the Trustee. The holders of the 2021 Debentures are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed.

1. Definitions

Save as set out in this paragraph 1, the Definitions set out at Part 13 of this document shall apply to these Conditions unless the context otherwise requires. In these Conditions, the following terms have the following meanings:

Adjusted Aggregate Value of the Specific Security means:

(i) for the purposes of the Issuer's right to issue further stock and the requirement for the Issuer to make good deficiencies, the aggregate Value of the Property, Approved Investments, money and investments representing such money, comprised and proposed to be comprised in the Specific Security;

(ii) for the purpose of the Issuer's right to withdraw parts of the Specify Security, the aggregate Value of the Property, Approved Investments, money and investments representing such money, comprised in the Specific Security

provided that to the extent that the aggregate Value of such Approved Investments exceeds thirty per cent. of the aggregate Value specified in (i) or (ii) (as appropriate), such excess shall be disregarded

Approved Investment means an Investment which shall have been approved in writing by the Trustee as security for the Stock

Charging Company means and includes the Issuer and any Subsidiary which in any such case has for the time being subsisting on any assets owned by or vested in it a charge or charges in favour of the Trustee by way of collateral security for the Stock

Conditions the conditions applicable to the 2021 Debenture Stock as set out in the Trust Deed

Directors means the directors of the Issuer

Further Stock means any further Stock of the Issuer which may be created and

	issued by the Issuer pursuant to the Trust Deed
Gross Annual Interest	means at any date the gross annual amount of interest payable by the Issuer in respect of such of the Stock and the Further Stock as shall be outstanding at that date provided that if at the relevant date any Stock or Further Stock shall be partly paid Gross Annual Interest shall be the gross annual amount of interest which would be so payable if all the outstanding Stock and Further Stock were fully paid
Income Report	means a report made by the auditors pursuant to clause 12(5) of the Second Supplemental Trust Deed
Investment	means British Government stock and/or any other security or securities listed on The London Stock Exchange and includes future shares or securities, rights, dividends, monies, warrants or property paid, accruing or deriving therefrom at any time by way of redemption, bonus, preference, option, dividend, interest, consolidation, sub-division or otherwise
Net Annual Income	has the meaning given to that term in the Trust Deed
Original Stock	means, pursuant to the Trust Deed, £15,000,000 11% first mortgage debenture stock 2021
Owning Company	means in relation to any part of the Specific Security the company (being either the Issuer or a Charging Company) which owns the relevant interest therein
Planning Acts	means the Town and Country Planning Acts 1971 to 1977 and, in relation to Property situate in Scotland, the Town and Country Planning (Scotland) Act 1972 and in relation to Property situate in Northern Ireland the Planning (Northern Ireland) Orders 1972-1991 and any Act or Acts for the time being amending or replacing the same and shall include any orders rules and regulations made under or by virtue of the said Acts or Orders or any of them
Property	means (i) a freehold or leasehold estate in property situate in England and Wales or Northern Ireland or (ii) heritable or leasehold property situate in Scotland, which in either case is owned by the Issuer or a Charging Company
Relevant Conditions	means at any Relevant Date that: (i) of the total Value of the Specific Security, not more than 20 per cent. is attributable to a single Property and (so that separate Properties on a single estate or development shall not be regarded as a single Property); and (ii) of the total Value of all Properties in the Specific Security, not more than 10 per cent. is attributable to leaseholds having an unexpired term of less than 50 years at the Relevant Date
Relevant Date	means the date of the transaction for the purpose of which the Value is required
Second Supplemental Trust Deed	a second supplemental trust deed dated 27 September 1991 between Audax, the Issuer and L.D.C. Trustees Limited in terms of which the First Debenture Stock and the Second Debenture Stock became known as the 2021 Debentures
Specific Security	means the Property expressed by the Trust Deed to be charged by way of first legal mortgage in favour of the Trustee (or in the case of Property situate in Northern Ireland, mortgaged by way of demise) and all other Property, Approved Investments, money and

investments representing such money which shall be or ought pursuant to any provisions of the Trust Deed at any time to be assured to or mortgaged or charged in favour of or paid to or vested in the Trustee by way of specific security for the payment of the principal moneys, premium (if any) and interest on the Stock and any Further Stock and other moneys intended to be hereby secured

Stock means and includes (except in the second schedule to the Second Supplemental Trust Deed where it means the Original Stock) the Original Stock and any Further Stock provided that unless for any purpose the Trustee in its absolute discretion shall otherwise determine, the provisions of clauses 18, 29, 40 and 45 of the Second Supplemental Trust Deed shall apply on the basis that each reference to "Stock" is construed as a reference to each series of the Stock and that references therein to "the Stockholders" are construed accordingly

Stockholders means the several persons for the time being registered as holders of the Stock provided that the above proviso to the definition of the Stock shall apply to this definition of the Stockholders

Subsidiary means a subsidiary of the time being of the Issuer

The London Stock Exchange means The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited

Valuation means:

(i) in relation to Property a determination of the Value of the Property made by the Valuers on the basis (unless otherwise agreed by the Trustee) of open market value as that expression is defined in the Guidance Notes prepared by the Assets Valuation Standards Committee of the Royal Institution of Chartered Surveyors as in effect on the date of the Second Supplemental Trust Deed or (with the consent of the Trustee) as in force on the date of the Valuation;

(ii) in relation to Approved Investments and investments representing money, a determination of the Value of the same agreed between the Issuer and the Trustee or (in the absence of such agreement) a valuation made by an expert approved by the President of the Royal Institution of Chartered Surveyors and shall (unless the Issuer and the Trustee otherwise agree) be made on the basis of the market bid price of the Investments (as derived from the Official List published by The London Stock Exchange) as at the date of such Valuation or, where such market bid price is not available, the most recent available bid price; and

(iii) in relation to money, a determination of the Value of the money made by the Trustee

Value has the meaning given to that term in the Trust Deed

Valuers means such firm or firms of professional valuers as may from time to time be appointed by the Issuer with the approval of the Trustee or (if the Issuer and the Trustee are unable to agree as to such firm or firms) such firm of professional valuers as may be appointed by the President of for the time being of the Royal Institution of Chartered Surveyors

2. Constitution, Status and Title

2.1 The 2021 Debentures shall be constituted by deed or deeds in favour of the Trustee expressed to be supplemental to the Trust Deed in such form as the Trustee approves particulars of which shall be duly registered with the Registrar of Companies. Such deed or deeds shall contain charges by way of first legal mortgage by the Issuer or the Charging Company of the Property and charges by way of first legal charge of the Approved Investments (if any) already forming part of the Specific Security or Property and Approved Investments on the occasion of the issue intended to become part of the Specific Security and such charges shall be security for the payment of the whole of the Stock including the 2021 Debentures then to be issued and all moneys intended to be secured by the Trust Deed so as to form part of the Specific Security.

2.2 No 2021 Debentures shall be or become a charge upon any part of the Specific Security unless and until the Issuer and any Charging Company party thereto shall deliver to the Trustee such deed (duly stamped if necessary) constituting such 2021 Debentures and in no case shall the Trust Deed apart from such supplemental deed or deeds be deemed to constitute a security for debenture stock in excess of the Original Stock.

2.3 Upon the issue of 2021 Debentures, the 2021 Debentures and the Original Stock premiums (if any) and the interest on all such Stock shall rank pari passu in point of charge and shall be equally and rateably secured by and upon the Specific Security.

2.4 If there is more than one series of Stock outstanding the Issuer may exercise its rights and powers of purchase as regards the Original Stock and any 2021 Debentures (not being a series which is identical to and forms a single series with the Original Stock) at its absolute discretion and without obligation to maintain any ratio between the amounts for the time being outstanding of any series.

2.5 The 2021 Debentures are issued in registered form without interest coupons or talons. The 2021 Debentures are issued in certificated form.

2.6 Title to the 2021 Debentures will pass upon registration of transfers as provided in the Trust Deed.

3. Issue and Interest

3.1 Save as set out in paragraph 2 above, any 2021 Debentures may be issued to such persons and on such terms and either at par or at a discount or a premium as the Directors shall from time to time determine and the proceeds of issue thereof shall be receivable by the Issuer and shall be applicable as the Directors in their absolute discretion shall determine.

3.2 The 2021 Debentures bear interest at the rate of 11 per cent. per annum with effect from 31 March 1987 (in the case of the First Stock (as defined in the Trust Deed)) and 30 September 1988 (in the case of the Second Stock (as defined in the Trust Deed)). Interest is payable on 31 March and 30 September each year.

3.3 Each 2021 Debenture will bear interest until the whole of the principal amount of the 2021 Debentures and the premium (if any) have been repaid.

4. Security

4.1 The obligations of the Issuer to pay the principal amount of, premium (if any) and interest on the 2021 Debentures are and shall be secured as provided in the Trust Deed.

4.2 Power is reserved to the Issuer, or (with the Consent of the Issuer) any Charging Company, to create in favour of the Trustee and to their satisfaction a charge by way of first legal mortgage on any Property (or in the case of a Property situate in Northern Ireland to create a mortgage by way of demise) or by way of first legal charge on any Approved Investments not already forming part of the Specific Security or to pay to the Trustee the money to be held by the Trustee as security for the due payment of the principal and interest on the Stock and other moneys intended to be secured by the Trust Deed or partly one and partly another.

4.3 Power is reserved to the Issuer, subject to the terms of the Trust Deed, at any time and from time to time to procure any Subsidiary to become with the consent of the Trustee a Charging Company.

4.4 Power is reserved to the Issuer and to any Charging Company to create or leave outstanding any floating charge over the whole or any part of the Specific Security.

5. Redemption and Purchase

5.1 The 2021 Debentures (so far as not previously redeemed or purchased by the Issuer or a Subsidiary under the conditions set out in the Conditions), will be repaid at par together with accrued interest on 31 March 2021.

5.2 The Issuer and any Subsidiary may purchase Stock (a) through the market or by tender (available alike to all holders of 2021 Debentures) at a price not exceeding the average of the middle market quotations of the Stock (based on The Stock Exchange Daily Official List) for the ten business days immediately preceding the date of such purchase if the Stock is listed and not exceeding 110 per cent., if the Stock is not listed, or, in the case of a purchase in the market, at the market price provided that it does not exceed 105 per cent. of such average, or (b) by private treaty at a price (inclusive of accrued interest but exclusive of expenses of purchase) not exceeding 110 per cent, if it be listed, of the middle market quotation for the Stock as derived from The Stock Exchange Daily Official List for the last business day preceding the date of purchase or, if it is not listed, 110 per cent., but not otherwise.

5.3 All Stock purchased by the Issuer or a Subsidiary or redeemed as aforesaid shall be cancelled and the Issuer shall not be at liberty to keep the same alive for the purpose of reissue or resale or to reissue or resell the same.

5.4 If by reason of a winding up of the Issuer or of any other enforcement provisions of the Trust Deed or any deed supplemental thereto the Stock becomes repayable before 31 March 2021, the Stock (except insofar as previously purchased by the Issuer or any Subsidiary and cancelled) will be repaid at whichever is the highest of:-

5.4.1 par;

5.4.2 the average of the middle market quotations for the Stock as derived from The Stock Exchange Daily Official List for each business day in the three calendar months ending on the third dealing day before the Relevant Date, if the Stock is listed on that third dealing day; and

5.4.3 that price expressed as an amount per £100 nominal of the Stock at which the Gross Redemption Yield on the Stock, if it were to be purchased at such price on the third dealing day prior to the Relevant Date, would be equal to the Gross Redemption Yield (a) (at any time on or before 26 March 1999) on 13½% Treasury Stock 2004-2008 on the basis of the market price of 13½% Treasury stock 2004-2008 or (b) (after 26 March 1999) on such Qualifying Gilt as three primary dealers operating in the gilt edged market appointed by the Trustee after consultation with the Issuer (or if they cannot agree, a majority of them) shall certify or report to the Trustee as being the most appropriate Qualifying Gilt for the purposes of this provision and so that, for the purposes of this paragraph, market price shall be that prevailing at 11.00 a.m. on such third dealing day, as determined by such dealer as the Trustee may select. If, at any time at which this price falls to be determined, there shall be no Qualifying Gilts in issue, then for the purpose of such determination the Gross Redemption Yield to be applied shall be such as shall be advised to the Trustee by three primary dealers appointed by the Trustee after consultation with the Company (or if they cannot agree, a majority of them) to be in their opinion and as far as practicable equivalent to what such yield would be if such non-availability of Qualifying Gilts had not arisen; if any amount per £100 nominal of the Stock payable as aforesaid is not an integral multiple of one penny any fraction of a penny shall be disregarded,

together with interest accrued to the date of repayment PROVIDED THAT the price at which the Stock is repaid shall not exceed three times the nominal amount of the Stock.

For the purposes of the foregoing:

"**the Gross Redemption Yield**" in respect of the Stock or on 13½% Treasury Stock 2004-2008 or on any other Qualifying Gilt or otherwise will be expressed as a percentage and will be calculated

in accordance with the principles indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the Journal of the Institute of Actuaries, Volume 105, part 1, 1978, page 18. In the case of the Stock such calculation will be made as if such Stock were to remain outstanding until, and be redeemed as its nominal amount on 31 March 2021;

"**Qualifying Gilt**" means a redeemable fixed interest sterling obligation of the UK Government listed on The Stock Exchange and having a final maturity date occurring on or after the fifth anniversary of the third dealing day prior to the Relevant Date and which is not convertible; and

"**Relevant Date**" means in the case of a redemption on a winding up by the Court (otherwise than subsequent to a resolution of the Issuer in general meeting for winding up) the date of presentation of the petition for winding up and in any other case the date of the notice convening the meeting to consider the voluntary winding up or, if the Stock so becomes redeemable before either such date, the date on which it so becomes redeemable.

6. Valuation of Security

6.1 The Issuer or the Trustee shall have the right from time to time to require Valuations of the whole (with such exceptions as the Trustee may agree) of the Specific Security provided that (save as provided in paragraph 6.2) not more than one Valuation shall be required by each of the Issuer and the Trustee in any accounting reference period of the Issuer.

6.2 The Trustee will have the right at any time to require a Valuation of the whole (with such exceptions as the Trustee may agree) of the Approved Investments comprised in the Specific Security provided that the Trustee has reason to believe that the aggregate Value of such Approved Investments has changed such that the requirement for the Issuer to make good deficiencies applies.

7. Substitution

7.1 The Issuer or, with the consent of the Issuer, a Charging Company may at any time and from time to time before the security constituted pursuant to the Trust Deed have become enforceable and the Trustee shall have determined or become bound to enforce the same withdraw from the security all or any of the Specific Security upon substituting therefor or procuring the substitution therefor of:

7.1.1 Property;

7.1.2 Approved Investments;

7.1.3 moneys; or

7.1.4 partly Property and partly Approved Investments and partly moneys or any combination of these,

being in any such case of an aggregate Value which together with any credit given shall be at least equal to the Value of the Property and/or Approved Investments and/or moneys being released from the security provided that (1) immediately following such substitution the Relevant Conditions would be satisfied and (2) either (a) immediately following such substitution the Net Annual Income receivable from the Specific Security shall be not less than one and one-half times the Gross Annual Interest or (b) the Net Annual Income accruing from the Property, Approved Investments or moneys (or any) being substituted together with any credit given shall be at least equal to the Net Annual Income from the Specific Security or part thereof being released from the charge.

7.2 Before the Trustee shall permit the Issuer to withdraw any Property, Approved Investments or moneys the Issuer shall give notice in writing to the Trustee of the proposed withdrawal and deliver a certificate as described in the Trust Deed and shall mortgage or charge any such Property (by way of first legal mortgage and in favour of and to the satisfaction of the Trustee (or in the case of a Property situate in Northern Ireland by way of demise) or charge any such Approved Investments (by way of first legal charge and in favour of and to the satisfaction of and so as to be held by the Trustee) or pay such moneys to the Trustee (or procure such mortgage charge or payment) in such manner as the Trustee shall direct so as to become part of the Specific Security and thereupon the Trustee shall release and surrender or pay to the Issuer or as the Issuer may direct the Property,

Approved Investments or moneys proposed to be withdrawn and so that the same shall be held free from the security.

8. Withdrawal

8.1 The Issuer or (with the consent of the Issuer) any Charging Company may within six months following any Valuation made or, where such requirement is satisfied in accordance with the provisions of the Trust Deed allowing Valuations to be provided as at a particular date, within three months of such requirement (or in either case within such longer period as the Trustee may approve) withdraw such part or parts of the Specific Security as the Company may select without obtaining the approval of the Trustee and without substituting other Property, Approved Investments or moneys, provided that:

8.1.1 the security constituted shall not at the date of withdrawal have become exercisable;

8.1.2 the Adjusted Aggregate Value of the Specific Security remaining immediately after such withdrawal according to the Valuation shall be not less than one and one-half times the aggregate nominal amount of the Stock then outstanding (including any fixed or minimum premiums payable on final redemption) and the Relevant Conditions would be satisfied immediately after such withdrawal;

8.1.3 the Net Annual Income receivable (according to the Income Report made as at the date of such Valuation) from the Specific Security remaining immediately following such withdrawal less than the deduction referred to at paragraph 8.1.4 shall not be less than one and one-half times the Gross Annual Interest as at the date of withdrawal;

8.1.4 if more than one quarter of the Net Annual Income consists of income receivable from Property which is let to a single company or the holding company or subsidiaries of such company, the amount of such excess over one quarter shall be a deduction for the purpose of paragraph 8.1.3; and

8.1.5 if a right to withdraw part of the Specific Security ("**Withdrawal Right**") shall arise pursuant to a Valuation (the "**First Valuation**") and prior to the exercise of such Withdrawal Right a Withdrawal Right shall arise pursuant to a subsequent valuation (the "**Second Valuation**") then upon the exercise of the Withdrawal Right pursuant to the Second Valuation the Withdrawal Right pursuant to the First Valuation shall ipso facto be cancelled

8.2 Upon any such withdrawal the Issuer or (with the consent of the Issuer) the Charging Company concerned may require the Trustee and the Trustee shall thereupon be obliged to release or pay to the company concerned or as it may direct the Property, Approved Investments or moneys proposed to be withdrawn so that the same shall thenceforth be held free from the security constituted by the Trust Deed.

9. Making Good Deficiencies

9.1 If the Adjusted Aggregate Value of the Specific Security as shown by a Valuation is less than one and one-half times the aggregate nominal amount of the Stock then outstanding (including any fixed or minimum premiums payable on final redemption), the Issuer shall within six months after delivery of a Valuation made or, where such requirement is satisfied under the provisions of the Trust Deed allowing Valuations to be provided as at a particular date, within three months of such requirement (or in either case within such longer period as the Trustee may approve) make good the deficiency by the Issuer or (with the consent of the Issuer) any Charging Company mortgaging or charging (by way of first legal charge in favour of and to the satisfaction of the Trustee) in such manner as the Trustee shall reasonably direct so as to become part of the Specific Security other Property and charging (by way of first legal charge in favour of and to the satisfaction of and so as to be held by the Trustee) other Approved Investments (or either of these) not then already forming part of the Specific Security of a Value not less than the amount of the deficiency, or (at the option of the Issuer) by the Issuer or a Charging Company paying to the Trustee as part of the Specific Security a sum of money equal to the amount of such deficiency or partly in one way and partly in another.

9.2 If the Net Annual Income receivable from the Specific Security (as shown in an Income Report) less the deduction referred to in paragraph 9.3 below shall be less than one and one-half times the Gross Annual Interest as at the date of such report, such deficiency shall within six months after the date of such Income Report or, if the Income Report is made in respect of a Valuation or Valuations as at a date prior to the date of the requirement for a Valuation, within three months after the date of such requirement (or, in either case, such longer period as the Trustee may approve) be made good by the Issuer or (with the consent of the Issuer) any Charging Company specifically charging in favour of the Trustee and to their satisfaction further Property or charging (by way of first legal charge in favour of and to the satisfaction of and so as to be held by the Trustee) other Approved Investments (or either of these) or, at the option of the Issuer, paying to the Trustee so as to form part of the Specific Security a sum of money producing immediately after such charge or payment Net Annual Income sufficient to make up such deficiency, or partly in one way and partly in another.

9.3 If more than one quarter of the Net Annual Income referred to in paragraph 9.2 above consists of income receivable from Property which is let to a single company or a holding company or subsidiaries of such company, the amount of such excess over one quarter shall be a deduction for the purpose of paragraph 9.2 above.

10. Restrictions on Leasing

10.1 Except as set out in paragraph 10.2 below, the Issuer (which expression in this paragraph includes any Charging Company) shall not during the continuance of the security constituted by the Trust Deed exercise over or in relation to any of the Specific Security without the consent of the Trustee any of the powers of leasing at common law or powers of leasing and ancillary powers contained in or given by sections 99 and 100 of the Law of Property Act 1925 or in relation to the Property situate in Northern Ireland section 18 of the Conveyancing Act 1881 and section 3 of the Conveyancing Act 1911 to a mortgagor in possession.

10.2 The Issuer may in the ordinary course of its business without the consent or concurrence of the Trustee at any time and from time to time before the security constituted by the Trust Deed shall have become enforceable:

10.2.1 grant at the best rents reasonably obtainable in the open market without reserving any fine or premium such leases or tenancies (taking effect in possession either not later than five years after the date thereof or immediately upon expiry of a preceding term vested in the same tenant) for such terms not exceeding (or in the case of consecutive terms granted to the same tenant not exceeding in aggregate) 42 years and otherwise upon such conditions as it may think fit of any part of the Specific Security provided that the consent of the Trustee shall be required for the grant of any lease for a term in excess of seven years which does not contain provisions for reviewing the rent thereby reserved at least once in every seven years of the term in an upwards direction only to the best rent reasonably obtainable in the open market without taking a fine or premium;

10.2.2 accept a surrender of any lease or tenancy or any part of the Specific Security then having a term not exceeding (or in the case of consecutive terms granted to the same tenant not exceeding in aggregate) 42 years unexpired and whether subsisting at the date of the Trust Deed or granted subsequently under the provisions of the Trust Deed or otherwise for the purpose of granting a new lease or tenancy of the type specified in and where not requiring the consent of the Trustee as referred to under paragraph 10.2.1 above or (if such consent be required) then subject to such consent having been first obtained;

10.2.3 waive or vary any of the covenants conditions or provisions contained in any lease or tenancy of any part of the Specific Security then having a term not exceeding (or in the case of consecutive terms granted to the same tenant not exceeding in aggregate) 42 years unexpired whether subsisting at the date of the Trust Deed or granted subsequently under the provisions of the Trust Deed or otherwise but not without in each case obtaining the consent of the Trustee if the effect is to reduce the amount of any rent thereby reserved, or to extend the term thereby created so as to exceed 42 years unexpired as at the date of such extension, or to vary the provisions of any rent review in such manner that

if the relevant lease were then being granted with the term or rent review provisions in their varied form the consent of the Trustee to such grant would by virtue of such provisions be requisite in accordance with the proviso referred to in paragraph 10.2.1 above;

10.2.4 propose or agree to refer to the determination by an arbitrator or expert the amount of any rent payable by or to the Owning Company to be reviewed pursuant to the provisions for review under any lease of the Specific Security or any part thereof vested in the Owning Company or subject to which the same is (whether mediately or immediately) held by the Owning Company;

10.2.5 grant licences for any alteration or addition to or for any change of user of that Specific Security or any part thereof provided that where the alteration addition or change of user concerned requires permission under the Planning Acts the Issuer shall nevertheless first obtain the written consent of the Trustee, such consent not to be unreasonably withheld; and/or

10.2.6 grant licences for mortgages, charges, assignments, transfers, underlettings or licences to occupy and use the Specific Security or any part thereof.

11. Enforcement of Security

The security constituted by the Trust Deed shall become enforceable and the Trustee at its discretion may give notice to the Issuer declaring that the Stock is immediately due and repayable and, if so requested in writing by the holders of at least one-fifth of the principal amount of the Stock then outstanding or if so directed by an extraordinary resolution, shall give such notice and forthwith after any such notice the Stock shall become immediately due and repayable in the event of any of the following (each an "**Event of Default**"):

11.1 the Issuer makes default in the payment of any principal or premium (if any) due in respect of any of the Stock when and as the same ought to be paid in accordance with the provisions of the Trust Deed;

11.2 the Issuer makes default in the payment of any interest on the Stock for a period of fourteen days after the due date for payment thereof;

11.3 an order is made or an effective resolution passed for winding up the Issuer or any Charging Company except (in the case only of a Charging Company) a voluntary winding up for the purposes of a scheme or reconstruction or amalgamation the terms of which shall have been approved in writing by the Trustee or if a petition shall be presented or an order made for the appointment of an administrator in relation to the Issuer or any Charging Company;

11.4 an encumbrancer takes possession or a receiver, administrative receiver or manager is appointed of the Specific Security or any part thereof;

11.5 a distress or execution or other process shall be levied or enforced upon or sued out against any part of the Specific Security and not paid out or discharged within seven days and the Trustee has served notice in writing on the Issuer requiring the Issuer to pay out or discharge such process in full (or procure that it is so paid out or discharged) within seven days of such notice and the Issuer has failed to comply with such notice;

11.6 the Issuer or any Charging Company ceases or threatens to cease to carry on business (except in the case of a Charging Company under a scheme of reconstruction or amalgamation the terms of which shall have been approved in writing by the Trustee);

11.7 the Issuer or any Charging Company stops payment of or is unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986 and, if only sub-section (1) thereof is applicable, the Trustee has certified that such event is materially prejudicial to the interests of the Stockholders;

11.8 the Issuer or any Charging Company at any time fails to observe or perform any covenant condition or provision of the Trust Deed and on its part to be observed and performed (other than with regard to the payment of principal moneys or interest due in respect of any of the Stock as referred to in paragraph 11.9 below) and (if such breach is remediable) fails to remedy the same within 21 days;

11.9 any Charging Company (other than the Issuer) ceases to be a Subsidiary in any such case without the prior written consent of the Trustee;

11.10 the security for any other debentures or any mortgage or charge of the Issuer or any Charging Company shall become enforceable and steps shall be taken to enforce the same;

11.11 the repayment of any borrowing of a sum in excess of £100,000 by the Issuer or any Charging company is accelerated by reason of default and steps shall be taken to enforce such payment;

11.12 the Issuer or any Charging Company shall create or purport to create or permit any mortgage charge or lien raking or which by any means may be made to rank on the Specific Security or any part thereof pari passu with or in priority to the security constituted by the Trust Deed; or

11.13 the Company sells its whole undertaking or a substantial part thereof without the prior written consent of the Trustee.

12. Powers of Conversion

At any time after the security constituted by the Trust Deed becomes enforceable the Trustee may in its discretion and shall upon the request in writing of the registered holder or holders of at least one-fifth part in nominal amount of the Stock for the time being outstanding or upon the request of the Stockholders by an Extraordinary Resolution (and in either case without any further consent on the part of the Company or its assigns):

12.1 enter upon or take possession of the Specific Security or any part thereof;

12.2 sell call in collect and convert into money the Specific Security or any part thereof; and/or

12.3 sell transfer assign or otherwise deal with the Specific Security or any part thereof in such manner and for such consideration (whether payable or deliverable immediately or by instalments) as the Trustees shall think fit.

13. Appointment of a Receiver

At any time after the security constituted by the Trust Deed shall have become enforceable or after a petition for winding up the Issuer or a Charging Company shall have been presented or a notice shall have been given of a proposed resolution for winding up the Issuer or without the consent of the Trustee any Charging Company otherwise than for the purpose of an amalgamation or reconstruction the terms of which have been approved in writing by the Trustee, the Trustee may in its discretion and shall upon the request of the Stockholders by an Extraordinary Resolution or upon the request in writing of the holder or holders of not less than one-fifth part in nominal value of the Stock and without further notice by writing appoint a receiver of the Specific Security or any part thereof with power from time to time to remove any receiver so appointed and appoint another or others in his stead.

14. Trustee's Power to Enter into Possession

The Trustee may enter into possession of and hold or appoint a receiver to take possession of and hold any part of the Specific Security which may at any time appear to it in danger of being under any process of law by any creditor of the Issuer or a Charging Company or to be otherwise in jeopardy.

15. Meetings of holders

15.1 The Trust Deed contains provisions for convening meetings of the holders of the 2021 Debentures to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Conditions or the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be two or more persons present holding or representing a clear majority in nominal amount of the 2021 Debentures for the time being outstanding, or at any adjourned meeting one or more persons present whatever the nominal amount of the Debentures held or represented by him or them.

15.2 An Extraordinary Resolution passed at any meeting of the holders of the 2021 Debentures will be binding on all holders of the 2021 Debentures, whether or not they are present at the meeting.

15.3 Each holder of the 2021 Debentures will have one vote on a show of hands and one vote for each £1 of nominal amount held by him. The chairman of the meeting has a casting vote.

16. Payments

16.1 Subject as provided in the Trust Deed, payments of any monies owing upon the 2021 Debentures may be paid by any method for the time being specified in the Issuer's articles of association for payment of dividend or sent by cheque or warrant to the registered address of the holder at the risk of the holder.

17. Transfers

17.1 Subject to the provisions of the Trust Deed, the 2021 Debentures may be transferred in integral multiples of £1 in nominal amount by the registered holder by delivery to the registered office of the Company (or such other place as is appointed by the Directors) of the relevant 2021 Debentures together with the instrument of transfer in usual or common form duly completed and signed by or on behalf of the transferor and such other evidence as the Directors reasonably require to prove title to the 2021 Debentures.

18. Trustee Indemnity and Contracts with Issuer

18.1 The Trustee shall be entitled to be indemnified out of the Specific Security in respect of all liabilities, costs charges and expenses incurred by it in the execution or purported execution of any of the trusts powers or discretions vested in them pursuant to the Trust Deed and against all actions proceedings costs claims and demands in respect of any matter or thing done or omitted in relation to the Trust Deed.

18.2 The Trustee may be appointed a director or officer of the Company and enter into contracts and transactions with the Issuer or any Subsidiary or in connection with the Specific Security or any part thereof.

19. Appointment and Retirement of New Trustees

19.1 The statutory power of appointing new trustees shall be vested in the Issuer but a trustee so appointed must first be approved by an Extraordinary Resolution of the Stockholders. A body corporate may be appointed as a trustee and if a trust corporation, it may be the sole trustee. Subject to a trust corporation being the sole trustee, there shall be at least two trustees, one of whom shall be a trust corporation. When there are more than two trustees, a majority of the trustees may exercise all the functions powers and duties vested in the trustee.

19.2 A trustee may retire on giving three calendar months' notice in writing to the Issuer provide that such retirement shall not take effect until a new trustee has been appointed.

20. Register

The Issuer shall at all times keep at its registered office or (subject to the provisions of section 743 of the Companies Act 2006) some other place approved by the Trustee an accurate register for each class of Stock showing the amount of the Stock for the time being issued, the date of issue, any transfers of Stock or changes in ownership, the names and addresses of the Stockholders and the persons deriving title under them.

21. Governing Law

The Trust Deed is governed by English law and, given that it is constituted as a deed, any claims to interest and repayment of principal are subject to a statutory time limit of 12 years.

PART 7

INFORMATION ON THE REORGANISATION

Background

The Issuer has one subsidiary undertaking, Audax, the principal business of which is a property investment company. As at 30 September 2013, Audax's net assets (on an unaudited basis) were valued at £12,988,684.

On 7 August 1986, Audax constituted the First Debenture Stock and, on 23 March 1988, Audax constituted the Second Debenture Stock. On 27 September 1991, the First Debenture Stock and the Second Debenture Stock became known as the 2021 Debentures. The 2021 Debentures are listed on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange's main market for listed securities.

The Directors have resolved to simplify the structure of the Issuer's group so that the assets (and liabilities) of Audax are transferred to the Issuer and Audax is dissolved. The Issuer and Audax have entered into a business transfer agreement in terms of which the Charged Property Portfolio, the Uncharged Property Portfolio and any and all other assets of Audax will be transferred to the Issuer at market value, such consideration to be satisfied by the assumption by the Issuer of any and all liabilities of Audax, including Audax's obligations in terms of the 2021 Debentures, with the balance in cash to be left outstanding on intercompany account until such time as Audax is dissolved.

As part of this reorganisation, the Issuer will become the sole debtor in respect of the 2021 Debentures and Audax will cease to be an obligor in relation to the 2021 Debentures. The Issuer will assume all obligations of Audax under the 2021 Debentures including, without limitation, the obligation to repay all interest accrued but unpaid as at the Effective Date and payable on the interest payment date following the Effective Date (being 31 March 2014).

The 2021 Debentures are secured by charges granted by Audax over its Charged Property Portfolio in favour of the Trustee, which will be released and then re-granted by the Issuer upon transfer to it by Audax of the Charged Property Portfolio.

This substitution and release and re-grant of security in connection with the substitution: (i) will be implemented by the Deed of Amendment, Deed of Substitution and Deed of Release; and (ii) requires the approval by the holders of the 2021 Debentures by way of two Extraordinary Resolutions to be proposed at a meeting of the holders of the 2021 Debentures convened for 11 March 2014.

The First Extraordinary Resolution

The Existing Trust Deed does not contain an express power of the holders of the 2021 Debentures to approve, by way of Extraordinary Resolution, the substitution of the Issuer as debtor under the 2021 Debentures and release and re-grant of security in connection with such substitution. In terms of the First Extraordinary Resolution, the holders of the 2021 Debentures are therefore being asked to assent to the supplementation of their powers that are exercisable by Extraordinary Resolution only to so provide them with the power to approve this substitution of the Issuer and release and re-grant of security in connection with such substitution.

In addition, by passing the First Extraordinary Resolution, the holders of the 2021 Debentures will be:

- approving the entry by the Trustee into the Deed of Amendment, in terms of which the powers of the holders of the 2021 Debentures exercisable by Extraordinary Resolution only were so supplemented; and
- discharging the Trustee from any liability in connection with the First Extraordinary Resolution.

The Second Extraordinary Resolution

In terms of the Second Extraordinary Resolution, which is proposed conditional upon the Deed of Amendment coming into effect, the holders of the 2021 Debentures are being asked to assent to the release of Audax from all and any of its obligations under the Existing Trust Deed and the assumption by

the Issuer of the rights and obligations in substitution for, and to the exclusion of, Audax. In addition, by passing the Second Extraordinary Resolution, the holders of the 2021 Debentures will be:

- approving the entry by the Trustee into the Deed of Substitution, in terms of which the substitution will effected, new certificates in respect of the 2021 Debentures will be issued to holders, new security will granted over the properties that are transferred by Audax to the Issuer and certain consequential amendments will made to the Existing Trust Deed;
- approving the entry by the Trustee into the Deed of Release, in terms of which the existing security over Audax's Charged Property Portfolio will be released; and
- discharging the Trustee from any liability in connection with the Second Extraordinary Resolution.

Condition

The Deed of Amendment, the Deed of Substitution and the Deed of Release will be entered into following approval by the holders of the 2021 Debentures of the Extraordinary Resolutions. The effectiveness of Deed of Substitution and the Deed of Release will conditional upon Admission becoming effective by no later than 30 June 2014.

Listing

An application will be made to the UK Listing Authority and the London Stock Exchange for cancellation of the listing and admission to trading of the 2021 Debentures in the name of Audax, and for Admission.

The application for cancellation of the listing and admission to trading of the 2021 Debentures in the name of Audax will be made conditional upon Admission becoming effective.

It is expected that the cancellation of the listing admission to trading of the 2021 Debentures, and Admission, will take place on 28 March 2014. Concurrently with this, Audax's assets and liabilities will be transferred to the Issuer and the substitution, release and re-grant of security (and other amendments provided for in the Deed of Substitution) will become effective.

On the Effective Date, certificates in respect of the 2021 Debentures will cease to be valid. Temporary documents of title will not be issued pending despatch by post of new definitive certificates for the 2021 Debentures to be issued by the Issuer. Pending the issue of such certificates, holders of the 2021 Debentures wishing to register transfers of their 2021 Debentures may certify their forms of transfer against the register of holders of the 2021 Debentures by contacting the Issuer's registrar, Computershare Investor Services plc. On registration of any such transfers, the transferee will receive a certificate in respect of the 2021 Debentures the subject of the relevant transfers.

PART 8

INFORMATION ON THE ISSUER

Introduction

The Issuer was incorporated in Scotland under the Companies Act 1948 to 1967 on 19 April 1972 with registered number SC050366 and under the name S.F.M. Investments Limited as a company limited by shares. It was re-registered as a public limited company on 22 December 1981. It changed its name to The Scottish European Investment Company Limited by special resolution dated 1 May 1972, to Stewart Enterprise Investment Company plc by special resolution dated 1 June 1981 and to its present name, Value and Income Trust plc, by special resolution dated 5 August 1986.

The Issuer operates under the Companies Act as a public limited company. The Issuer is domiciled in the UK. The Issuer's registered office is located at Kintyre House 205, West George Street, Glasgow, Scotland G2 2LW, the telephone number is 0141 306 7400 and its principal place of business is at Pollen House, 10/12 Cork Street, London W1S 3NP.

Business

The Issuer is an investment company within the meaning of the Companies Acts and has been approved as an investment trust by HMRC (or its predecessors) under the provisions now contained in the Corporation Taxes Act 2010 for each accounting period from 1974 to 2012.

Investment objectives and policy

The investment objective of the Issuer is to provide above average long-term growth in dividends and capital values through selective long term investments in higher yielding, less fashionable areas of UK commercial properties and UK quoted equity markets, particularly in smaller companies. The Issuer aims for long term real growth in dividends and capital value without undue risk.

The typical investors for whom the Issuer is designed are institutional investors and professionally advised private investors seeking, over the longer term, a high, secure dividend yield on their investments and long-term capital growth from investments principally in equities and commercial properties.

The Issuer's policy is to invest in, and its portfolio consists primarily of, quoted UK equities, UK commercial property and cash or near cash securities. It is not normally the Issuer's policy to invest in overseas shares or in unquoted companies. UK equities usually account for between half and three-quarters of the total portfolio and property for a quarter to a half. However, the asset allocation may go outside these ranges if relative market levels and investment value, or a desired increase in cash or near cash securities, make it appropriate. The Issuer focuses on the fundamental values and incomes of the businesses in which it invests – their profitability, cash flows, balance sheets, management and products and services – and the location, tenants and leases of its property investments.

The Issuer has held between 30 and 40 individual shareholdings and between 20 and 30 individual properties in recent years, but these ranges may change as the market conditions or size of the portfolio vary in future. No individual shareholding will account for more than 10% of the equity portfolio at the time of purchase. For further information see the paragraph headed "Investment Restrictions" below.

It is the Issuer's policy to increase its exposure to equities and, particularly, to property through the judicious use of borrowings. In accordance with the Articles, the Issuer's borrowings shall not (unless sanctioned by ordinary resolution of the Issuer's shareholders) exceed three times the Issuer's adjusted total of capital and reserves (within the meaning given to such term in the Articles).

All borrowings have been long term debentures (see under the heading "***Borrowings***" below). Gearing has varied between a quarter and two-fifths of the total portfolio. It is the Issuer's policy to maintain gearing at this level and not to raise new borrowings if the total net borrowings would then represent more than half of the total assets.

In accordance with the Listing Rules, any material change in the Issuer's investment policy will only be made with the approval of the Issuer's shareholders by ordinary resolution passed at a general meeting of

the Issuer. Such an alteration would be announced by the Issuer through a Regulatory Information Service.

Portfolio

A summary of the Issuer's portfolio is set out in the table below*:

	30 September 2013		31 March 2013		30 September 2012		31 March 2012		30 September 2011		31 March 2011	
	£ million	%	£ million	%	£ million	%	£ million	%	£ million	%	£ million	%
UK equities	126.4	72.0	123.8	72.0	106.0	68.0	101.2	67.0	90.0	64.0	99.4	67.0
UK property	46.4	26.0	46.2	27.0	47.2	31.0	48.2	32.0	48.7	34.0	49.8	33.0
Cash	3.5	2.0	1.1	1.0	1.8	1.0	1.9	1.0	2.6	2.0	0.2	0.0
Total	176.3	100.0	171.1	100.0	155.0	100.0	151.3	100.0	141.3	100.0	149.4	100.0

* The financial information contained in this table has been extracted from the published audited consolidated accounts of the Issuer for the years ended 31 March 2013, 31 March 2012 and 31 March 2011 and the unaudited half yearly financial information of the Issuer for the periods ended 30 September 2013, 30 September 2012 and 31 March 2011.

As at close of business on 11 February 2014, the Issuer's portfolio comprised £134.9 million in UK equities (73.3%), £46.4 million in UK property (25.2%) and £2.8 million in cash (1.5%). The investments held by the Issuer are listed on the London Stock Exchange.

The sector distribution of the UK equities portfolio as at 11 February 2014 was industrial 27.26%, consumer services 15.51%, financials 13.70%, telecommunications 9.26%, oil and gas 8.15%, utilities 8.57%, consumer goods 6.43%, basic materials 6.62% and healthcare 4.50%.

The table below sets out details of the Issuer's fifteen largest equity holdings as at close of business on 11 February 2014:

Holding (as at 11 February 2014)	Company	Description	Market Value (as at 11 February 2014) (£)
285,000	Rotork	The world's leading manufacturer of actuators serving particularly the oil, gas and water management industries.	7,127,850
3,000,000	Legal & General Group	One of the UK's leading financial services companies, specialising in life assurance and pensions.	6,828,000
475,000	Babcock International	An engineering support services group; the main customer is the Ministry of Defence.	6,626,250
275,000	Spectris Group	Leading supplier of instrumentation and controls	6,514,750
1,600,000	BT Group	The fixed – line telecommunications company	6,328,000

1,000,000	Restaurant Group	The company owns chains of restaurants in airports and leisure parks.	6,275,000
2,815,000	Vodafone	The leading mobile telecommunications company	6,235,225
1,121,000	BP	One of the world's largest energy companies, providing fuel, retail services and petrochemicals.	5,512,518
325,000	GlaxoSmithKline	The UK's largest pharmaceutical company.	5,339,750
935,000	N Brown Group	An on-line and catalogue retailer.	5,268,725
1,650,000	Beazley	A specialist international insurance company, primarily operating in Lloyds.	4,534,200
184,000	Unilever	The global food, home and personal care company.	4,408,640
660,000	HSBC	The banking group.	4,193,640
685,000	Halma	Operating in 22 countries, the company makes products to protect buildings and the environment.	3,983,275
3,297,000	John Laing Infrastructure Fund	A closed-end investment company investing in mature infrastructure projects.	3,831,114
Total			83,006,937

The property portfolio comprises retail (out of town 17%; in town 46%), leisure (29%) and industrial (8%), property with 56% of the portfolio located in South East England. Further information on the property portfolio is set out in the valuation report in Part 10 of this document.

The Issuer's unaudited net asset value as at 31 January 2014 (valuing its debt at par value) was £143,310,000 (being 314.62 pence per share) and (valuing its debt at fair value) was £133,384,000 (being 292.83 pence per share).

Valuations

The Issuer's property portfolio is valued as at 31 March and 30 September each year by an independent valuer in compliance with the Practice Statements contained within the RICS Valuation – Professional Standards 2012 and in accordance with the requirements of the Listing Rules of the FCA. The Issuer's equity portfolio is valued daily in accordance with the Issuer's accounting policies.

The monthly net asset value is calculated by BNP Paribas Securities Services SCA and released by the Issuer each month to a Regulatory Information Service. Calculation of the net asset value per share will be suspended only in circumstances in which the underlying data necessary to value the investments of the Issuer cannot readily or without undue expenditure be obtained. Any such suspension will be announced to an Regulatory Information Services.

Investment restrictions

The Issuer will manage its investments in a manner consistent with its published investment policy, Chapter 15 of the Listing Rules, sections 1158 and 1159 of the Corporation Taxes Act 2010. Accordingly:

- distributable income will be principally derived from investments. The Issuer will not conduct any trading activity which is significant;
- not more than 15 per cent. of distributable income will be retained by the Issuer;
- not more than 15 per cent. of the Issuer's gross assets will be lent to or invested in the securities of any one company; and

- the distribution as dividend of surpluses arising from the realisation of investments is prohibited.

Dividend policy

The dividends paid to the Issuer's shareholders depend on, inter alia, the income return on the Issuer's portfolio; they may therefore vary over time. It is the objective of the Issuer to maximise the return to its equity shareholders in the form of long term real growth in dividends and capital value without undue risk through the optimisation of the debt and equity balance. Since 1986 (when the current investment managers were appointed), the level of dividend per share has increased every year. Dividends are paid in accordance with the Articles and the restriction set out under the paragraph entitlement "Investment restrictions" above.

In the financial year ended 31 March 2011, the Issuer paid an aggregate dividend of 7.80p per share, in the financial year ended 31 March 2012 8.05p per share and, in the financial year ended 31 March 2013, 8.30p per share.

Borrowings

The non-current liabilities of the Issuer and, prior to the Reorganisation, of Audax comprise the 2021 Debentures and the 2026 Debentures. The Issuer has no other material non-current liabilities.

2021 Debentures

The 2021 Debentures are repayable at par on 31 March 2021 and, prior to the Effective Date, are secured over specific assets of the Issuer and of Audax. Following the Effective Date, the 2021 Debentures will continue to be secured over the same specific assets, each of which will be held by the Issuer.

The Trust Deed contains various covenants with which Audax or, following the Effective Date, the Issuer must comply, including the following:

- the value of the assets which are subject to charge and which secure the 2021 Debentures should not be less than one and one-half times the aggregate amount of the 2021 Debentures.
- the rental income from those assets should not be less than one and one-half times the annual interest of the 2021 Debentures (£1.65 million).
- not more than 20 per cent. of the total value of those assets should be attributable to a single property.
- not more than 10 per cent. of the assets should be attributable to leaseholds having an unexpired term of less than 50 years.

For further details of the terms and conditions of the 2021 Debentures, see Part 6 ("Terms and Conditions of the 2021 Debentures") of this document.

2026 Debentures

The 2026 Debentures are repayable at par on 30 November 2026 and are secured by a floating charge over the property and assets of the Issuer.

The trust deed dated 30 June 1995 and entered into between the Issuer and PTCL constituting the 2026 Debentures contains certain restrictions and events of default.

These include restrictions on the ability of the Issuer to:

- change its business as an investment trust;
- make disposals of the whole or a substantial part of its properties, assets or revenues;
- create security;
- reduce its share capital; and
- allow the aggregate amount of (a) the 2026 Debentures; and (b) indebtedness secured by floating charges which rank pari passu with the floating charges securing the 2026 Debentures to exceed the value of securities beneficially owned by the Issuer and quoted on the London Stock Exchange.

In addition, the restrictions include a requirement that the Issuer's aggregate borrowings (on a consolidated basis), £35 million as at 31 March 2013, must not at any time exceed the Issuer's total consolidated capital and reserves (equivalent to net assets of £135.82 million as at 31 March 2013).

Trends

Equities

Over the six month period to 30 September 2013, UK equities made further modest progress. The FTSE All Share Index rose by 1.9% and recorded a total return, including income, of +3.8%. In June 2013, fears of 'tapering' of Quantitative Easing ("QE") by the Federal Reserve in America caused sharp falls in asset prices. In July 2013, prices recovered and rose further as investors realised that QE would only be tapered when economic growth becomes firmly established and that in most parts of the world this is not yet the case. In the UK, statistics announced for growth in GDP in the second quarter (+0.7%) continued the improving trend in economic growth and resulted in upgraded forecasts for 2013 and 2014, reversing the long trend of downgraded forecasts. Mid-sized and small companies rose by 7.1% and 10.5% in their respective indices, strongly outperforming the FTSE 100 Index of the largest companies, which rose by just 0.8%. High yielding companies also underperformed with a rise of just 0.9%.

In the first quarter of 2013, UK GDP increased by 0.3% and in second quarter growth accelerated to +0.7%. Expectations for the third quarter are now for the fastest rate of growth in a single quarter since June 2007. Forecasts are now being upgraded with +1.3% and +2.0% now generally expected for GDP growth in 2013 and 2014. There has been a steady growth in the equity indices since mid 2012, with one exceptional month in June 2013, when fears about the tapering of QE briefly caused sharp falls.

The FTSE All Share Index currently yields 3.4%, with dividends continuing to grow, and compares with ten year gilt yields of 2.7%. Gilt yields remain unsustainably low, supported by QE and by the statement from the new Governor of the Bank of England that Base Rate will remain at 0.5% until the unemployment level has fallen to 7%, unless there are exceptional circumstances.

Properties

UK commercial property values have been generally increasing since the first quarter of 2013, having been decreasing since mid 2011. The Directors believe that good long term investment value offered by the current high yields (6.9% as at 30 September 2013) on well-let property is now more recognised by both institutional and debt-financed investors.

Capital values increased by about 20% from the depths of the property crash in mid-2009 to autumn 2011, and then decreased by 5%, before stabilising in early 2013. Retail and industrial/warehouse property, as well as office property outside Central London, fell by more, but rising London office values offset the negative total returns on provincial offices, which were the worst performing subsector in the IPD Index.

In the retail sector, supermarkets (which have longer than average lease lengths and often indexed rent reviews) continue to perform better than retail warehouses, high street shops and shopping centres where average rental values are still falling. Retail capital values are, however, also stabilising as institutional investors, in particular, are finding current high retail yields attractive. Capital and rental values for warehouse and industrial property have suffered from shortening lease lengths and tenants exercising break clauses, or vacating property when leases ended. Void rates are just starting to decline as the properties developed in the period 2005 to 2008 are being sold and investment sentiment in this sector is more positive.

Rental values remain under pressure in provincial offices, but office rents in London are still rising, especially in the West End where office buildings are being converted into luxury flats at a great rate as residential values increase rapidly. Letting markets are still variable, with tenants slow to sign new leases, so valuers' estimated rental values are still often too optimistic, with generous incentives to tenants not factored in.

Average property capital values are anticipated to rise by about 3% over 2013 as a whole, despite a slight drop in the first quarter of 2013, giving average total returns of 9% - 10%. Average rental values are likely to be flat over 2013, but with improving trends towards the end of the year.

Investments

The Issuer's portfolio has not substantively altered since 31 March 2013 (being the date of the latest audited financial statements) and the Issuer has not made any significant investments, nor made any firm commitments to do so, since that date.

Directors

The Directors of the Issuer are as follows:

Name	*Date of appointment as Director*	*Function*	*Outside directorships / activities*
James Ferguson	17 July 1989	Chairman	Chairman of Scottish Oriental Smaller Companies Trust plc
			Chairman of The North American Income Trust plc
			Chairman of Northern 3 VCT plc
			Chairman of The Monks Investment Trust plc
			Director of The Independent Investment Trust plc
			Director of Lloyds TSB Foundation for Scotland
			Director of Amati Global Investors Limited
John Kay	4 February 1994	Director	Director of The Law Debenture Corporation plc
			Director of Scottish Mortgage Investment Trust plc
			Director of L.D. Pension Plan Trustee Limited
			Director of Horspath Driftway Management Company Limited
Angela Lascelles	6 March 2008	Managing Director of OLIM Limited	
Matthew Oakeshott	1 April 2007	Chairman of OLIM Property Limited	Director of Aubrey Investments Limited
			Director of Gakero Limited
			Director of Seagrove Investments Limited
David Smith	10 July 2009	Director	Partner of Shepherd and Wedderburn LLP for 34 years before retiring in 2008

The business address of each of the Directors is the Company's registered office at Kintyre House 205, West George Street, Glasgow, Scotland G2 2LW. Angela Lascelles and Matthew Oakeshott are, respectively, appointed to the boards of the Issuer's investment managers, OLIM Limited and OLIM Property Limited. In addition, Matthew Oakeshott is the ultimate beneficial owner of OLIM Property Limited. There may be occasions when the activities of OLIM Limited and OLIM Property Limited give rise to conflicts with the interests of the Issuer (see the first and second paragraphs under the heading "Investment managers' potential conflicts of interest" on page 40 of this document). As directors of, respectively, OLIM Limited and OLIM Property Limited, Angela Lascelles and Matthew Oakeshott will be directly responsible for, and involved with, those activities and, therefore, there may be occasions when the interests and duties of Angela Lascelles and / or Matthew Oakeshott conflict with the interests of, and their duties to, the Issuer.

Save as set out in the preceding paragraph, there are no potential conflicts of interests between the duties of the directors to the Issuer and their private interests and duties.

Within the period of five years preceding the date of this document, none of the Directors has:

(i) been convicted of any fraudulent offences;

(ii) been a director or senior manager of any company at the time of bankruptcy, receivership or liquidation of such a company;

(iii) received any official public incrimination or sanction by any statutory or regulatory authorities (including any designated professional bodies) or has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company; or

(iv) at any time been adjudged bankrupt or been the subject of any form of individual voluntary arrangement.

Terms of appointment and remuneration

None of the Directors have a service contract with the Issuer. The terms of on which each of the Directors is appointed provides that a Director shall retire and be subject to re-election at the first annual general meeting after his appointment, and at least every three years after that. Every Director with in excess of nine years' service should stand for annual re-election. In addition, as Matthew Oakeshott and Angela Lascelles are not considered independent, they submit themselves annually for re-election. A Director may be removed without notice and compensation will not be due on leaving office.

The aggregate remuneration paid and benefits in kind granted to the Directors by the Issuer in respect of the financial year ended 31 March 2013 was £79,989. In the financial year ended 31 March 2013, the Directors were entitled to the following remuneration and benefits in kind from the Issuer:

Director	**Salary/fees**	**Bonus**	**Benefits in kind**	**Total**
	(£,000)	**(£,000)**	**(£,000)**	**(£,000)**
James Ferguson	20,000	N/A	N/A	20,000
David Back (resigned as director on 13 July 2012)	3,989	N/A	N/A	3,989
John Kay	14,000	N/A	N/A	14,000
David Smith	14,000	N/A	N/A	14,000
Matthew Oakeshott[1]	14,000	N/A	N/A	14,000
Angela Lascelles[1]	14,000	N/A	N/A	14,000

1 The fees detailed as being paid to Matthew Oakeshott and Angela Lascelles are included in the investment management fees of OLIM Property Limited and OLIM Limited respectively in respect of the services provided to the Issuer by Matthew Oakeshott and Angela Lascelles. Further details of the fees paid to OLIM Property Limited and OLIM Limited are set out in the section entitled 'Fees payable' section in Part 8 (Information on the Issuer) of this document.

The Issuer has no obligation to contribute or to accrue for any pension, retirement or other similar benefits in respect of the Directors.

Directors' interests

As at 11 February 2014 (being the latest practicable date prior to publication of this document), the Directors' respective interests in the share capital of the Issuer are as follows:

Director[1]	**Number of Ordinary Shares held**
James Ferguson	757,000
James Ferguson - beneficial	62,500
John Kay	139,110

John Kay- trustee	67,830
Angela Lascelles	554,999
Angela Lascelles – beneficial	250,000
Angela Lascelles – trustee	12,000
Matthew Oakeshott	2,739,793
Matthew Oakeshott – beneficial	2,544,792
Matthew Oakeshott – trustee	100,000
David Smith	16,712

1 The beneficial interests of the Directors include interests of the Directors' immediate families.

Management and running expenses

Investment Management

OLIM Limited is employed as the Issuer's investment manager in respect of its equity portfolio and OLIM Property Limited is employed as the Issuer's investment manager in respect of its property portfolio.

Investment Managers

OLIM Limited was incorporated in England and Wales under the Companies Act 1985 on 20 December 1985 with registered number 01973219 and under the name Speedwide Limited as a company limited by shares. It changed its name to its present name, OLIM Limited, by special resolution dated 31 January 1986.

OLIM Limited operates under the Companies Act as a private limited company. OLIM Limited is authorised by the FCA under number 122589. Its registered office and principal place of business is located at Pollen House, 10-12 Cork Street, London W1S 3NP and the telephone number is 020 7439 4400.

Angela Lascelles is a director of OLIM Limited.

OLIM Limited was co-founded by Angela Lascelles and Matthew Oakeshott in 1986. OLIM Limited has 27 years' experience as a specialist investment manager working for a range of clients. Its portfolios vary from pure UK equity to multi-asset mandates. As at 31 December 2013, OLIM Limited had £470 million of funds under third party discretionary management.

OLIM Property Limited was incorporated in England and Wales under the Companies Act 2006 on 7 July 2011 with registered number 07696904 and under the name OLIM Divestment Company Limited as a company limited by shares. It changed its name to its present name, OLIM Property Limited, by special resolution dated 7 February 2012.

OLIM Property Limited operates under the Companies Act as a private limited company. OLIM Property Limited is authorised by the FCA under number 563156. Its registered office and principal place of business is located at Pollen House, 10-12 Cork Street, London W1S 3NP and the telephone number is 020 7439 4400.

Matthew Oakeshott is the ultimate beneficial owner and a director of OLIM Property Limited.

OLIM Property Limited is an investment manager of property portfolios for pension funds, charities and investment trusts.

Prior to April 2012, the businesses of both OLIM Property Limited and OLIM Limited were carried out by OLIM Limited.

In April 2012, as a result of a management buyout of the property management business then carried out by OLIM Limited, the investment management of the Issuer's portfolio was split between OLIM Limited, which continues to manage the Issuer's equity portfolio, and OLIM Property Limited, which manages the Issuer's property portfolio. As at 31 December 2013, OLIM Property Limited had £463 million of funds under thirds party discretionary management.

Fees payable

Under two separate investment management agreements entered into by the Issuer on 5 April 2012, both of which may be terminated by either party on giving one year's notice, OLIM Limited and OLIM Property Limited receive an investment management fee of 2/3 of 1% of the Issuer's total assets less current liabilities, which is allocated 72.5% to OLIM Limited and 27.5% to OLIM Property Limited.

The total management fees paid to the investment managers in respect of the financial year ended 31 March 2011 amounted to £967,000 (excluding VAT), in respect of the financial year ended 31 March 2012 amounted to £972,000 (excluding VAT) and in respect of the financial year ended 31 March 2013 amounted to £1,041,000 (excluding VAT).

OLIM Limited and OLIM Property Limited are also entitled to a performance fee subject to the achievement of certain criteria. The objective is to give the Managers' a performance fee of 10% of any outperformance of the Issuer's share price total return ("**VIT SPTR**") over the FTSE All-Share Index share price total return ("**FTSE SPTR**"). The performance fee is paid annually in respect of performance over the preceding three years. The fee is payable only if the VIT SPTR has been positive over the period and, in addition, the NAV total return has been positive and has exceeded the FTSE SPTR over the period. The maximum performance fee payable in any year is 1/3 of 1% of the Issuer's total assets less current liabilities and is allocated to OLIM Property Limited and OLIM Limited in the same ratio as the investment management fee.

The total performance fees paid to the investment managers in respect of the financial year ended 31 March 2011 amounted to £109,000 (excluding VAT), in respect of the financial year ended 31 March 2012 amounted to £504,000 (excluding VAT) and in respect of the financial year ended 31 March 2013 amounted to £125,000 (excluding VAT).

Investment managers' potential conflicts of interest

The investment managers, OLIM Limited and OLIM Property Limited, may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Issuer. In particular, the investment managers currently do, and will continue to, provide property / investment management, investment advice or other services in relation to a number of companies, funds or accounts that may have similar investment policies to that of the Issuer and may receive management and/or performance related fees for doing so.

The investment managers may give advice or take action with respect to such other clients that differs from the advice given or actions taken with respect to the Issuer.

Each of the investment managers is regulated by the FCA and, in terms of the FCA handbook, is obliged to treat its clients fairly.

In terms of the investment management agreements between the Issuer and each of OLIM Limited and OLIM Property Limited, there is a restriction on the investment manager's directors or employees becoming director of any company in which the Issuer has an investment, and the investment managers are required to disclose details of their directors' or employees' shareholdings in any company in which the Issuer has an investment and directorships held in any other company competing with the business of the Issuer.

Administration and expenses

In addition to the investment management fees referred to above, the Issuer pays the administration and all other fees and expenses incurred in the operation of the business including expenses for registrars, legal, auditing and other professional services, the costs of listing the Issuer's securities, the costs of Directors' insurance and the fees and expenses of the Directors. For the financial year ended 31 March 2011, these fees and expenses amounted to 457,000, for the financial year ended 31 March 2012, £421,000 and, for the financial year ended 31 March 2013, £513,000.

Maven Capital Partners UK LLP acts as company secretary to the Issuer.

Audit Committee

Audit matters are reviewed by the Audit and Management Engagement Committee which is specifically charged under its terms of reference with: (i) reviewing and monitoring the internal control systems and risk management systems on which the Issuer is reliant; (ii) monitoring the integrity of the interim management statements and annual and half-yearly financial statements of the Issuer by reviewing, and challenging where necessary, the actions and judgements of OLIM Limited, OLIM Property Limited and the third party

administrators; (iii) meeting, if required, with the independent auditor to review their proposed programme of audit work and their findings and assessing the effectiveness of the audit process; (iv) developing and implementing policy on the engagement of the independent auditor to supply non-audit services if applicable; (v) reviewing an annual statement from each of OLIM Limited, OLIM Property Limited and the Company Secretary detailing the arrangements in place within OLIM Limited, OLIM Property Limited and the Company Secretary whereby staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters ("whistleblowing"); and (vi) making recommendations in relation to the appointment of the independent auditor and to approve their remuneration and terms of engagement; and (vii) monitoring and reviewing annually the auditors' independence, objectivity, effectiveness, resources and qualification.

The members of the Audit Committee are James Ferguson, John Kay and David Smith. The Chairman of the Board chairs the Audit Committee.

Corporate Governance

Throughout the period covered by the financial information incorporated by reference in this document, the Issuer has, except where otherwise explained in that financial information, complied with the UK Financial Reporting Committee's Corporate Governance Code and AIC Code of Corporate Governance by reference to the AIC Corporate Governance Guide for Investment Companies.

Major Shareholders

To the extent known to the Issuer, the Issuer is not directly or indirectly owned or controlled by a third party.

Substantial interests

The Issuer has been notified that the shareholders listed in the below table are interested in 3% or more of the issued share capital of the Issuer as at 11 February 2014 (being the latest practicable date prior to the publication of this document).

Shareholder	Number of ordinary shares held	% held
Matthew Oakeshott and family	5,384,585	11.82
Alliance Trust Savings Limited	4,179,447	9.18
Value and Income Trust ISA and Share Plan	2,450,905	5.38
Brewin Dolphin Securities	1,881,976	4.13
Barclays Stockbrokers	1,692,926	3.72
Rathbones	1,670,625	3.67
Smith & Williamson	1,599,933	3.51

None of the persons noted in the table above has different voting rights from other Shareholders in respect of the ordinary shares held by them.

Share Capital

At 31 March 2013, the Issuer had 45,549,975 ordinary shares of 10p nominal in issue, each of which was fully paid up. There were no changes to the authorised and issued share capital of the Company between 1 April 2010 and 31 March 2013 (being the period covered by the historical financial information) and no changes are proposed.

No share capital of the Issuer is under option or agreed conditionally or unconditionally to be put under option. The Issuer does not hold any shares in treasury.

Articles of Association

General

The Articles (which are incorporated into this Prospectus by reference) are registered with the Registrar of Companies at Companies House. The objects of the Issuer are unrestricted.

In this paragraph "Statutes" means the Companies Act and every statute (including any orders, regulations or other subordinate legislation made under the Act) from time to time in force concerning companies so far as they apply to the Issuer.

Rights attaching to the ordinary shares

The ordinary shares (which at the date of this document are the only class of share in issue in the Issuer) have attached thereto the respective rights and privileges and are subject to the respective limitations and restrictions set out below:

Voting rights

Subject to any terms as to voting upon which any shares may be issued or may for the time being be held, on a show of hands every member who is present in person or by proxy at a general meeting of the company and every duly authorised corporate representative shall have one vote. On a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder and every person appointed as proxy of a member shall have one vote for every share in respect of which he is appointed as proxy and every duly authorised corporate representative may exercise all the powers on behalf of the company which authorised him to act as its representative and shall have one vote for every share in respect of which he is appointed as the corporate representative.

Dividend rights

The Issuer may by ordinary resolution from time to time declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board.

The Board may also from time to time pay such interim dividends as appear to them to be justified by the financial position of the Issuer and may also pay any dividend payable at a fixed rate at intervals settled by the Board whenever the financial position of the Issuer, in the opinion of the Board, justifies such payment. Any dividend unclaimed for a period of 12 years from the date of declaration of such dividend shall be forfeited and shall revert to the Issuer. Subject to the rights attaching to, or the terms of issue of, any shares, no dividend or other moneys payable by the Issuer on or in respect of any shares shall bear interest against the Issuer.

Distribution of assets

If the Issuer shall be wound up (whether voluntarily or otherwise), the liquidator may, with the sanction of a special resolution, divide among the members *in specie* the whole or any part of the assets of the Issuer, and that whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for each purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the authority of a special resolution, vest the whole or any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but not so that no member shall be compelled to accept any shares or other property in respect of which there is any liability.

Redemption rights

Subject to the provisions of the Statutes and to any rights previously conferred on the holders of any other shares, any share may be issued which is to be redeemed or is liable to be redeemed at the option of the Issuer or the holder and the Board is entitled to determine the terms, conditions and manner of redemption of any such shares.

Transfer of shares

The Articles provide that shares may be transferred on the following basis, subject to any specific restrictions set out in the Articles (including those detailed below) which may be applicable:

(i) any member may transfer all or any of his uncertificated shares by means of a relevant system in such manner provided for, and subject as provided in the Uncertificated Securities Regulations 2001 and the rules of any relevant system, and accordingly no provision of the Articles shall apply in respect of an

uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the share to be transferred; and

(ii) any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee, and the transferor shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the register of members of the Issuer in respect of it. All instruments of transfer, when registered, may be retained by the Issuer.

However, the Board may, in its absolute discretion and without giving any reason for so doing, decline to register any transfer of any share which is not fully paid provided that where such share is admitted to the Official List of the UK Listing Authority such discretion may not be exercised in such a way as to prevent dealings in shares of that class from taking place on an open and proper basis.

The Board may only decline to register a transfer of an uncertificated share in the circumstances set out in the Uncertificated Securities Regulations 2001, and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

In relation to certificated Shares, the Board may also decline to register any transfer unless:

(i) the instrument of transfer is left at the registered office of the Issuer or such other place as the Board may from time to time determine, accompanied (save in the case of a transfer by a person to whom the Issuer is not required by law to issue a certificate and to whom a certificate has not been issued) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the person executing the instrument of transfer to make the transfer;

(ii) (if stamp duty is generally chargeable on transfers of certificated shares) the instrument of transfer is duly stamped or adjudged or certified as not chargeable to stamp duty;

(iii) the instrument of transfer is in respect of only one class of share; and

(iv) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.

Variation of rights attaching to the shares

Subject to the provisions of the Statutes, all or any of the rights for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Issuer is being wound up) be varied either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. All the provisions of the Articles as to general meetings of the Issuer shall, *mutatis mutandis*, apply to any such separate general meeting, but so that the necessary quorum shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares), (but so that at any adjourned meeting one holder present in person or by proxy (whatever the number of shares held by him) shall be a quorum), that every holder of shares of the class present in person or by proxy (excluding any shares of that class held as treasury shares) shall be entitled on a poll to one vote for every share of the class held by him (subject to any rights or restrictions attached to any class of shares) and that any holder of shares of the class present in person or by proxy may demand a poll. The foregoing provisions shall apply to the variation of any special rights which only attach to certain shares of a particular class as if the shares carrying such special rights formed a separate class.

Alteration of capital

The Issuer may from time to time by ordinary resolution:

(i) increase its share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;

(ii) consolidate, or consolidate and then divide, all or any of its share capital into shares of larger amount than its existing shares;

(iii) sub-divide all or any of its shares into shares of smaller amounts and the resolution may determine that, as between the shares resulting from the sub-division, any of them may be given any preferred, deferred or other rights or be subject to any restrictions as the Issuer has power to attach to unissued or new shares as compared with the others; and

(iv) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Capital reserve

The Board shall establish a reserve to be called the "capital reserve" and shall either carry to the credit of such reserve from time to time all capital profits or appreciations arising on the sale, transposition, payment of or revaluation of any investment or other capital asset of the Issuer in excess of the book value thereof or apply the same in providing for depreciation or contingencies. For the avoidance of doubt, accrued but unpaid interest or any sum received in respect of accrued but unpaid interest shall not be treated as capital profits or appreciations arising on the sale, transposition, payment off of or revaluation of any investment or other capital asset. Any losses realised on the sale, transposition, payment off of or revaluation of any investment or other capital asset and any other expenses, loss or liability (or provision thereof) considered by the Board to be of a capital nature shall be carried to the debit of the capital reserve except in so far as the Board may in its discretion decide to make good the same out of other funds of the Issuer. Any increase or diminution in the amount of any index-linked stock or other index-linked obligation of the Issuer shall be carried to the debit or credit of the capital reserve, except so far as the Board may in its discretion decide to make good the same out of or credit the same to other funds or reserves of the Issuer

Subject to the Statutes and without prejudice to the foregoing generality, the Board may determine whether any amount received by the Issuer is to be dealt with as income or capital or partly one and partly the other. The Board may determine whether any cost, liability or expense (including, without limitation, any costs incurred or sums expended in connection with the management of the assets of the Issuer or finance costs (including, without limitation, any interest payable by the Issuer in respect of any borrowings of the Issuer)) is to be treated as a cost, liability or expense chargeable to capital or to revenues or partly one and partly the other, having regard, *inter alia*, to the investment objectives of the Issuer, and to the extent the Board determines that any such cost, liability or expense should reasonably and fairly be apportioned to capital the Board may debit or charge the same to the capital reserve.

Any surplus over the book value derived from the sale or realisation of any capital asset and any other sums representing capital profits within the meaning of section 832 of the Companies Act 2006 or any other accretions to capital assets, including in particular any sums resulting from the writing up of the book values of any capital assets and any surpluses arising from the realisation of investments, shall not be transferred to the revenue account or be regarded or treated as profits of the Issuer available for dividend or any other distribution within the meaning ascribed thereto by section 829 of the Companies Act 2006 (otherwise than by way of the redemption or purchase of any of the shares in accordance with Chapter 3 or 4 of Part 18 of the Companies Act 2006).

General Meetings

Annual general meetings shall be convened by not less than 21 clear days' notice in writing. Subject to the Statutes, all other general meetings shall be convened by not less than 14 clear days' notice in writing. The notice shall specify the place, day and time of the meeting, and the general nature of the business to be transacted. Notice of every general meeting shall be given to all members other than any who, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Issuer, and also to the auditors of the Issuer.

Notwithstanding that a meeting of the Issuer is convened by shorter notice, it shall be deemed to have been properly convened if it is so agreed:

(i) in the case of an annual general meeting, by all members entitled to attend and vote at the meeting; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

The Board may direct that persons wishing to attend any general meeting should submit to such searches or other security arrangements or restrictions as the Board shall consider appropriate in the circumstances and shall be entitled in its absolute discretion to, or to authorise some one or more persons who shall include a Director or the secretary or the chairman of the meeting to, refuse entry to, or to eject from, such general meeting any person who fails to submit to such searches or otherwise to comply with such security arrangements or restrictions.

Appointment and removal of directors

Subject to the provisions of the Articles, and unless otherwise determined by ordinary resolution of the Issuer, the number of directors (disregarding alternate directors) shall not be less than two.

The Issuer may by ordinary resolution appoint any person who is willing to act to be a Director (either as an addition to the Board or to fill a vacancy).

The Board may also appoint any person who is willing to act to be a Director to the Board (either as an addition or to fill a vacancy). Any Director so appointed shall hold office only until the next annual general meeting and shall then be eligible for election.

Each Director shall retire from office at the third annual general meeting after the annual general meeting at which he was last elected.

In addition to any power of removal conferred by the Statutes, the Issuer may remove a Director at any time by special resolution. The office of Director shall also be vacated if:

(i) he resigns his office by notice in writing; or

(ii) by notice in writing he offers to resign and the Board resolves to accept such offer; or

(iii) by notice in writing his resignation is requested by all of the other Directors and all of the other Directors are not less than three in number; or

(iv) a registered medical practitioner who is treating that Director gives a written opinion to the Issuer stating that that Director has become physically or mentally incapable of acting as a director and may remain so for more than three months; or

(v) by reason of a Director's mental health, a court makes an order which wholly or partly prevents that Director from personally exercising any powers or rights which that Director would otherwise have; or

(vi) he is absent without the permission of the Board from meetings of the Board (whether or not an alternate director appointed by him attends) for six consecutive months and the Board resolves that his office is vacated; or

(vii) he becomes bankrupt or compounds with his creditors generally; or

(viii) he is prohibited by law from being a Director; or

(ix) he ceases to be a Director by virtue of company law or is removed from office pursuant to the Articles.

Proceedings of Directors

Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.

The quorum at Board meetings shall be two Directors (unless fixed at another number by the Board).

Directors' interests

No Director or proposed or intending director shall be disqualified by his office from contracting with the Issuer, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any contract in which any Director is in any way interested be liable to be avoided, nor shall any Director who is so interested be liable to account to the Issuer or the members for any remuneration, profit or other benefit realised by the contract by reason of the Director holding that office or of the fiduciary relationship thereby established.

A Director may hold any other office or place of profit with the Issuer (except that of the auditor) in conjunction with his office of Director for such period (subject to the provisions of the Statutes) and upon

such other terms as the Board may decide, and may be paid such extra remuneration for so doing (whether by way of salary, commission, participation in profits or otherwise) as the Board or any committee authorised by the Board may decide, and either in addition or in lieu of any remuneration provided for by or pursuant to any other article of the Articles.

A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Issuer or in which the Issuer may be interested or as regards which it has any power of appointment, and shall not be liable to account to the Issuer or the members for any remuneration, profit or other benefit received by him/her as a director or officer of or from his interest in the other company.

A Director may act by himself or his firm in a professional capacity (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

A Director shall not vote on or be counted in the quorum in relation to any resolution of the Board concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment, as the holder of any office or place of profit with the Issuer or any other company in which the Issuer is interested but, where proposals are under consideration concerning the appointment, or the settlement or variation of the terms or the appointment, of two or more directors to offices or places of profit with the Issuer or any other company in which the Issuer is interested, a separate resolution may be put in relation to each Director and in that case each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution unless it concerns his own appointment or the settlement or variation of the terms or the termination of his own appointment or the appointment of another Director to an office or place of profit with a company in which the Issuer is interested and the Director seeking to vote or be counted in the quorum owns one per cent. or more of it.

A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board in respect of any actual or proposed transaction or arrangement with the Issuer in which he has an interest which (taken together with any interest of any person connected with him) is to his knowledge an interest of which he is aware, or ought reasonably to be aware, does conflict, or can reasonably be regarded as likely to give rise to a conflict, with the interests of the Issuer and, if he shall do so, his vote shall not be counted (subject to certain carve-outs).

A Director who is in any way, whether directly or indirectly, interested in an actual or proposed transaction or arrangement with the Issuer shall declare the nature and extent of his interest at the meeting of the Board at which the question of entering into the contract is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested.

In respect of any situation in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Issuer, the Board may authorise the matter, on such terms as they may determine, provided that: (i) the Director has declared the full nature and extent of the situation to the Board; and (ii) it is proposed (either by the Director in question or another) that the Board authorise the matter and upon the resolution to do so the requirement for the quorum is met without counting the Director in question and the resolution was agreed to without such Director voting or would have been agreed to if that conflicted Director's vote had not been counted.

Subject to the Statutes, the Issuer may by ordinary resolution suspend or relax the above provisions on directors' conflicts to any extent or ratify any contract not properly authorised by reason of a contravention of the Articles.

Directors' fees, expenses and remuneration

The fees paid to Directors for their services as Directors shall not exceed £75,000 per annum in aggregate or such higher amount as the Issuer may by ordinary resolution determine and such remuneration shall be divided between the Directors as the Board shall agree or, failing agreement, equally.

Any Director who is appointed to any executive office or who performs services which, in the opinion of the Board or any committee authorised by the Board, go beyond the ordinary duties of a Director, may be paid such extra remuneration as the Board (or any committee thereof) may think fit.

A Director may also be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board (or any committee thereof) and any other meeting that he is entitled to

attend and all other costs and expenses properly and reasonably incurred by him in the conduct of the Issuer's business or in the discharge of his duties.

Untraced shareholders

Subject to various notice requirements, the Issuer may sell on the London Stock Exchange at the best price reasonably obtainable, any certificated share (including further shares issued in respect of that share) provided that: (i) for a period of 12 years at least three dividends on those shares have become payable; (ii) no such dividend has been claimed by presentation at a bank of the relevant cheque or warrant or been satisfied by the transfer of funds to a bank account designated by the holder of (or person entitled to) the shares or otherwise been transferred by means of a relevant system; and (iii) so far as the Directors are aware the Issuer has not received any communication during the relevant period from the holder of, or person entitled to those shares.

Borrowing powers

The Directors may, subject to the restrictions set out below, exercise all of the powers of the Issuer to borrow money and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Issuer or of any third party.

The Directors shall restrict the borrowings of the Issuer and exercise all voting and other rights or powers of control exercisable by the Issuer in relation to its subsidiaries (if any) so as to secure (so far, as regards subsidiaries, as by such exercise they can secure) that the aggregate principal amount (including any fixed or minimum premium payable on final repayment) outstanding in respect of borrowings (whether secured or not) by the Issuer of and / or any of its subsidiary companies (exclusive of money outstanding in respect of borrowings by the Issuer from any such subsidiary or by any such subsidiary from another such subsidiary or from the Issuer) shall not at any time without the previous sanction of an ordinary resolution of the Issuer exceed a sum equal to three times the adjusted total of capital and reserves and shall not (until such time as the first consolidated balance sheet and profit and loss account of the Issuer shall be published) exceed the sum of £15,000,000.

Material contracts

Save as described below, the Issuer has not (i) entered into any material contracts (other than contracts in the ordinary course of business) in the two years immediately preceding the date of this document; or (ii) entered into any contracts that contain provisions under which the Issuer has any obligation or entitlement that is material to the Issuer as at the date of this document.

Investment management agreement with OLIM Limited

Under the terms of the investment management agreement between the Issuer and OLIM Limited entered into in April 2012 and a side letter to that agreement dated 24 September 2013, the annual investment management fee payable to OLIM Limited shall be calculated at the rate of 72.5% of 2/3 of 1% per cent of the gross assets of the Issuer. The management fee will remain at this level for as long as the valuation of the property portfolio is in the range of 25-30% of the valuation of the Issuer's total investment portfolio. If the property portfolio moves out of this range as at 31 March in any year, this will give rise to a further review by the Issuer of the level of management fee payable to OLIM Limited.

OLIM Limited is also entitled to a performance fee under the investment management agreement, subject to the achievement of certain criteria. The performance fee is paid annually in respect of performance over the preceding three years. The level of any performance fee payable to OLIM Limited in respect of a three year period will be on the basis of the average of the management fee rate over each of the previous three years.

The investment management agreement will continue unless and until terminated by either party giving to the other not less than one year's notice. In addition, the Issuer is entitled, by giving written notice to OLIM Limited, to terminate the investment management agreement immediately upon certain events relating to OLIM Limited, including: (i) insolvency events; (ii) on a material breach of the agreement; (iii) on a change of control; (iv) if Angela Lascelles ceases to be an executive director; and loss of appropriate FCA authorisation.

OLIM Limited is entitled, by giving notice to the Issuer, to terminate the investment management agreement immediately upon certain events relating to the Issuer, including: (i) insolvency events; or (ii) non-payment of fees. In each of these circumstances (and on any termination other than an immediate termination by the Issuer as described above), OLIM Limited shall be entitled to receive a compensation payment based on a formula set out in the investment management agreement.

Investment management agreement with OLIM Property Limited

Under the terms of the investment management agreement between the Issuer and OLIM Property Limited entered into in March 2012 and a side letter to that agreement dated 24 September 2013, the annual investment management fee payable to OLIM Property Limited shall be calculated at the rate of 27.5% of one per cent of the gross assets of the Issuer. The management fee will remain at this level for as long as the valuation of the property portfolio is in the range of 25-30% of the valuation of the Issuer's total investment portfolio. If the property portfolio moves out of this range as at 31 March in any year, this will give rise to a further review by the Issuer of the level of management fee payable to OLIM Property Limited and any change to the amount of the management fee following such review will be effective from the first day of the following financial year.

OLIM Property Limited is also entitled to a performance fee under the investment management agreement, subject to the achievement of certain criteria. The performance fee is paid annually in respect of performance over the preceding three years. The level of any performance fee payable to OLIM Property Limited in respect of a three year period will be on the basis of the average of the management fee rate over each of the previous three years.

The investment management agreement will continue unless and until terminated by either party giving to the other not less than one year's notice. In addition, the Issuer is entitled, by giving written notice to OLIM Property Limited, to terminate the investment management agreement immediately upon certain events relating to OLIM Property Limited, including: (i) insolvency events; (ii) on a material breach of the agreement; (iii) on a change of control; (iv) if Matthew Oakeshott ceases to be an executive director; and loss of appropriate FCA authorisation.

OLIM Property Limited is entitled, by giving notice to the Issuer, to terminate the investment management agreement immediately upon certain events relating to the Issuer, including: (i) insolvency events; or (ii) non-payment of fees. In each of these circumstances (and on any termination other than an immediate termination by the Issuer as described above), OLIM Property Limited shall be entitled to receive a compensation payment based on a formula set out in the investment management agreement.

Custodian Agreement

Pursuant to the terms of the custody agreement entered into in January 2005 between the Issuer and The Bank of New York Mellon, a banking corporation organised pursuant to the laws of the State of New York with registered number FC005522 and operating through its branch in London, at One Canada Square, London E14 5AL (the "**Custodian**"), the Custodian is entrusted with the securities of the Issuer. The Custodian was incorporated on 1 June 1965 in the United States and is domiciled in the United States. The Issuer may deposit cash and any securities with the Custodian, in whatever form.

The Custodian may from time to time appoint any sub-custodian in connection with the performance of its duties under the custodian agreement and will use reasonable care in the selection and continued appointment of sub-custodians.

The custody agreement was entered into in January 2005 and will continue in full force and effect until terminated by either the Custodian or the Issuer upon delivery of ninety days prior written notice to the other party. The custody agreement shall terminate automatically upon the Issuer being subject to insolvency or analogous proceedings in any jurisdiction.

The Issuer shall pay the Custodian for its services under the custodian agreement an amount by way of fees as agreed in writing between the Issuer and the Custodian from time to time (the fees in respect of the quarter ended 30 September 2013 were £10,792.15).

The custodian agreement contains provisions for the indemnification by the Issuer of the Custodian and its respective nominees against and from any and all claims, losses, liabilities, damages, costs, expenses and judgements including reasonable legal fees and expenses howsoever arising from or in connection with the

custodian agreement or the performance of their duties under the custodian agreement including disputes between the parties or the enforcement of the custodian agreement, provided that nothing in the custodian agreement shall require that the Custodian or its nominee companies be indemnified for their respective fraud, negligence or wilful default.

Secretarial and administration agreement

Pursuant to the terms of the secretarial and administration agreement entered into on 7 January 2013 between the Issuer, Audax and Maven Capital Partners UK LLP, a limited liability partnership incorporated under the laws of England and Wales (registered no. OC339387) and having its registered office at Queens Chambers, 5 John Dalton Street, Manchester M2 6ET ("**Maven**"), the Issuer appointed Maven to act as secretary of the Issuer.

The secretarial and administration agreement became effective on 1 February 2013 for an initial period of three years and will continue in full force and effect until terminated in accordance with the agreement. The agreement is terminable by either the Issuer or Maven giving to the other party no less than six months prior notice in writing to expire on 1 February 2016 or on any date thereafter. In addition, both the Issuer and Maven are entitled to terminate the agreement immediately upon certain events relating to the other party including (i) insolvency events; (ii) material breach of the agreement; and in relation to Maven (iii) loss of FCA authorisation or qualifications to act as a secretary.

As consideration for the performance of Maven's duties under the agreement, the Issuer shall pay to Maven an annual secretarial and administration fee. This fee is £130,000 for the first year, and, subject to being upwards index linked annually, £170,000 thereafter.

The agreement contains mutual indemnities in terms of which each party undertakes to indemnify, and keep indemnified, the other on demand and save it harmless against all costs, claims and demands incurred or suffered by the other arising (i) in respect of the Issuer, directly out of the proper performance by Maven of its duties under the agreement, save to the extent that such costs, claims or demands arise by reason of any breach by Maven of its duties or obligations under the agreement or the negligence, wilful default or fraud of Maven or any of its officers, or agents; and (ii) in respect of Maven, out of any breach by Maven of its duties or obligations under the agreement or the negligence, wilful default or fraud of Maven or any of its officers, employees or agents.

PART 9

FINANCIAL INFORMATION

Statutory accounts for the three financial years to 31 March 2013

The statutory accounts of the Issuer for the three financial years ended 31 March 2011, 31 March 2012 and 31 March 2013, in respect of which the Issuer's former auditors, Chiene + Tait of 61 Dublin Street, Edinburgh EH3 6NL, made unqualified reports under s455 of the Companies Act 2006, have in each case been delivered to the Registrar of Companies in Scotland. Such reports, together with copies of the Issuer's unaudited half yearly financial statements for the six months ended, respectively, 30 September 2011, 30 September 2012 and 30 September 2013, are incorporated into this document by reference and can be obtained from the website www.olim.co.uk. Copies of all documents incorporated by reference into this document are also available for inspection at the address set out in paragraph 2 of Part 4 of this document.

Historical financial information

Historical financial information relating to the Issuer on the matters referred to below is included in the published annual report and audited accounts of the Company for the years stated as set out in the table below and is expressly incorporated by reference into this document.

	Statutory accounts for year ended 31 March 2011	*Statutory accounts for the year ended 31 March 2012*	*Statutory accounts for year ended 31 March 2013*
Nature of Information	*Page No.*	*Page No.*	*Page No.*
Financial highlights	2	2	2
Balance sheet	28-29	28-29	30-31
Statement of cash flow	31-32	31-32	33-34
Notes to the financial statements	33-52	33-52	35-55
Dividends paid	3	3	3
Audit report	54-55	54-55	26-27

Unaudited financial highlights and unaudited financial statements relating to the Issuer for the six months ended, respectively, 30 September 2011, 30 September 2012 and 30 September 2013, are included in the Issuer's unaudited half yearly financial statements for those years and are expressly incorporated by reference into this document.

Selected financial information

The table below sets out the Issuer's summary financial information for the periods indicated. The data has been extracted, without adjustment, from the published audited consolidated accounts of the Issuer for the years ended 31 March 2013, 31 March 2012 and 31 March 2011 and the unaudited half yearly financial information of the Issuer for the periods ended 30 September 2013, 30 September 2012 and 30 September 2011. Investors should read the full text of this document, including the documents incorporated by reference, and not rely on this summary.

	30 September 2013	31 March 2013	30 September 2012	31 March 2012	30 September 2011	31 March 2011
Net assets (valuing debt at par)	£140,966,000	£135,843,000	£119,459,000	£115,597,000	£105,383,000	£113,463,000
Net asset value per share (valuing	309.48p	298.23p	262.26p	253.78p	231.36p	249.10p

debt at par)						
Net asset value per share (valuing debt at market)	287.72p	269.78p	231.80p	227.58p	205.88p	233.67p
Profit before tax	£7,082,000	£23,568,000	£5,572,000	£5,545,000	(£6,289,000)	£11,139,000
Total assets	£177,776,000	£172,869,000	£156,622,000	£153,450,000	£142,876,000	£151,900,000
Total non-current assets	£172,795,000	£170,040,000	£153,214,000	£149,447,000	£138,695,000	£149,256,000
Basic earnings per share	15.55p	52.60p	12.63p	12.57p	(13.75p)	24.94p

Operating and financial review

The published annual report and accounts of the Issuer for the three financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 included, on the pages indicated in the table below, descriptions of the Issuer's financial condition (in both capital and revenue terms), changes in its financial condition and details of the Issuer's portfolio of investments for each of those years:

	Statutory accounts for year ended 31 March 2011	*Statutory accounts for the year ended 31 March 2012*	*Statutory accounts for year ended 31 March 2013*
Nature of information	*Page No.*	*Page No.*	*Page No.*
Chairman's statement	3	3	3
Investment managers' report	5-13	5-14	5-14

The information referred to above is incorporated into this document by reference.

JONES LANG LASALLE

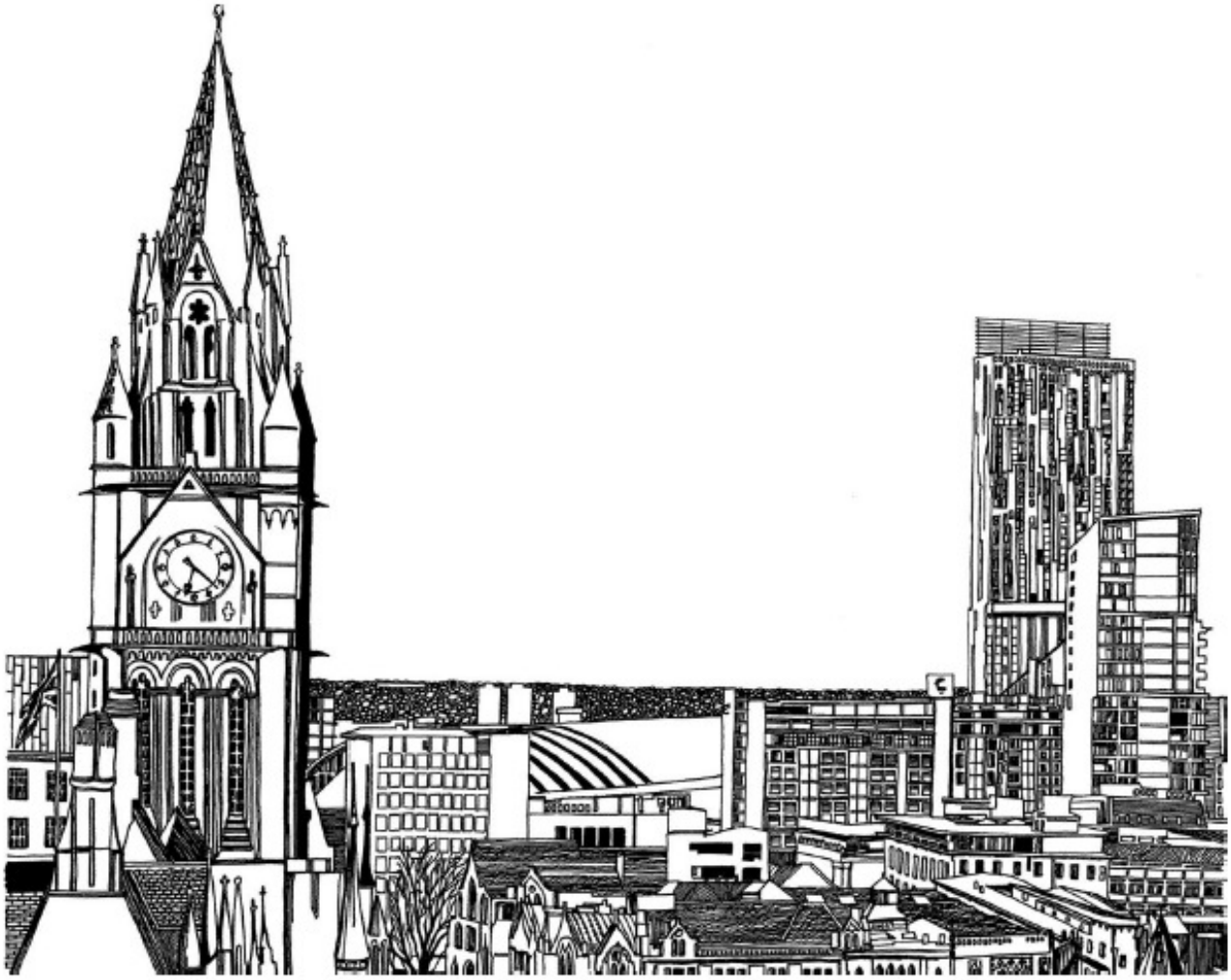
Real value in a changing world

Valuation *Advisory*

Value & Income Trust Plc

Valuation of Property Holdings as at

30 September 2013



Your ref
Our ref DJL/hb
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The Directors
Value & Income Trust plc and
Audax Properties plc
Pollen House
10-12 Cork Street
London
W1S 3NP

13 February 2014

Dear Sirs

VALUE & INCOME TRUST PLC ("THE COMPANY")
VALUATION OF PROPERTY HOLDINGS AS AT 30 SEPTEMBER 2013

In accordance with instructions received from the Directors of Value & Income Trust plc ("the Directors"), the interests held by the Company and its subsidiary, Audax Properties plc ("Audax") in the properties listed in the tables at Figure 1 and Figure 2 below have been valued as at 30 September 2013.

We understand that this Valuation Report is required by the prospectus rules of the UK Financial Conduct Authority (the "Prospectus Rules") in connection with a prospectus in relation to the listing and admission to trading of certain debenture stock (the "Prospectus").

The valuations have been carried out in compliance with the Practice Statements contained within the RICS Valuation – Professional Standards 2012 and the requirements of the Prospectus Rules and the recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses published by the European Securities and Markets Authority in March 2013 (the "ESMA Guidance") and in particular paragraphs 128-130 (inclusive) of the ESMA Guidance.

The interests have been valued subject to and with the benefit of any lettings which have been disclosed. No allowance has been made for expenses incurred in sale nor for taxation that may arise in the event of a disposal, deemed or otherwise, although valuations are net of a purchaser's costs. Estimates of rental or capital value exclude any VAT that may be applicable.

We confirm that the properties are regularly inspected on a rolling basis and, where available, the last external inspection dates are set out in the tables at Figure 1 and Figure 2 below. The remaining properties are due to be inspected during 2014 and were last inspected no more than 24 months prior to the date of valuation.

Documents of title and leases have not been inspected and for the purpose of these valuations details of tenure, tenancies, planning, statutory notices, floor areas and other relevant information supplied by the Company or its advisors have been accepted as correct. The properties have been valued on this basis and the understanding that there are no undisclosed matters that would affect the valuations. It is assumed, unless otherwise advised, that the title deeds and leases do not contain any unusual or onerous restrictions, covenants or other encumbrances, which would affect the value of the properties.

Save as otherwise disclosed, it has been assumed for the purpose of valuation, that the relevant interests in the properties are free of mortgage, charge or other debt security and no deduction has been made for such charge or debt.

No planning consents have been inspected save those disclosed by the Company, and it is assumed that the properties were erected, are occupied and used in accordance with all requisite consents and that there are no statutory requirements or notices outstanding. Where planning enquiries have been instituted information supplied by planning officers has been given without liability on their part and accordingly responsibility for this information cannot be accepted.

The properties have not been structurally surveyed for the purpose of this valuation, nor have the services been tested. The properties have been valued on the assumption that no known deleterious materials or techniques have been used in the construction of any of the buildings and that the ground is not susceptible to subsidence, shrinkage or any other similar hazard. No responsibility is accepted for any existing defects nor for those which may arise in the future.

We have been informed by the Company that the Company has established procedures for inspections of the subject properties to be carried out with particular reference to environmental matters and that such matters identified receive appropriate attention. We have not been provided with information to the contrary and have assumed that the properties are not, nor are likely to be, affected by land contamination or other environmental issues which would affect the present or future use of the properties.

Having regard to the foregoing, it is considered that the Market Value, which is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion", of the interests held by the Company in the properties listed below as at 30 September 2013, subject to and with the benefit of the tenancies currently subsisting are as follows:-

FIGURE 1: COMPANY'S PROPERTIES

Address	Market Value	Last inspection date
Freehold / Heritable properties		
DOVER Reach Road	£5,000,000	01/05/12
GODALMING 80/82 High Street	£1,800,000	
HADDINGTON 54/56 Court Street	£400,000	
LONDON 39/41 Palace Street	£1,250,000	
LYNTON 15/16 Lee Road	£500,000	9/10/12
LYTHAM ST ANNES Burlington Centre	£3,600,000	21/03/13
MELTON MOWBRAY 29/29a/29b High Street	£1,300,000	11/09/12
POOLE, 140 High Street	£700,000	
ROCHFORD 8 Purdeys Way	£2,600,000	27/01/13

SHERBORNE 88 Cheap Street	£800,000	
Total	£17,950,000	
Leasehold properties (none)		
TOTAL	**£17,950,000**	

FIGURE 2: AUDAX PROPERTIES

Address	Market Value	Last inspection date
Freehold / heritable properties		
AYR 83 High Street	£425,000	30/01/13
AYR 138 – 140 High Street	£750,000	30/01/13
BIRMINGHAM 155 High Street	£900,000	
BROUGHTY FERRY Units 1 & 2, 261 Brook Street	£850,000	15/01/13
CANTERBURY 13 St Dunstan's Street	£1,250,000	
ELGIN 163 High Street	£900,000	21/10/13
GALASHIELS 27/37 Channel Street	£1,100,000	30/01/13
KELSO 8/16 Horsemarket	£675,000	30/01/13
LONDON 48 Cleaver Square	£1,400,000	
LONDON 9 & 10 West Smithfield	£1,700,000	
LUTON Unit E Luton North Industrial Estate, Sedgwick Road	£1,150,000	
LYMINGTON 78/80 High Street	£1,900,000	02/04/13
OBAN 42 George Street	£1,000,000	05/04/13
OXFORD 171/173 Cumnor Hill	£5,250,000	
RISCA 75/77 Tredegar Street	£1,900,000	22/08/12
SEVENOAKS 87/93 High Street	£2,000,000	
WORCESTER 4 The Cross	£3,000,000	
Total	£26,150,000	
Leasehold properties		
HORSHAM Buck Barn	£2,300,000	01/10/13
Total	£2,300,000	
TOTAL	£28,450,000	

We are of the opinion that the aggregate of the Market Values as at 30 September 2013 was £46,400,000 which is £175,000 higher than the equivalent aggregate figure included in the valuation as at 31 March 2013. Four properties reduced in value over the period due to being over rented and closer to their lease expiry date whilst seven increased in value due to improved market sentiment or the rent being closer to the next indexed uplift.

It is confirmed that the valuations have been carried out by valuers who are qualified for the purposes required and coordinated by D J Law FRICS. Jones Lang LaSalle are Independent Valuers and the fees received from the Company and Audax in relation to Jones Lang LaSalle's previous financial year amount to less than 5% of the Jones Lang LaSalle annual turnover.

This Valuation Report has been prepared for inclusion in the Prospectus and we confirm that consent has been given for its inclusion. The contents of this Valuation Report may be used only for the specific purpose to which they refer. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, the valuer's written approval as to the form and context of such publication and disclosure must first be obtained. For the avoidance of doubt such approval is required whether or not Jones Lang LaSalle is referred to by name and whether or not the contents of this Valuation Report is combined with others.

Save for any responsibility arising under Article 6 of the Directive of the European Parliament and Council (2003/71/EC) (the "Prospectus Directive") to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of or arising out of the Valuation Report, required by and given solely for the purposes of complying with paragraph 23.1 of Annex 1 of Commission Regulation 809/2004/EC (the "Prospectus Directive Regulation"), consenting to its inclusion in the Prospectus as follows:

"For the purpose of Article 6 of the Prospectus Directive, we accept responsibility for the information within this Valuation Report and declare that we have taken all reasonable care to ensure that the information contained in this Valuation Report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex 1 item 1.2 of the Prospectus Directive Regulation."

Yours faithfully

David Law, BA (Hons) FRICS
Director
For and on behalf of Jones Lang LaSalle

Hugh Savage FRICS
Director
For and on behalf of Jones Lang LaSalle

COMPANY'S PROPERTIES

Property	Description, Age and Tenure	Terms of Existing Tenancies	Net Annual Rents Receivable	Market Value
St Margaret's Holiday Park Reach Road St Margaret's at Cliffe DOVER Kent	Freehold. A holiday park including a modern 23 bedroom hotel with leisure centre, swimming pool and gymnasium, together with ancillary facilities. In addition, there are 121 caravan pitches, 6 lodges and 127 brick built chalets. In total the site extends to approximately 8 hectares (20 acres) of landscaped and serviced grounds.	The property is let on a lease to Park Resorts Limited for a term expiring in 2116 with the lessee responsible for maintaining the communal buildings and common roadways, landscaped areas and boundary fences in a good state of repair and condition. The rent is reviewed annually in an upwards direction in accordance with the change in the RPI over the preceding twelve months, subject to a minimum increase of 3% pa and a maximum increase of 7% pa. The rent can be increased in every fifth year to the higher of the passing rent or 14% of gross annual turnover. There is a tenant's break clause in 2034 subject to notice given in 2027 and with a two years rent penalty.	£409,463	£5,000,000
80/82 High Street GODALMING Surrey	Freehold. A retail property dating from the Jacobean and Georgian periods, together with a mid-20th century near extension providing approximately 388.5 m² (4,630 ft²) of ground floor sales accommodation, 96.7 m² (1,040 ft²) of ground floor storage, together with 222.1 m² (2,390 ft²) of first and second floor staff and storage accommodation. The property is listed Grade II*.	The property is let on a full repairing and insuring lease to W H Smith Retail Holdings Limited for a term expiring in 2024, subject to 5 yearly upward only rent reviews.	£115,000	£1,800,000
54/56 Court Street HADDINGTON East Lothian	Heritable. A late Victorian building arranged on ground and first floors providing approximately 171.9 m² (1,850 ft²) of ground floor banking accommodation, together with approximately 113.8 m² (1,225 ft²) of self-contained offices on ground and first floors.	The banking hall is let on full repairing and insuring lease to Clydesdale Bank for a term expiring in 2019, subject to 5 yearly upward only rent reviews. The tenant has an option to determine in 2014 and a right to extend the lease for a further 20 years. The part ground and first floors are let on a full repairing and insuring lease to Clyde & Forth Press for a term expiring in 2014 subject to 5 yearly upward only rent reviews.	£37,250	£400,000

COMPANY'S PROPERTIES

Property	Description, Age and Tenure	Terms of Existing Tenancies	Net Annual Rents Receivable	Market Value
The Cask & Glass 39 & 41 Palace Street LONDON SW1	Freehold. A public house dating from the Victorian period providing approximately 27.0 m² (290 ft²) of ground floor bar and ancillary facilities together with 29.3 m² (315 ft²) of basement cellar and residential accommodation on two floors above.	The property is let on a full repairing and insuring lease to Shepherd Neame Limited for a term expiring in 2044 subject to 5 yearly minimum increases of 15% or RPI if it increases by more than 15%.	£65,000	£1,250,000
15/16 Lee Road LYNTON North Devon	Freehold. A convenience store with separate lower ground floor retail unit dating from the 1920s provding 214.2 m² (2,305 ft²) of sales and ancillary accommodation with a further 85 m² (915 ft²) of retail beneath together with 84.1 m² (905 ft²) utilised as storage and entrance.	The property is let on an over riding full repairing and insuring lease to Costcutter Supermarkets Group Limited for a term expiting in 2032 subject to 5 yearly upward only rent reviews in accordance with the change in the Retail Prices Index subject to a minimum of 2% and maximum of 4% per annum.	£36,000	£500,000
Burlington Centre St Anne's Road West ST ANNE'S ON SEA Lancashire	Freehold. A supermarket and retail parade built in the mid 1980's providing approximately 2,185 m² (23,520 ft²) of retail and ancillary accommodation.	Let on seven effectively full repairing and insuring leases to T J Morris Limited, Superdrug Stores Plc, New Look Retailers Limited, Shoe Zone Limited, Sportswift Limited, YMCA and TCCT Retail Limited. One lease expires in 2021 and is subject to a fixed rental uplift in 2016. The remainder expire or are subject to tenants break options in 2017 one with a break option in 2015.	£289,175	£3,600,000
29/29a/29b Market Place MELTON MOWBRAY Leicestershire	Freehold. A retail property built in the mid 19th century providing two retail units and a first floor snooker club. The principal retail unit provides an approximate ground floor sales area of 200.7 m² (2,160 ft²), ground floor storage of 48.8 m² (525 ft²), basement sales of 56.7 m² (610 ft²), basement storage of 52.5 m² (565 ft²) and first floor staff and storage of 74.3 m² (800 ft²). 29b Market Place provides ground floor sales of approximately 27.4 m² (295 ft²) whilst the first and second floors provide a total area of approximately 251.4 m² (2,705 ft²).	The property is let on full repairing and insuring lease to W H Smith Retail Holdings Limited for a term expiring in 2024, subject to 5 yearly upward only rent reviews. 29a and 29b Market Place have been sublet.	£85,600	£1,300,000

COMPANY'S PROPERTIES

Property	Description, Age and Tenure	Terms of Existing Tenancies	Net Annual Rents Receivable	Market Value
140 High Street POOLE Dorset	Freehold. A retail property built in the late 18th Century providing a ground floor retail unit with an approximate ground floor sales area of 176.5 m² (1,900 ft²). We understand that the upper parts comprise a residential unit with three rooms, kitchen and bathroom on the first floor and three rooms on the second floor.	The ground floor is let on a full repairing and insuring lease to A Plan Holdings for a term expiring in April 2020. The rent is subject to a rent review in the 5th year based on the increase in the Retail Price Index over the preceding 5 years subject to a maximum of 5% pa compound. The first and second floor maisonette has been sold on a long lease for a term of 125 years from June 2008 at an initial rent of £100 pa increasing by a further £100 ever 25 years.	£50,100	£700,000
8 Purdeys Way ROCHFORD Essex	Freehold. An industrial unit constructed in the mid 1970's providing approximately 4,589.1 m² (49,380 ft²) of accommodation.	The property is let to B/E Aerospace Consumables Management II Limited for a term expiring in March 2019 subject to 5 yearly upward only reviews to a minimum of 2½% per annum compound.	£226,282	£2,600,000
88 Cheap Street SHERBORNE Dorset	Freehold. Constructed in the late 18th century, with a single storey rear extension. The property comprises a public house on ground floor, with six letting bedrooms on the first floor and a manager's flat on the second floor. The ground floor comprises approximately 98 m² (1,050 ft²) of bar accommodation and approximately 32 m² (340 ft²) of ancillary accommodation.	The property is let on a full repairing and insuring lease to Eldridge Pope Limited for a term expiring in 2045, subject to 5 yearly upward only rent reviews. The property has been sublet.	£55,000	£800,000
TOTAL			**£1,368,870**	**£17,950,000**

AUDAX PROPERTIES PLC

Property	Description, Age and Tenure	Terms of Existing Tenancies	Net Annual Rents Receivable	Market Value
83 High Street AYR South Ayrshire	Heritable. A retail building constructed in the 1980's on ground and first floors providing approximately 226.2 m² (2,435 ft²) of retail and ancillary accommodation.	The property is let on a full repairing and insuring lease to Sportswift Limited t/a Card Factory for a term expiring in 2023 with a tenant's break option and rent review in the fifth year.	£40,000	£425,000
138 – 140 High Street AYR South Ayrshire	Heritable. A retail store arranged on ground and part first floor in a terrace where the remainder of the upper parts have been sold in separate ownership. The ground floor extends to 382.7 m² (4,119 ft²) with storage at first floor level of 194.5 m² (2,093 ft²).	The property is let on a full repairing and insuring lease to Tesco Stores Limited for a term expiring in November 2030 with a tenant's break option at the end of the 10th year and provision for rent reviews in every 5th year of the term based on increases in the RPI capped at 4% pa compound.	£49,950	£750,000
155 High Street KINGS HEATH Birmingham	Freehold. A retail building constructed in the 1970's arranged on ground and first floors and providing a total of 281.4m² (3,040ft²) of retail accommodation, 266.7m² (2,870ft²) of ancillary space and a shared loading bay.	The property is let on a full repairing and insuring lease to New Look Retailers Limited for a term expiring in 2015.	£94,000	£900,000
261 Brook Street BROUGHTY FERRY City of Dundee	Heritable. A retail building constructed in the mid 1960's, comprising ground floor sales with first floor storage. The property provides a total of 342.3 m² (3,685 ft²) of retail accommodation together with 182.6 m² (1,965 ft²) of ancillary storage.	Unit 1 is let to Holland and Barrett Retail Limited for a term expiring in 2022 on a full repairing and insuring basis subject to a rent review in year 5. Unit 2 is let on a full repairing and insuring lease to Superdrug Stores plc for a term expiring in 2017.	£73,400	£850,000
The Bishop's Finger 13 Dunstan's Street CANTERBURY Kent	Freehold. A public house constructed in the 15th or 16th Century providing approximately 125.0 m² (1,345 ft²) of ground floor bar, kitchen and ancillary facilities together with 33.9 m² (365 ft²) of basement cellar and a manager's flat.	The property is let on a full repairing and insuring lease to Shepherd Neame Limited for a term expiring in 2044 subject to 5 yearly minimum increases of 15% or RPI if it increases by more than 15%.	£70,000	£1,250,000
163 High Street ELGIN Moray	Heritable. Constructed around 1900 on ground and two upper floors. The property provides a total of 1,129 m² (12,148 ft²) of retail space and 511 m² (5,505 ft²) of ancillary storage and staff accommodation	The property is let on a full repairing and insuring lease subject to a schedule of condition to Poundland plc for a term expiring in 2019 subject to 5 yearly upward only rent reviews.	£80,000	£900,000

AUDAX PROPERTIES PLC

Property	Description, Age and Tenure	Terms of Existing Tenancies	Net Annual Rents Receivable	Market Value
27/37 Channel Street GALASHIELS Scottish Borders	Heritable. A terrace of retail units with ancillary upper parts constructed between 70 and 125 years ago providing a total of 654 m² (7,041 ft²) of ground floor sales and 437 m² (4,705 ft²) of ancillary accommodation.	The property is let on three effectively full repairing and insuring leases to Scotmid and W H Smith Retail Holdings Limited for terms expiring between 2017 and 2023 subject to 5 yearly upward only rent reviews.	£140,750	£1,100,000
Somerfield & McDonalds Buck Barn, HORSHAM West Sussex	Leasehold. Held for a term of 55 years from 29th July 2002 on full repairing terms and at a rent of £100,000 per annum plus 50% of the annual rent received from the letting of the ATM in excess of £7,500 per annum. The rent is subject to review in each fifth year of the term to the then market ground rental value as a cleared site but assuming it is capable of being developed for the uses permitted by the lease. A Somerfield convenience store with petrol filling station and McDonald's restaurant adjacent to the A24 between Horsham and Worthing built in 2003. The store extends to approximately 270.4 m² (2,910 ft²) and the restaurant to 288.1 m² (3,100 ft²) on a site of 0.53 hectares (1.3 acres).	The convenience store and petrol station are let on full repairing and insuring terms to Somerfield Stores Limited, guaranteed by Somerfield plc, for a term expiring in July 2027 at a rent of £225,714 per annum subject to 5 yearly upward only rent reviews plus 50% of any rent received from the letting of the ATM in excess of £7,500 per annum. The restaurant is let to McDonald's Restaurants Limited on full repairing and insuring terms for a term expiring in May 2028 at a rent of £50,000 per annum subject to upwards only review at each fifth year to the market rental value. McDonalds Restaurants Limited have sub-let the unit to a franchisee known as John O'Dwyer for a term of 20 years less 3 days at a rent linked to sales.	£175,714	£2,300,000
8/16 Horsemarket KELSO Scottish Borders	Heritable. Retail premises built in the 1960's and providing two retail units on ground and first floor providing a total of approximately 901.2 m² (9,700 ft²) of retail and ancillary accommodation.	The entire property is let on a full repairing and insuring lease to Mackays Stores Limited for a term expiring in 2018 subject to an upward only rent review in 2013. Part of the premises has been sublet to W H Smith.	£60,000	£675,000

AUDAX PROPERTIES PLC

Property	Description, Age and Tenure	Terms of Existing Tenancies	Net Annual Rents Receivable	Market Value
The Prince of Wales 48 Cleaver Square Kennington LONDON SE1	Freehold. A public house dating from around 1830 with a Victorian façade providing approximately 81.3 m² (875 ft²) of ground floor bar, kitchen and ancillary facilities together with 52.5 m² (565 ft²) of basement cellar and a maisonette on the first and second floors.	The property is let on a full repairing and insuring lease to Shepherd Neame Limited for a term expiring in 2044 subject to 5 yearly minimum increases of 15% or RPI if it increases by more than 15%.	£75,000	£1,400,000
The Bishop's Finger 9 & 10 West Smithfield LONDON EC1	Freehold. A late Victorian public house providing approximately 72.0 m² (775 ft²) of ground floor bar together with 71.1 m² (765 ft²) of basement cellar and ancillary facilities, a 48.8 m² (525 ft²) first floor function room, a second manager's flat and kitchen and staff accommodation on third and fourth floors.	The property is let on a full repairing and insuring lease to Shepherd Neame Limited for a term expiring in 2044 subject to 5 yearly minimum increases of 15% or RPI if it increases by more than 15%.	£90,000	£1,700,000
Unit E Luton North Industrial Estate Sedgwick Road LUTON	Freehold. Three bay single storey industrial unit with two storey offices and a separate storage building built in the 1970s and providing a total of 2,704.8 m² (29,115 ft²) on a site of approximately 0.4 ha (1 acre).	The property is let on a full repairing and insuring lease to Toolspec Manufacturing Company Limited for a term of 15 years expiring in December 2025 with annual rental increases in line with the retail price index with a minimum increase of 2% with a maximum of 5% pa.	£108,126	£1,150,000
78/80 High Street LYMINGTON Hampshire	Freehold. Constructed in the 1960's providing 1,076.7 m² (11,590 ft²) of sales and ancillary accommodation on ground floor and 157 m² (1,690 ft²) of first floor office/store.	The property is let on a full repairing and insuring lease to 99p Stores Limited for a term expiring in 2019 subject to an upward only rent review in 2014.	£140,000	£1,900,000
42 George Street OBAN Argyll and Bute	Heritable. Constructed in the late 19th century, the property forms part of the ground floor of a five storey building providing 295 m² (3,175 ft²) of sales accommodation with 87.3 m² (940 ft²) of mezzanine sales.	The property is let on a full repairing and insuring lease to Edinburgh Woollen Mill Limited for a term expiring in 2020, subject to 5 yearly upward only rent reviews.	£82,500	£1,000,000

AUDAX PROPERTIES PLC

Property	Description, Age and Tenure	Terms of Existing Tenancies	Net Annual Rents Receivable	Market Value
171/173 Cumnor Hill OXFORD Oxfordshire	Freehold. Garage and motor showroom premises constructed in the 1970's with recent additions providing approximately 2,334.2 m² (25,125 ft²) of workshop, showroom and ancillary accommodation together with forecourt sales and associated parking.	Let on four effectively full repairing and insuring leases to Ridgeway Garages (Newbury) Limited for terms expiring in 2027 subject to 5 yearly upward only rent reviews.	£401,800	£5,250,000
75/77 Tredegar Street RISCA Gwent	Freehold. A supermarket with local authority offices and library above recently completed behind a retained listed façade providing 353 m² (3,800 ft²) of ground floor retail together with 908 m² (9,775 ft²) of library and offices on ground and first floors. The retail element benefits from 10 parking spaces.	The convenience store is let on an effectively full repairing and insuring lease to Tesco Stores Limited for a term expiring in 2026 subject to upward only reviews in 2016 and 2021 in accordance with increases in the Retail Prices Index. The remainder is let to Caerphilly County Borough Council for a term expiring in 2031 subject to 5 yearly increases based on 3% per annum compound.	£127,100	£1,900,000
87/93 High Street SEVENOAKS Kent	Freehold. Constructed in the 1980's on ground and two upper floors. No 87 provides 110.6 m² (11,191 ft²) of retail and ancillary accommodation, No 91 124.9 m² (1,344 ft²) and No 93 152.8 m² (1,645 ft²). The first and second floors provide 252.6 m² (2,719 ft²) of offices	The property is let under the terms of 4 effectively full repairing and insuring leases to Santander, Specsavers, Oxfam and FMS, for terms expiring in 2014, 2017 and 2019, subject to 5 yearly upward only rent reviews. The lease to Oxfam has expired and they are holding over.	£152,455	£2,000,000
4 The Cross WORCESTER Worcestershire	Freehold. Constructed in the mid-19th century and arranged over basement, ground and three upper floors providing a total of approximately 1,871.8 m² (20,147 ft²) of banking and office accommodation. The property is Grade II Listed.	The property is let on a full repairing and insuring lease to Lloyds TSB for a term expiring in 2026 subject to 5 yearly upward only rent reviews.	£197,500	£3,000,000
TOTAL			**£2,158,295**	**£28,450,000**

PART 11

TAXATION

The following applies only to persons who are the beneficial owners of 2021 Debentures and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. Holders of 2021 Debentures who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

A. INTEREST ON THE 2021 DEBENTURES

Payment of interest on the 2021 Debentures

Payments of interest on the 2021 Debentures may be made without deduction or withholding on account of United Kingdom income tax provided that the 2021 Debentures continue to be issued by a company and listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange. Securities are treated as listed on the London Stock Exchange if they are admitted to the Official List by the UK Listing Authority and admitted to trading by the London Stock Exchange. Provided, therefore, that the 2021 Debentures remain so listed, interest on the 2021 Debentures will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the 2021 Debentures may also be paid without withholding or deduction on account of United Kingdom tax where interest on the 2021 Debentures is paid to a person who belongs in the United Kingdom for United Kingdom tax purposes and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the 2021 Debentures is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, an amount must generally be withheld from payments of interest on the 2021 Debentures on account of United Kingdom income tax at the basic rate (currently 20%). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a holder of 2021 Debentures, HMRC can issue a notice to the Issuer to pay interest to the holder without deduction of tax (or for interest to be paid with tax deducted at the lower rate provided for in the relevant double tax treaty). Holders of 2021 Debentures who are individuals may wish to note that HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays interest to or receives interest for the benefit of an individual. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the holder is resident for tax purposes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual, or certain other persons, resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories have adopted or agreed to adopt similar measures.

Further United Kingdom Income Tax Issues

Interest on the 2021 Debentures constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding. However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a holder of 2021 Debentures (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that holder

carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the 2021 Debentures are attributable (or where that holder is a company, unless that holder carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the 2021 Debentures are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such holders.

B. UNITED KINGDOM CORPORATION TAX PAYERS

In general, holders of 2021 Debentures which are within the charge to United Kingdom corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the 2021 Debentures (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment.

C. OTHER UNITED KINGDOM TAX PAYERS

Taxation of Chargeable Gains

It is expected that the 2021 Debentures will be treated by HMRC as qualifying corporate bonds within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal of the 2021 Debentures by an individual holder should not give rise to a chargeable gain or an allowable loss for the purposes of the United Kingdom taxation of chargeable gains depending on the individual circumstances of that holder.

Accrued Income Scheme

On a disposal of 2021 Debentures by a holder, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules of the accrued income scheme if that holder is resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the 2021 Debentures are attributable. Holders of the 2021 Debentures are advised to consult their own professional advisers for further information about the accrued income scheme.

D. STAMP DUTY AND STAMP DUTY RESERVE TAX

No United Kingdom stamp duty or stamp duty reserve tax (SDRT) is payable on a transfer of the 2021 Debentures.

E. AMENDMENTS TO THE TRUST DEED / SUBSTITUTION

The amendments to the Trust Deed and substitution of the Issuer as debtor of the 2021 Debentures should not give rise to a disposal of the 2021 Debentures, or therefore any liability to tax of chargeable gains.

PART 12

ADDITIONAL INFORMATION

1. The substitution of the Issuer as debtor of the 2021 Debentures has been authorised by a resolution of a committee of the Board of Directors of the Issuer dated 13 February 2014 and approval by Extraordinary Resolution of the holders of the 2021 Debentures passed on 11 March 2014.

2. The Issuer is not regulated as a collective investment scheme (or otherwise) and is not authorised by the Financial Conduct Authority. The ordinary shares in the capital of the Issuer and the 2026 Debentures are, and the 2021 Debentures following the Effective Date are to be, admitted to the Official List in the name of the Issuer and therefore the Issuer is subject to the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules of the FCA.

3. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Prospectus which may have or have had in such period a significant effect on the financial position or profitability of the Issuer or the Issuer's group.

4. There has been no significant change in the financial or trading position of the Issuer or the Issuer's group since 30 September 2013. There has been no material adverse change in the prospects of the Issuer or its subsidiaries since 31 March 2013. There have been no material changes to the valuations of the properties set out in Part 10 (Valuation Report) of this document since 30 September 2013.

5. Save as set out in paragraph 6 of this Part 12 (Additional Information) of this document, inter-company balances due between the Issuer and Audax and for the investment management agreements with OLIM Limited and OLIM Property Limited summarised in paragraph entitled "Material Contracts" in Part 8 (Information on the Issuer) of this document, the Issuer has not entered into any related party transactions at any time from 1 April 2010 to 11 February 2014 (being the latest practicable date before publication of this document).

6. Two properties were transferred at an arm's length price of £1.65m from Audax to the Issuer and a dividend of £1.15m was paid by Audax to the Issuer during the financial year ended 31 March 2012.

7. The auditors of the Issuer were, for the financial periods under review, Chiene + Tait, which is registered to carry out audit work by the Institute of Chartered Accountants in Scotland, and which have audited, without qualification, the financial statements of the Issuer for the financial years ended 31 March 2013, 31 March 2012 and 31 March 2011. The address of Chiene + Tait is 61 Dublin Street, Edinburgh EH3 6NL. Chiene and Tait resigned as auditors of the Issuer on 20 December 2013. Grant Thornton UK LLP were subsequently appointed as auditors of the Issuer on 31 January 2014.

8. The financial information included in this Prospectus (other than the Issuer's financial statements which are incorporated by reference in this Prospectus) does not constitute the statutory accounts of the Issuer within the meaning of Section 435(1) and (2) of the Companies Act 2006 for any period presented. The auditors have made a report under Chapter 3 of Part 16 Of the Companies Act 2006 on the statutory accounts of the Issuer for each of the years ended 31 March 2013, 31 March 2012 and 31 March 2011 which reports were unqualified and did not contain any statement as is described in Sections 498(2) or (3) of the Companies Act 2006. Statutory accounts of the Issuer have been delivered to the Registrar of Companies in Scotland for each of the years ended 31 March 2013, 31 March 2012 and 31 March 2011.

9. The Company's custodian is The Bank of New York Mellon Corporation (formerly The Bank of New York). The custodian was incorporated in Delaware on 1 June 1965 and its registered address is at One Wall Street, New York, New York 10005 USA. The custodian is registered as a foreign company in the United Kingdom under registration number FC005522. The principal place of business of the custodian in the UK is at 1 Canada Square, Canary Wharf, London E14 5LB

(telephone number +44 20 7570 1784). The custodian's business in the UK is regulated by the FCA.

10. Jones Lang LaSalle has given and not withdrawn its consent to the inclusion of the references to its name in the form and context in which they appear in this document and of its report in Part 10 (Valuation) of this document. Jones Lang LaSalle has authorised the consents of that report for the purposes of Rule 5.5.4(2)(f) of the Prospectus Rules.

11. Copies of the following documents may be inspected during normal business hours at the offices of Shepherd and Wedderburn LLP, Condor House, 10 St. Paul's Churchyard, London EC4M 8AL:

    a. The Existing Trust Deed

    b. The Deed of Amendment

    c. The Deed of Substitution

    d. The Deed of Release

    e. Articles of association of the Issuer

    f. Auditors' report and audited financial statements for the year ended 31 March 2011

    g. Auditors' report and audited financial statements for the year ended 31 March 2012

    h. Auditors' report and audited financial statements for the year ended 31 March 2013

    i. The unaudited half-yearly financial statements for the six months ended 30 September 2011

    j. The unaudited half-yearly financial statements for the six months ended 30 September 2012

    k. The unaudited half-yearly financial statements for the six months ended 30 September 2013

12. The ISIN for the 2021 Debentures will be GB00BJVDZP03 and the SEDOL Code will be BJVDZP0.

PART 13
DEFINITIONS

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

"Admission"	admission of all of the issued and to be issued 2021 Debentures to the Official List and to trading on the London Stock Exchange's main market for listed securities becoming effective in accordance with, respectively, the Listing Rules and the Admission and Disclosure Standards;
"Admission and Disclosure Standards"	the requirements contained in the London Stock Exchange's publication entitled "Admission and Disclosure Standards", which contains, among other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange's main market for listed securities;
"AIC"	the Association of Investment Companies;
"Articles"	the articles of association of the Issuer adopted by special resolution passed on 10 July 2009;
"Audax"	Audax Properties plc, a company incorporated in England and Wales under registered number 02027379 and having its registered office at 4th Floor, Alliance House, 12 Caxton Street, London SW1H 0QS;
"Board" or "Directors"	the directors of the Issuer, whose names appear on page 37 of this document;
"Charged Property Portfolio"	the properties charged in favour of the Trustee in security for the 2021 Debentures that will comprise, as at the Effective Date, the properties in Scotland at Ayr – 83 High Street, Kelso – 8/16 Horsemarket and Oban – Edinburgh Woollen Mill, 42 George Street and the properties in England and Wales at Canterbury – 13 St Dunstans Street, Kings Heath – 155 High Street, London – 48 Cleaver Square, London – 9/10 West Smithfield, Lymington – 78-80 High Street, Oxford – 171/173 Cumnor Hill, Sevenoaks – 87/93 High Street and Risca 75/77 Tredegar Street.
"Companies Act"	the Companies Act 2006, as amended;
"Deed of Amendment"	the deed of amendment to be entered into between Audax, the Issuer and the Trustee pursuant to the First Extraordinary Resolution;
"Deed of Release"	the deed of release to be entered into between Audax and the Trustee pursuant to the Second Extraordinary Resolution;
"Deed of Substitution"	the deed of substitution to be entered into between Audax, the Issuer and the Trustee pursuant to the Second Extraordinary Resolution;
"Disclosure and Transparency Rules"	the rules relating to the disclosure of information made by the FCA under section 73A of FSMA;
"EEA"	the European Union, Iceland, Norway and Liechtenstein;
"Effective Date"	the date upon which Admission will become effective, expected to be 28 March 2014;
"Event of Default"	has the meaning given in paragraph 11 of Part 6 of this Prospectus;

"Exchange Act"	the United States Securities Exchange Act of 1934, as amended;
"Existing Trust Deed"	together, (1) a trust deed dated 7 August 1986 between Audax, the Issuer and L.D.C. Trustees Limited (formerly Eagle Star Trust Company Limited) constituting and securing the First Debenture Stock; (2) a supplemental trust deed dated 23 March 1988 between Audax, the Issuer and L.D.C. Trustees Limited constituting and securing the Second Debenture Stock; (3) a second supplemental trust deed dated 27 September 1991 between Audax, the Issuer and L.D.C. Trustees Limited in terms of which the First Debenture Stock and the Second Debenture Stock became known as the 2021 Debentures; and (4) a deed of appointment and retirement dated 22 January 1993 between Audax, the Issuer, L.D.C. Trustees Limited and the Trustee in terms of which the Trustee was appointed as the trustee of the 2021 Debentures;
"Extraordinary Resolutions"	the First Extraordinary Resolution and the Second Extraordinary Resolution;
"FCA"	the Financial Conduct Authority;
"First Debenture Stock"	£8,000,000 11 per cent. Debenture Stock 2021 constituted by Audax on 7 August 1986;
"First Extraordinary Resolution"	extraordinary resolution proposed to the holders of the 2021 Debentures in terms of which the holders of the 2021 Debentures are being asked to assent to the supplementation of their powers that are exercisable by extraordinary resolution only to so provide them with the power to approve the substitution of the Issuer and release and re-grant of security in connection with such substitution as detailed in the section entitled "Reorganisation" in Part 7 of this Prospectus;
"FSMA"	the Financial Services and Markets Act 2000, as amended;
"FTSE SPTR"	FTSE All-Share Index share price total return;
"HMRC"	HM Revenue & Customs;
"IFRS"	International Financial Reporting Standards as adopted by the European Union;
"Issuer"	Value and Income Trust plc, a company incorporated in Scotland with registered number SC050366 and having its registered office at Kintyre House 205, West George Street, Glasgow, Scotland G2 2LW;
"Listing Rules"	the listing rules made by the FCA under Part VI of FSMA;
"London Stock Exchange"	the London Stock Exchange plc;
"Managers"	OLIM Limited and OLIM Property Limited;
"Member State"	a member of the European Union;
"Official List"	the official list maintained by the FCA pursuant to Part VI of FSMA;
"Prospectus Directive"	EU Directive 2003/71/EC, as amended by EU Directive 2010/73/EU;
"Prospectus Rules"	the prospectus rules made by the FCA under section 73A of FSMA;
"PTCL"	Prudential Trustee Company Limited, a company incorporated in England and Wales under registered number 01863305 and having its registered office at Laurence Pountney Hill, London EC4R 0HH;
"Reorganisation"	the reorganisation of the Issuer and its subsidiary, Audax, as detailed in the section entitled "Reorganisation" in Part 7 of this Prospectus;

"Rule 144A"	Rule 144A of the Securities Act;
"Second Debenture Stock"	£7,000,000 11 per cent. Guaranteed Debenture Stock 2021 "A" constituted by Audax on 23 March 1988;
"Second Extraordinary Resolution"	extraordinary resolution proposed to the holders of the 2021 Debentures, conditional upon the Deed of Amendment coming into effect in terms of which the holders of the 2021 Debentures are being asked to assent to the release of Audax from all and any of its obligations under the Existing Trust Deed and the assumption by the Issuer of the rights and obligations in substitution for, and to the exclusion of, Audax as detailed in the section entitled "Reorganisation" in Part 7 of this Prospectus;
"Securities Act"	the United States Securities Act of 1934, as amended;
"SEDOL"	Stock Exchange Daily Official List;
"Specific Security"	has the meaning given in the Trust Deed which is, in summary, the Property (as defined in the Trust Deed), Approved Investments (as defined in the Trust Deed), money and investments representing such money charged, or that ought to be charged, in favour of the Trustee by way of specific security for the payment of the principal moneys, premium (if any) and interest on the 2021 Debentures;
"Trustee"	The Prudential Assurance Company Limited, a company incorporated in England and Wales under registered number 00015454 and having its registered office at Laurence Pountney Hill, London EC4R 0HH;
"Trust Deed"	together, (1) the Existing Trust Deed; (2) the Deed of Amendment and (3) the Deed of Substitution;
"UK Listing Authority"	the FCA in its capacity as competent authority under FSMA;
"Uncharged Property Portfolio"	the properties held by Audax which are not charged in favour of the Trustee being all properties held by Audax other than those comprised in the Charged Property Portfolio;
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland;
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
"VIT SPTR"	the Issuer's share price total return;
"2021 Debentures"	the £15,000,000 11% First Mortgage Debenture Stock 2021 constituted by Audax pursuant to the Existing Trust Deed and in respect of which the Issuer is to be substituted as debtor in terms of the Deed of Substitution; and
"2026 Debentures"	the £5,000,000 9 3/8 per cent Debenture Stock 2026 constituted by the Issuer pursuant to a trust deed dated 30 June 1995 and entered into between the Issuer and PTCL.

Notes:

1. All times referred to in this document are references to London time.
2. All references in this document to 11 February 2014 should be read as references to the latest practicable date prior to the publication of this document.

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