

THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own financial advice immediately from an independent financial adviser who is authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

A copy of this document, which comprises a prospectus relating to BlackRock North American Income Trust plc (the "**Company**") prepared in accordance with the Prospectus Rules of the Financial Conduct Authority made under section 84 of FSMA, has been delivered to the Financial Conduct Authority in accordance with Rule 3.2 of the Prospectus Rules.

Applications will be made to the UKLA and the London Stock Exchange for all the C Shares to be issued pursuant to the Issue to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. On conversion of the C Shares into Ordinary Shares, as set out in this document, applications will be made to the UKLA and the London Stock Exchange for the Ordinary Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that admission will become effective, and that dealings in the C Shares will commence on 3 October 2013.

Applications will be made to the UKLA and the London Stock Exchange for all the Ordinary Shares to be issued pursuant to the Placing Programme to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that such admissions will become effective, and that dealings in any new Shares will commence, during the period from 11 October 2013 to 15 September 2014.

The Company and each of the Directors, whose names appear on page 39 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read the entire document and, in particular, the section headed "Risk Factors" beginning on page 21 when considering an investment in the Company.

BLACKROCK NORTH AMERICAN INCOME TRUST PLC

(Incorporated in England and Wales with registered number 8196493 and registered as an investment company under section 833 of the Companies Act)

Placing, Open Offer and Offer for Subscription of C Shares for a target issue in excess of £50 million at an Issue Price of 100 pence per C Share

and

Placing Programme in respect of up to 45,000,000 Ordinary Shares

Manager

BlackRock Investment Management (UK) Limited

Sponsor, Financial Adviser and Placing Agent

Cenkos Securities plc

Cenkos Securities plc ("**Cenkos**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for the Company and for no-one else in connection with the Issue and the Placing Programme and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Cenkos nor for providing advice in connection with the Issue and/or the Placing Programme. Cenkos is not responsible for the contents of this document. This does not exclude or limit any responsibilities which Cenkos may have under FSMA or the regulatory regime established thereunder.

The maximum size of the Issue is £150 million, before expenses. The Open Offer will remain open until 11.00 a.m. on 3 October 2013, the Offer for Subscription will remain open until 12 noon on 10 October 2013 and the Placing will remain open until 4.00 p.m. on 10 October 2013. Persons wishing to participate in the Open Offer should complete the Open Offer Application Form or settle the relevant CREST instructions (as appropriate). To be valid, Open Offer Application Forms must be completed and returned with the appropriate remittance, by post to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater House, Bristol BS99 6AH or by hand (during business hours only), to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater House, Bristol BS13 8AE so as to be received no later than 11.00 a.m. on 3 October 2013. Persons wishing to participate in the Offer for Subscription should complete the Application Form set out in the Appendix to this document. To be valid, Application Forms must be completed and returned with the appropriate remittance, by post to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater House, Bristol BS99 6AH or by hand (during business hours only), to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater House, Bristol BS13 8AE so as to be received no later than 12 noon on 10 October 2013.

The Ordinary Shares and the C Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and the Ordinary Shares and/or the C Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act). There will be no public offer of the Ordinary Shares and/or the C Shares in the United States. The Ordinary Shares and the C Shares are being offered or sold only outside the United States to non U.S. Persons in offshore transactions in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The Company has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the "**U.S. Investment Company Act**") and investors will not be entitled to the benefits of the U.S. Investment Company Act. This document should not be distributed into the United States or to U.S. Persons.

This document does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe, for Ordinary Shares or C Shares in any jurisdiction where such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the Manager or Cenkos. The offer and sale of Ordinary Shares or C Shares has not been and will not be registered under the applicable securities law of Canada, Japan, Australia or the Republic of South Africa. Subject to certain exemptions, neither the Ordinary Shares nor the C Shares may be offered or sold within Canada, Japan, Australia or the Republic of South Africa or to any national, resident or citizen of Canada, Japan, Australia or the Republic of South Africa.

Dated: 16 September 2013.

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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. Some Elements are not required to be addressed which means there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted into 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

A.1	Warning	This summary should be read as an introduction to this prospectus. Any decision to invest in the securities should be based on consideration of this prospectus as a whole by the investor. Where a claim relating to the information contained in this prospectus is brought before a court, the plaintiff investor might, under the national legislation of a member state of the European Union, have 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 thereof, 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 this prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2.	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable. No consent has been given by the Company or any person responsible for drawing up this prospectus to the use of this prospectus for subsequent resale or final placement of securities by financial intermediaries.

Section B – Issuer

B.1	Legal and commercial name	BlackRock North American Income Trust plc
B.2.	Domicile and legal form	The Company was incorporated in England and Wales on 30 August 2012 with registered number 8196493 as a public company limited by shares under the Companies Act. The principal legislation under which the Company operates is the Companies Act.
B.5.	Group description	Not applicable. The Company is not part of a group.

B.6.	Major shareholders	<p>As at the date of this document insofar as known to the Company, the following parties were known to be interested, directly or indirectly, in three per cent. or more of the Ordinary Shares:</p> <table border="1" data-bbox="611 264 1394 577"> <thead> <tr> <th><i>Ordinary Shareholder</i></th> <th><i>Number of Ordinary Shares</i></th> <th><i>% of issued Ordinary Share capital</i></th> </tr> </thead> <tbody> <tr> <td>Brewin Dolphin Limited</td> <td>13,672,199</td> <td>16.18</td> </tr> <tr> <td>Quilter & Co. Ltd t/a Quilter Investec Wealth & Investment Limited</td> <td>8,456,570</td> <td>10.01</td> </tr> <tr> <td>Lloyds Banking Group plc</td> <td>8,919,785</td> <td>10.56</td> </tr> <tr> <td>F&C Asset Management plc</td> <td>4,188,300</td> <td>4.95</td> </tr> <tr> <td></td> <td>4,100,000</td> <td>4.85</td> </tr> </tbody> </table> <p>All Ordinary Shareholders have the same voting rights in respect of the Ordinary Share capital of the Company.</p> <p>As at 11 September 2013 (the latest practicable date prior to the publication of this document), the Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control of the Company.</p>	<i>Ordinary Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>% of issued Ordinary Share capital</i>	Brewin Dolphin Limited	13,672,199	16.18	Quilter & Co. Ltd t/a Quilter Investec Wealth & Investment Limited	8,456,570	10.01	Lloyds Banking Group plc	8,919,785	10.56	F&C Asset Management plc	4,188,300	4.95		4,100,000	4.85																																	
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B.7.	Historical financial information	<p>The selected historical financial information set out below, which has been prepared under IFRS, has been extracted without material adjustment from the audited financial statements for the period from the Company's incorporation to 31 December 2012 and the interim report and unaudited financial statements for the financial period from the Company's incorporation to 30 April 2013:</p> <p>Statement of financial position</p> <table border="1" data-bbox="611 1131 1394 1489"> <thead> <tr> <th>Assets and liabilities</th> <th>31 December 2012</th> <th>30 April 2013</th> </tr> <tr> <td></td> <th>£'000</th> <th>£'000</th> </tr> </thead> <tbody> <tr> <td>Cash and cash equivalents</td> <td>(1,261)</td> <td>(5)</td> </tr> <tr> <td>Financial assets at fair value</td> <td>68,774</td> <td>84,910</td> </tr> <tr> <td>Other liabilities</td> <td>(417)</td> <td>(212)</td> </tr> <tr> <td>Total assets</td> <td>69,615</td> <td>86,714</td> </tr> <tr> <td>Total liabilities</td> <td>(2,519)</td> <td>(2,021)</td> </tr> <tr> <td>Total net assets</td> <td>67,096</td> <td>84,693</td> </tr> <tr> <td>Net Asset Value per Ordinary Share</td> <td>98.38 pence</td> <td>111.18 pence</td> </tr> </tbody> </table> <p>Statement of comprehensive income</p> <table border="1" data-bbox="611 1556 1394 2004"> <thead> <tr> <th>Income and expenses</th> <th>Period from 30 August 2012 to 31 December 2012</th> <th>Period from 30 August 2012 to 30 April 2013</th> </tr> <tr> <td></td> <th>£'000</th> <th>£'000</th> </tr> </thead> <tbody> <tr> <td>Total income</td> <td>296</td> <td>10,495</td> </tr> <tr> <td>Total expenses</td> <td>202</td> <td>560</td> </tr> <tr> <td>Net Profit on ordinary activities before taxation</td> <td>94</td> <td>9,935</td> </tr> <tr> <td>Net Profit on ordinary activities after taxation</td> <td>3</td> <td>9,722</td> </tr> <tr> <td>Earnings per Ordinary Share</td> <td>0.01 pence</td> <td>13.94 pence</td> </tr> <tr> <td>Dividends paid per Ordinary Share</td> <td>–</td> <td>1 pence</td> </tr> </tbody> </table>	Assets and liabilities	31 December 2012	30 April 2013		£'000	£'000	Cash and cash equivalents	(1,261)	(5)	Financial assets at fair value	68,774	84,910	Other liabilities	(417)	(212)	Total assets	69,615	86,714	Total liabilities	(2,519)	(2,021)	Total net assets	67,096	84,693	Net Asset Value per Ordinary Share	98.38 pence	111.18 pence	Income and expenses	Period from 30 August 2012 to 31 December 2012	Period from 30 August 2012 to 30 April 2013		£'000	£'000	Total income	296	10,495	Total expenses	202	560	Net Profit on ordinary activities before taxation	94	9,935	Net Profit on ordinary activities after taxation	3	9,722	Earnings per Ordinary Share	0.01 pence	13.94 pence	Dividends paid per Ordinary Share	–	1 pence
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		<p>Save for the rise in the unaudited Net Assets from £84,693,000 as at 30 April 2013 to £93,212,000 as at 11 September 2013 (the latest practicable date prior to the publication of this document) (which may be attributed to market movements in the value of investments, gains on foreign currency transactions and the issue of new Ordinary Shares) and a fall in the unaudited Net Asset Value per Ordinary Share from 111.18 pence per Ordinary Share to 110.33 pence per Ordinary Share over the same period (which may be attributed to the declaration of 2 dividends of 1 pence per Ordinary Share each (of which one has been paid at the date of this document)), the issue of 8,313,500 Ordinary Shares which raised gross proceeds of £9.64 million (which were used to purchase investments sourced by the investment team in line with the Company's investment policy and to pay for the costs and expenses associated with the issue of such Ordinary Shares) and the declaration of two dividends of 1 pence per Ordinary Share each (of which one has been paid at the date of this document) there has been no significant change in the financial or trading position of the Company since 30 April 2013, being the date to which the latest financial statements of the Company have been prepared.</p>
B.8.	Key pro forma financial information	Not applicable.
B.9.	Profit forecast	Not applicable. No profit forecast or estimate made.
B.10.	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The audited and unaudited financial statements of the Company contained in this document do not contain any qualifications.
B.11.	Qualified working capital	Not applicable. The Company is of the opinion that the working capital available to it is sufficient for its present requirements, that is for at least the next 12 months from the date of this document.
B.34.	Investment policy	<p>The Company's investment objective is to provide an attractive and growing level of income return with capital appreciation over the long-term, predominantly through investment in a diversified portfolio of primarily large-cap U.S. equities.</p> <p>The Company will invest predominantly in a diversified portfolio of equity securities quoted in the U.S., with a focus on companies that pay and grow their dividends. The Company may invest through an active options overlay strategy utilising predominantly covered call options and may also hold other securities from time-to-time including, <i>inter alia</i>, convertible securities, fixed interest securities, preference shares, non-convertible preferred stock and depositary receipts.</p> <p>The Company may also invest in listed large-cap equities quoted on exchanges outside the U.S., subject to the restrictions set out below, and may invest in securities denominated in U.S. dollars and non-U.S. dollar currencies.</p> <p>The Manager will adopt a stock specific approach in managing the Company's portfolio, selecting investments that it believes will both increase in value over the long-term and provide income.</p>

	<p>The Company will not invest in companies which are not listed, quoted or traded at the time of investment, although it may have exposure to such companies where, following investment, the relevant securities cease to be listed, quoted or traded.</p> <p>Typically it is expected that the investment portfolio will comprise of between 80 and 120 securities (excluding its active options overlay strategy).</p> <p>The Company may invest through derivatives for efficient portfolio management and may, for investment purposes, employ an active options overlay strategy utilising predominantly covered call options. Any use of derivatives for efficient portfolio management and options for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments.</p> <p>For the avoidance of doubt, the Company will not enter into physical or synthetic short positions or write any uncovered options.</p> <p>Portfolio risk will be mitigated by investing in a diversified spread of investments. In particular, the Company shall observe the following investment restrictions:</p> <ul style="list-style-type: none"> • no single investment (including for the avoidance of doubt, any single derivative instrument) shall, at the time of investment, account for more than 10 per cent. of the Gross Assets; • no more than 20 per cent. of the Gross Assets, at the time of investment, shall be invested in securities issued outside of the U.S.; • no more than 25 per cent. of the Gross Assets, at the time of investment, shall be exposed to any one sector; and • no more than 20 per cent. of the Company's portfolio shall be under option at any given time. <p>The Company's foreign currency investments will not be hedged to Sterling as a matter of general policy. However, the investment team may employ currency hedging, either back to Sterling or between currencies (i.e. cross-hedging of portfolio investments).</p> <p>In order to comply with the current Listing Rules, the Company also complies with the following investment restrictions (which do not form part of the Company's investment policy):</p> <ul style="list-style-type: none"> • the Company will not conduct any trading activity which is significant in the context of its group as a whole; • the Company will not invest more than 10 per cent. of its Gross Assets in other listed closed-ended investment funds, whether managed by the Manager or not, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other listed closed-ended investment funds; and
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		<ul style="list-style-type: none"> the Company will not invest more than 15 per cent. of its Gross Assets in other listed closed-ended investment funds, notwithstanding whether or not such funds have stated policies to invest no more than 15 per cent. of their gross assets in other closed-ended investment funds.
B.35.	Borrowing limits	The Company may borrow up to 20 per cent. of its net assets (calculated at the time of draw down), although the Board intends only to utilise borrowings representing up to 10 per cent. of net assets at the time of draw down. Borrowings may be used for investment purposes. The Company has entered into a multi-currency bank facility with the Custodian for this purpose but it is not currently intended that the Company will have long-term structural gearing. The Company may enter into interest rate hedging arrangements.
B.36.	Regulatory status	As an investment trust, the Company is not regulated as a collective investment scheme by the Financial Conduct Authority. However, it is subject to the Listing Rules, Prospectus Rules and the Disclosure and Transparency Rules.
B.37.	Typical investor	An investment in the Shares, whether under the Issue or the Placing Programme, is only suitable for institutional investors and professionally advised or financially sophisticated non-advised private investors (including retail investors) who understand and are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment.
B.38.	Investments of 20 per cent. or more in single underlying asset or investment company	Not applicable. No single investment of the Company shall, at the time of investment, account for more than 10 per cent. of the Gross Assets.
B.39.	Investments of 40 per cent. or more in the single underlying assets or investment company	Not applicable. No single investment of the Company shall, at the time of investment, account for more than 10 per cent. of the Gross Assets.
B.40.	Applicants service providers	<p><i>Investment management arrangements</i></p> <p>The Company has entered into a Management Agreement with BlackRock Investment Management (UK) Limited under which the Manager is responsible for the day-to-day management of the Company's investment portfolio on a discretionary basis in accordance with the Company's investment objective and policy, subject to the overall supervision of the Directors.</p> <p>The Manager has delegated certain of its responsibilities and functions, including its discretionary management of the Company's portfolio, to the U.S. based equity income investment team who are employed by the Investment Adviser, BlackRock Investment Management, LLC.</p>

		<p>The Manager manages assets for open-ended and closed-ended funds, and institutional and private clients throughout the world. Twelve of these funds (including the Company) are listed closed-ended investment companies with combined assets of circa. £2.62 billion (as at 31 August 2013).</p> <p>The Manager receives from the Company in respect of its services provided under the Management Agreement, a management fee payable quarterly in arrears calculated at the rate of one-quarter of 1 per cent. per quarter of the Market Capitalisation.</p> <p>Secretarial and administration services</p> <p>The Manager acts as the company secretary and administrator of the Company pursuant to the Management Agreement.</p> <p>The Manager is also responsible for the Company's general administrative functions, such as the calculation and publication of the Net Asset Value and maintenance of the Company's accounting and statutory records.</p> <p>Custodian arrangements</p> <p>The Bank of New York Mellon (International) Limited has been appointed as custodian to provide custody services to the Company. Under the terms of the Custody Agreement, the Custodian receives an asset based safe keeping fee that varies with the location of the assets (being currently 0.4 basis points per annum in respect of the assets of the Company located in the U.S.), billed and payable monthly and a transaction charge for transaction settlement.</p> <p>Registrar arrangements</p> <p>Computershare Investor Services PLC has been appointed as registrar in relation to the transfer and settlement of Ordinary Shares and, following Admission, C Shares held in uncertificated form. The Registrar is entitled to receive a fee calculated on the basis of the number of Shareholders and the number of transfers processed (exclusive of any VAT).</p>
B.41.	Regulatory status of investment manager and custodian	The Manager is authorised and regulated by the Financial Conduct Authority. The Custodian is authorised and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
B.42.	Calculation of Net Asset Value	<p>The unaudited Net Asset Value per Ordinary Share is calculated in Sterling by the Administrator and published by the Company on a daily basis through a Regulatory Information Service. The unaudited Net Asset Value per C Share will also be calculated and published daily, on the same basis, until conversion of the C Shares.</p> <p>The calculation of the Net Asset Value per Ordinary Share and the Net Asset Value per C Share will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained or in other circumstances (such as a system's failure of the Administrator) which prevents the Company from making such calculations. Details of any suspension in making such calculations will be announced through a Regulatory Information Service as soon as practicable after any such suspension occurs.</p>

B.43.	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.
B.44.	No financial statements have been made up	Not applicable. The Company has commenced operations and historical financial information is included within this document. Please see the key financial information at B.7.
B.45.	Portfolio	As at 11 September 2013 (the latest practicable date prior to the publication of this document), the Company held 94 investments in companies and the total number of open options was 146.
B.46.	Net Asset Value	As at 11 September (the latest practicable date prior to the publication of this document) the unaudited Net Asset Value per Ordinary Share (cum-income) was 110.33 pence.

Section C – Securities

C.1.	Type and class of securities	<p>The Issue</p> <p>The Company intends to issue C Shares pursuant to the Placing, Open Offer and Offer of Subscription. The C Shares will be converted into Ordinary Shares on the Conversion Date.</p> <p>The target size of the Issue is in excess of £50 million before expenses, at an issue price of 100 pence per C Share. The maximum size of the Issue is £150 million, before expenses. This will comprise a Placing, Open Offer and Offer for Subscription. The total number of C Shares issued by the Company will be determined by the Company, the Investment Manager and Cenkos after taking into account investor demand and prevailing market conditions. The actual number of C Shares to be issued pursuant to the Issue, and therefore the Initial Gross Proceeds, are not known as at the date of this document but will be notified by the Company via a Regulatory Information Service announcement prior to Admission.</p> <p>The ISIN of the C Shares is GB00BD032B44 and the SEDOL is BD032B4. The ticker for the C Shares is BRNC. The ISIN of the Open Offer Entitlements is GB00BD02RC79 and the SEDOL is BD02RC7. The ISIN of the Excess Shares Entitlement is GB00BD02RD86 and the SEDOL is BD02RD8.</p> <p>The Placing Programme</p> <p>The Company intends to issue up to 45,000,000 Ordinary Shares (representing approximately 53.26 per cent. of the issued share capital of the Company as at the date of this document) pursuant to the Placing Programme.</p> <p>The ISIN of the Ordinary Shares is GB00B7W0XJ61 and the SEDOL is B7W0XJ6. The ticker for the Ordinary Shares is BRNA.</p>
C.2.	Currency	The Ordinary Shares and the C Shares are denominated in Sterling. The nominal value of the C Shares and the Ordinary Shares is £0.10 and £0.01 respectively.

C.3.	Number of securities in issue	As at the date of this document, 84,488,500 Ordinary Shares are in issue, all of which are fully paid. No C Shares are in issue. The nominal value of the Ordinary Shares is one pence each.
C.4.	Description of the rights attaching to the securities	<p>C Shares</p> <p>C Shares are a transient class of shares: the assets representing the net proceeds of any issue of C Shares will be maintained, managed and accounted for as a separate pool of capital of the Company until those C Shares convert into Ordinary Shares (which will occur once substantially all of the assets representing the Net Proceeds have been invested in accordance with the Company's existing investment policy (or, if earlier, six months after the date of issue of the C Shares)). On such conversion, each holder of C Shares will receive such number of Ordinary Shares as equals the number of C Shares held by them multiplied by the Net Asset Value per C Share and divided by the Net Asset Value per Ordinary Share, in each case as at a date shortly prior to conversion.</p> <p>C Shares will carry the right to receive all dividends resolved by the Directors to be paid out of the pool of assets attributable to those C Shares.</p> <p>On a winding-up, provided the Company has satisfied all of its liabilities, the holders of C Shares will be entitled to any surplus assets of the Company attributable to those C Shares.</p> <p>Holders of C Shares will be entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each C Share held.</p> <p>The new Ordinary Shares arising on Conversion of the C Shares will rank <i>pari passu</i> with the Ordinary Shares then in issue save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the conversion of the C Shares into Ordinary Shares.</p> <p>C Shares will be issued in registered form and applications will be made in conjunction with any issue of C Shares for those C Shares to be admitted to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange.</p> <p>Ordinary Shares</p> <p>The Ordinary Shares carry the right to receive all dividends declared by the Company or the Directors, subject to the rights of any C Shares in issue.</p> <p>On a winding-up, provided the Company has satisfied all of its liabilities and subject to the rights conferred by any C Shares in issue at that time to participate in the winding-up, the holders of Ordinary Shares are entitled to all of the surplus assets of the Company.</p> <p>Holders of Ordinary Shares are entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each Ordinary Share held.</p> <p>The Ordinary Shares are in registered form, have been admitted to the premium listing segment of the Official List and are traded on the main market for listed securities of the London Stock Exchange.</p>

C.5.	Restrictions on the free transferability of the securities	There are no restrictions on the free transferability of the C Shares or the Ordinary Shares, subject to compliance with applicable securities laws and regulations.
C.6.	Admission	<p>The Issue</p> <p>Applications will be made to the UKLA and the London Stock Exchange for all the C Shares to be issued pursuant to the Issue to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. No application will be made for the C Shares to be listed or dealt in on any other stock exchange or investment exchange. It is expected that Admission will occur, and that dealings in the C Shares will commence, at 8.00 a.m. on 16 October 2013.</p> <p>Applications will be made to the UKLA and the London Stock Exchange for all the Ordinary Shares arising on Conversion to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. No application will be made for the Ordinary Shares arising on Conversion to be listed or dealt in on any other stock exchange or investment exchange.</p> <p>The Placing Programme</p> <p>Applications will be made to the UKLA and the London Stock Exchange for all the Ordinary Shares to be issued pursuant to the Placing Programme to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. No application will be made for the Ordinary Shares to be listed or dealt in on any other stock exchange or investment exchange.</p>
C.7.	Dividend policy	<p>Since launch, the Company has declared dividends of 3 pence per Ordinary Share. At launch the Company stated it would target an annualised dividend of 4 pence per Ordinary Share (being 4 per cent. of the price of the Ordinary Shares on the Company's admission on 24 October 2012) and the Company would seek to grow the dividend over time.</p> <p>Dividends are declared on a quarterly basis in February, May, August and November which are expected to be paid no later than April, July, October and January in each relevant year.</p> <p>The Company declared its third interim dividend on 6 August 2013 of 1 pence per Ordinary Share which will be paid on 2 October 2013 to all Ordinary Shareholders on the register of members of the Company at the close of business on 16 August 2013.</p> <p>For the avoidance of doubt, it is currently the Board's intention to declare the quarterly dividend in respect of the three months to 31 October 2013 prior to the Calculation Date and as a consequence holders of C Shares will not be entitled, following Conversion, to that dividend. It is expected that the first dividend to which holders of C Shares will be entitled, following Conversion, will be the quarterly dividend in respect of the period from 1 November 2013 to 31 January 2014.</p>

		Investors should note that the targeted annualised dividend is a target only and not a profit forecast and there can be no assurance that it will be met or that any growth in the dividend will be achieved.
C.22.	Information about the Ordinary Shares arising on Conversion	<p>Following Conversion, the investments which were attributable to the C Shares will be merged with the Company's existing portfolio of investments. The new Ordinary Shares arising on Conversion of the C Shares will rank <i>pari passu</i> with the Ordinary Shares then in issue save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the conversion of the C Shares into Ordinary Shares. Please see the currency of the Ordinary Shares, the description of the Ordinary Shares and a confirmation that there are no restrictions on their transferability at C.2., C.4. and C.5. respectively.</p> <p>The Ordinary Shares are in registered form, have been admitted to the premium listing segment of the Official List and are traded on the main market for listed securities of the London Stock Exchange.</p> <p>Applications will be made to the UKLA and the London Stock Exchange for all the Ordinary Shares arising on Conversion to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. No application will be made for the Ordinary Shares arising on Conversion to be listed or dealt in on any other stock exchange or investment exchange.</p>

Section D – Risks

D.1.	Key information on the key risks that are specific to the Company or its industry	<p><i>The Company may not meet its investment objective or target dividend yield</i></p> <p>The Company may not achieve its investment objective. The Company's investment objective includes the aim of providing Shareholders with a dividend income. There is no guarantee that any dividends will be paid in respect of any financial year or period. The ability to pay dividends is dependent on a number of factors including the level of dividends earned from the portfolio, income from the Company's active options overlay strategy utilising predominantly covered call options and the net revenue and capital profits available for that purpose. Income returns from the portfolio are dependent, among other things, upon the Company successfully pursuing its investment policy. The success of the Company depends on the investment team's ability to identify, acquire and realise investments in accordance with the Company's investment policy. There can be no assurance that the investment team will be able to do so.</p> <p><i>Investor returns are dependent upon the performance of the portfolio and the Company may experience fluctuations in its operating results</i></p> <p>The Company may experience fluctuations in its operating results due to a number of factors, including changes in the values of investments made by the Company, changes in the amount of distributions, dividends or interest paid by companies in the portfolio, changes in the Company's operating expenses, variations in and the timing of the recognition of realised and</p>
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unrealised gains or losses, the degree to which the Company encounters competition, the performance of the Company's option strategy and general economic and market conditions. Such variability may lead to volatility in the trading price of the Shares and cause the Company's results for a particular period not to be indicative of its performance in a future period.

The Company uses an active options overlay strategy utilising predominantly covered call options for investment purposes which may negatively affect the overall value of the Company

The ability of the Company to achieve its investment objective is partially dependent on the successful implementation of its options overlay strategy. Risks that may adversely affect the ability of the Company to successfully implement its options overlay strategy are set out below. If any one or more of the risks set out below materialises the Company's options overlay strategy may not be performed effectively which may have an adverse and material impact on the Company's ability to meet its dividend target and the overall value of the Company:

- there are significant differences between the securities and options markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its objective;
- as the writer of a covered call option, the Company forgoes, during the option's life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but has retained the risk of loss should the price of the underlying security decline. If the Company experiences Net Asset Value erosion, which itself may have an indirect negative effect on the market price of the Shares, the Company will have a reduced asset base over which to write covered calls, which may eventually lead to reduced distributions to Shareholders;
- the Company may utilise exchange-listed and write "over-the-counter" options. There can be no assurance that a liquid market will exist when the Company seeks to close out an option position on an options exchange. Further, the hours of trading for options on an exchange may not conform to the hours during which the underlying securities are traded. To the extent that the options markets close before the markets for the underlying securities, significant price and rate movements can take place in the underlying markets that cannot be reflected in the options markets;
- the Company's options transactions will be subject to limitations established by each of the exchanges, boards of trade or other trading facilities on which such options are traded. Thus, the number of options which the Company may write or purchase may be affected by options written or purchased by clients of the Manager and/or the Investment Adviser. An exchange, board of trade or other trading facility may order the liquidation of positions found to be in excess of these limits, and it may impose certain other sanctions.

		<p><i>Changes in economic conditions can adversely affect the Company's prospects</i></p> <p>Recent U.S. and international economic recessions, downturns and uncertainty have caused international financial markets to experience extreme volatility and instability. Despite actions of government authorities, these events have contributed to difficult economic conditions, including unemployment, inflation, volatile currency exchange rates, low business and consumer confidence, sovereign credit downgrades and political uncertainty. This has resulted in lack of liquidity in the equity capital markets and derivatives markets. These factors are outside of the Company's control and may affect the performance of the Company's portfolio and may have an adverse effect on the target dividend yield and returns to Shareholders.</p> <p><i>The Company depends on the managerial expertise available to the Manager</i></p> <p>The performance of the Company's investments depends heavily on the skills available to the Manager to analyse, select and manage the investments. As a result, investors are highly dependent on the financial and managerial experience of certain investment professionals associated with the Manager and any delegate of the Manager, none of whom are under any contractual obligation to the Company to continue to be associated with the Manager or any delegate of the Manager. The loss of one or more of these individuals could have a material adverse effect on the performance of the Company.</p>
D.3.	Key information on the key risks that are specific to the Shares	<p><i>Shares may trade at a discount to their Net Asset Value</i></p> <p>The value of an investment in the Company, and the income derived from it, if any, may go down as well as up and an investor may not get back the amount invested. The market price of the Ordinary Shares and C Shares, like shares in all investment trusts, may fluctuate independently of their underlying Net Asset Value and may trade at a discount or premium at different times, depending on factors such as supply and demand for the Shares and C Shares, market conditions and general investor sentiment. There can be no guarantee that any discount control policy in relation to the Ordinary Shares (the Company will not affect repurchases of, and tender offers in relation to, C Shares) will be successful or capable of being implemented. The market value of an Ordinary Share or a C Share may vary considerably from its Net Asset Value.</p> <p><i>It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Shares</i></p> <p>The price at which the Ordinary Shares and C Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Company and its investments and some which may affect companies generally. Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares or the C Shares. The market prices of the Ordinary Shares and C Shares may not reflect their underlying Net Asset Value.</p>

		The number of C Shares to be issued pursuant to the Issue is not yet known, and there may be a limited number of holders of C Shares. Limited numbers and/or holders of C Shares may mean that there is limited liquidity in the C Shares which may affect (i) an investor's ability to realise some or all of his investment and/or; (ii) the price at which such investor can effect such realisation; and/or (iii) the price at which the C Shares trade in the secondary market.
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Section E – Offer

E.1.	Proceeds and costs of the Issue and the Placing Programme	<p><i>The Issue</i></p> <p>The costs and expenses (including VAT where relevant) of the Issue are fixed at 1.75 per cent. of the Initial Gross Proceeds and are borne indirectly by the C Shareholders since they will be paid out of the pool of assets attributable to the C Shares. Any costs and expenses of the Issue over and above 1.75 per cent. of the Initial Gross Proceeds will be borne by the Manager.</p> <p><i>The Placing Programme</i></p> <p>The total net proceeds of the Placing Programme will depend on the number of Ordinary Shares issued pursuant to the Placing Programme and the relevant Placing Price. The fixed costs of implementing the Placing Programme are approximately £120,000 and will be borne by the Shareholders.</p>
E.2.a.	Reason for offer and use of proceeds	<p>The authorities under the Company's existing placing programme are shortly expected to be substantially utilised, which means that at such time the Company will not have the capacity to issue further Ordinary Shares under a placing programme without renewing Shareholder authorities and publishing a prospectus. Also, notwithstanding the issue of Ordinary Shares since launch, the Ordinary Shares have continued to trade at a premium to their Net Asset Value. As at the close of business on 11 September 2013 (the latest practicable date prior to the publication of this document) the Ordinary Shares were trading at a 3.8 per cent. premium to Net Asset Value per Ordinary Share (cum-income) and since launch have traded at an average premium to Net Asset Value (cum income) of 2.8 per cent.</p> <p>In response to interest from investors and the continued positive investment outlook, the Directors consider that the Company should raise additional capital through an issue of C Shares (to meet immediate demand) at the same time as the renewal of the Company's placing programme to satisfy on-going market demand for the Ordinary Shares and manage the premium to Net Asset Value at which the Ordinary Shares may trade over the next twelve months.</p>

Benefits of the Issue and the Placing Programme

The Directors believe that the Issue and the Placing Programme should yield the following principal benefits:

- providing additional capital which will enable the Company to benefit from the continued investment opportunities in the market;
- improving liquidity in the market for the Ordinary Shares due to the increasing number of Ordinary Shares in issue;
- increasing the size of the Company will help make the Company more attractive to a wider Shareholder base; and
- the Company's fixed running costs will be spread across a wider Shareholder base, thereby reducing the Company's ongoing charges.

The Directors also recognise the importance of pre-emption rights to Ordinary Shareholders. Accordingly, 84,488,500 C Shares (or such greater number as may be made available by Directors in exercising their discretion to scale back the Placing and the Offer for Subscription in favour of the Excess Application Facility) are being offered to Existing Shareholders at the Issue Price by way of the Open Offer on a one-for-one basis. Existing Shareholders can subscribe in excess of their Open Offer Entitlements pursuant to the Excess Application Facility and can also participate by subscribing for C Shares pursuant to the Placing and/or Offer for Subscription.

Reasons for issuing C Shares under the Issue

The issue of further equity in the form of C Shares is designed to overcome the potential disadvantages for both existing and new investors which would arise out of a conventional fixed price issue of further Ordinary Shares for cash. In particular:

- the assets representing the Net Proceeds will be accounted for as a separate pool of assets until the Conversion Date; by accounting for the Net Proceeds separately, holders of existing Ordinary Shares will not be exposed to a portfolio containing substantial amounts of uninvested cash nor to the costs of investing the Net Proceeds;
- the C Shares will not convert into Ordinary Shares until at least 85 per cent. of the Net Proceeds of the C Share issue (or such other percentage as the Directors and Manager shall agree) have been invested in accordance with the Company's investment policy (or, if earlier, six months after the date of their issue);
- the Net Asset Value of the existing Ordinary Shares will not be diluted by the expenses associated with the Issue which will be borne by the subscribers for C Shares (and in certain circumstances the Manager); and
- the basis upon which the C Shares will convert into Ordinary Shares is such that the number of Ordinary Shares to which the C Shareholders will become entitled will reflect the relative Net Asset Value per Share of the assets attributable

		<p>to the C Shares and the Ordinary Shares. As a result, the Net Asset Value per Ordinary Share will not be adversely affected by Conversion.</p> <p>Following Conversion, the investments which were attributable to the C Shares will be merged with the Company's existing portfolio of investments. The new Ordinary Shares arising on Conversion of the C Shares will rank <i>pari passu</i> with the Ordinary Shares then in issue save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the conversion of the C Shares into Ordinary Shares.</p> <p>The Directors expect Conversion to take place within one month of Admission.</p> <p>Additional benefits of the Placing Programme</p> <p>The Directors also believe that the Placing Programme should yield the following additional principal benefits:</p> <ul style="list-style-type: none"> • enhancing the Net Asset Value per Ordinary Share of existing Ordinary Shares through new share issuances at a premium to Net Asset Value per Ordinary Share (cum-income); and • maintaining the Company's ability to issue new Ordinary Shares tactically, so as to better manage the premium to Net Asset Value per Ordinary Share at which the Ordinary Shares may trade. <p>The Directors intend to use the net proceeds of the Issue and the Placing Programme after providing for the Company's operational expenses, to purchase investments sourced by the investment team in line with the Company's investment policy.</p>
E.3.	Terms and conditions of the Issue and the Placing Programme	<p>The Issue</p> <p>The Issue is conditional, <i>inter alia</i>, upon:</p> <ul style="list-style-type: none"> • Admission having become effective on or before 8.00 a.m. on 16 October 2013 or such later time and/or date as the Company and Cenkos may agree (not being later than 8.00 a.m. on 15 November 2013); • the Placing and Share Issuance Agreement becoming wholly unconditional (save as to Admission) and not having been terminated in accordance with its terms at any time prior to Admission; and • the Minimum Proceeds being raised. <p>The Directors also have the discretion not to proceed with the Issue if all of the above conditions have been met. If the Issue does not proceed any monies received under the Issue will be returned to applicants without interest at the applicants' risk.</p> <p><i>Open Offer</i></p> <p>Under the Open Offer, an aggregate amount of 84,488,500 C Shares (or such greater number as may be made available by the Directors in exercising their discretion to reallocate the Placing and/or Offer for Subscription in favour of the Excess Application</p>

Facility) will be made available to Existing Shareholders at the Issue Price *pro rata* to their holdings of Existing Ordinary Shares, on the terms and subject to the conditions of the Open Offer, on the basis of:

1 C Share for every 1 Ordinary Share held at the Record Date (being the close of business on 13 September 2013).

The balance of C Shares to be made available under the Issue, together with any C Shares not taken up pursuant to the Open Offer, will be made available under the Excess Application Facility, the Placing and the Offer for Subscription.

Existing Shareholders should be aware that the Open Offer is not a rights issue and Open Offer Entitlements cannot be traded.

The latest time and date for acceptance and payment in full in respect of the Open Offer will be 11.00 a.m. on 3 October 2013. If the Open Offer is extended the revised timetable will be notified to any Shareholders who have place orders. Valid applications under the Open Offer will be satisfied in full up to applicants' Open Offer Entitlements. Existing Shareholders are also being offered the opportunity to subscribe for C Shares in excess of their Open Offer Entitlements under the Excess Application Facility.

The terms and conditions of application under the Open Offer are set out at Part 10 of this document. These terms and conditions should be read carefully before an application is made.

Offer for Subscription

The Company is also offering the C Shares to investors pursuant to the Offer for Subscription.

The Terms and Conditions of Application relating to the Offer for Subscription are set out at Part 11 of this document and an Application Form and notes on how to complete such Application Form are set out in the Appendix to this document. The Terms and Conditions of the Application should be read carefully before an application is made.

Any application may be rejected in whole or in part at the sole discretion of the Company.

Placing

The Company is also offering the C Shares to investors pursuant to the Placing. Cenkos has agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for the C Shares under the Placing at the Issue Price on the terms, and subject to the conditions, set out in the Placing and Share Issuance Agreement.

Commitments under the Placing must be received by 4.00 p.m. on 10 October 2013 (or such later date not being later than 9 November 2013 as the Company and Cenkos may agree).

Investors who are in any doubt about the Issue arrangements should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser.

		<p>The Placing Programme</p> <p>Each allotment and issue of Ordinary Shares pursuant to the Placing Programme is conditional on:</p> <ul style="list-style-type: none"> • authority for the allotment of Ordinary Shares and the disapplication of pre-emption rights in respect of the relevant allotment being in place; • the Placing Price being not less than the aggregate of the Net Asset Value per Ordinary Share (cum-income) and a premium to cover, <i>inter alia</i>, the costs and expenses of the issue of Ordinary Shares (including, without limitation, any placing commissions); • the Company having a share issuance agreement or equivalent arrangement in place at the time of such issue; and • the Admission of those Ordinary Shares. <p>In circumstances in which these conditions are not fully met, the relevant issue of Ordinary Shares pursuant to the Placing Programme will not take place.</p>
E.4.	Material interests	Not applicable. No interest is material to the Issue and/or the Placing Programme.
E.5.	Name of person selling securities/lock-up agreements	Not applicable. No person or entity is offering to sell C Shares as part of the Issue and/or Ordinary Shares as part of the Placing Programme and no lock-up agreements are being entered into in connection with the Issue and/or the Placing Programme.
E.6.	Dilution	<p>The Issue</p> <p>The shareholding of a holder of Ordinary Shares (and therefore their voting rights) who takes up their Open Offer Entitlement will not, following the conversion of the C Shares into Ordinary Shares, be diluted as a result of the Issue. As an illustration, such Shareholder who holds one per cent. of the issued Ordinary Share capital before Conversion would hold one per cent. of the Ordinary Share capital after Conversion.</p> <p>The shareholding of a holder of Ordinary Shares (and therefore their voting rights) who does not take up their Open Offer Entitlement will, following the conversion of the C Shares into Ordinary Shares, be diluted by approximately 47.10 per cent. as a result of the Issue. As an illustration, such Shareholder who holds one per cent. of the issued Ordinary Share capital before Conversion would hold 0.53 per cent. of the Ordinary Share capital after Conversion.</p> <p>The above examples assume: (i) the Open Offer and Excess Application Facility are subscribed as to 84,488,500 C Shares; (ii) a Conversion Ratio using the unaudited Net Asset Value per Ordinary Share (including income) of £1.1033 (being the unaudited Net Asset Value per Ordinary Share (including income) as at 11 September 2013 (being the latest practicable date before the publication of this document)) and a Net Asset Value per C Share</p>

		<p>of £0.9825 (being the initial Net Asset Value per C Share at Admission); and (iii) no Ordinary Shares are issued pursuant to the Placing, Offer for Subscription or Placing Programme.</p> <p>The above percentages are provided for illustrative purposes only and the extent of such dilution will depend, <i>inter alia</i>, on the number of C Shares issued and the respective Net Asset Values of the Ordinary Shares and the C Shares on the Calculation Date, as determined in accordance with the rights attaching to the C Shares set out in Part 5 of this document.</p> <p>The Placing Programme</p> <p>If 21,122,125 Ordinary Shares are issued pursuant to the Placing Programme (being the maximum number of Ordinary Shares the Directors will be authorised to issue under the Placing Programme immediately following the passing of the Resolutions) there would, ignoring any dilution as a result of the Issue or Conversion, be a dilution of 20 per cent. in existing Shareholders' voting control of the Company.</p>
E.7.	Estimated expenses charged to investors by the Company	<p>The Issue</p> <p>The costs and expenses (including VAT where relevant) of the Issue are fixed at 1.75 per cent. of the Initial Gross Proceeds and are borne indirectly by the C Shareholders since they will be paid out of the pool of assets attributable to the C Shares. Any costs and expenses of the Issue over and above 1.75 per cent. of the Initial Gross Proceeds will be borne by the Manager.</p> <p>Assuming that the Issue is subscribed as to £50 million, the Net Proceeds would be £49.125 million and the expenses of the Issue payable by the Company would be £875,000.</p> <p>The Placing Programme</p> <p>The total net proceeds of the Placing Programme will depend on the number of Ordinary Shares issued pursuant to the Placing Programme and the relevant Placing Price. The fixed costs of implementing the Placing Programme are approximately £120,000 and will be borne by the Shareholders.</p> <p>Subject to the requirements of the Listing Rules, the price at which the new Ordinary Shares will be issued pursuant to the Placing Programme will be calculated by reference to the estimated prevailing Net Asset Value of the existing Ordinary Shares (cum-income) together with a premium intended to, <i>inter alia</i>, cover the costs and expenses of the issue of Ordinary Shares (including, without limitation, any placing commissions). No additional expenses will be charged to the investor.</p>

RISK FACTORS

Investment in the Company should not be regarded as short-term in nature and involves a degree of risk. Accordingly, investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company, including, in particular, the risks described below.

The Directors believe the risks described below are the material risks relating to an investment in the Shares and the Company at the date of this document. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this document, may also have an adverse effect on the performance of the Company and the value of the Shares. Investors should review this document carefully and in its entirety and consult with their professional advisers before making an application to participate in the Issue or to acquire Ordinary Shares under the Placing Programme.

RISKS RELATING TO THE COMPANY AND ITS INVESTMENT STRATEGY

The Company may not meet its investment objective or target dividend yield

The Company may not achieve its investment objective. Meeting that objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it can or will be met.

The Company's investment objective includes the aim of providing Shareholders with a dividend income. There is no guarantee that any dividends will be paid in respect of any financial year or period. The ability to pay dividends is dependent on a number of factors including the level of dividends earned from the portfolio, income from the Company's active options overlay strategy utilising predominantly covered call options and the net revenue and capital profits available for that purpose. Income returns from the portfolio are dependent, among other things, upon the Company successfully pursuing its investment policy. The success of the Company depends on the investment team's ability to identify, acquire and realise investments in accordance with the Company's investment policy. This, in turn, depends on the ability of the investment team to apply its investment processes in a way which is capable of identifying suitable investments for the Company to invest in. There can be no assurance that the investment team will be able to do so.

Investors in C Shares should note that it is not currently envisaged that any dividend will be paid on the C Shares to be issued pursuant to the Issue prior to their Conversion into Ordinary Shares.

The effects of market fluctuations may impact the Company's business, operating results or financial condition

These are factors which are outside the Company's control and which may affect the volatility of underlying asset values and the liquidity and the value of the Company's portfolio. Changes in economic conditions in the U.S. where the Company predominantly invests (for example, interest rates and rates of inflation, industry conditions, competition, political and diplomatic events, the outbreak of war which impacts the U.S. and other factors) could substantially and adversely affect the Company's prospects.

Global financial markets experienced considerable declines and volatility in valuations, an acute contraction in the availability of credit and the failure of a number of leading financial institutions in the financial crisis of 2007-2008 and its aftermath. As a result, certain government bodies and central banks worldwide have undertaken intervention programmes, the effects of which remain uncertain. These macroeconomic developments could negatively affect the returns achievable by the Company, which could prejudice the Company's ability to generate returns for Shareholders.

Reliance on service providers and other third parties

The Company has no employees and the Directors have all been appointed on a non-executive basis. The Company therefore relies upon the performance of third party service providers to perform its executive functions. In particular, the Manager, the Administrator, the Registrar, the Custodian and their respective delegates, if any, perform services that are integral to the Company's operations and financial performance. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment, to exercise due care and skill, or to perform its obligations to the Company at all as a result of insolvency, bankruptcy or other causes could have a material adverse

effect on the Company's performance and returns to Shareholders. The termination of the Company's relationship with any third party service provider or any delay in appointing a replacement for such service provider, could disrupt the business of the Company materially and could have a material adverse effect on the Company's performance and returns to holders of Shares.

Past performance cannot be relied upon as an indicator of future performance

The past performance of the Company or other investments managed or advised by the Manager or the Investment Adviser or the investment team cannot be relied upon as an indicator of future performance of the Company. Investor returns are dependent on the Company successfully pursuing its investment policy. The success of the Company depends, *inter alia*, on the investment team's ability to identify, acquire and realise investments in accordance with the Company's investment policy. This, in turn, depends on the ability of the investment team to apply its investment processes in a way which is capable of identifying suitable investments for the Company to invest in. There can be no assurance that the investment team will be able to do so or that the Company will be able to invest its assets on attractive terms or generate any investment returns for Shareholders or indeed avoid investment losses.

An investor may not get back the amount originally invested. The Company can offer no assurance that investments will generate gains or income or that any gains or income that may be generated on particular investments will be sufficient to offset any losses that may be sustained.

Misconduct of employees and third party service providers

Misconduct or misrepresentations by employees of the Manager or the Investment Adviser or third party service providers could cause significant losses to the Company. Employee misconduct may include binding the Company to transactions that exceed authorised limits or present unacceptable risks and unauthorised trading activities or concealing unsuccessful trading activities (which, in any case, may result in unknown and unmanaged risks or losses) or making misrepresentations regarding any of the foregoing. Losses could also result from actions by third party service providers, including, without limitation, failing to recognise trades and misappropriating assets. In addition, employees and third party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Company's business prospects or future marketing activities. Despite the Manager and Investment Adviser's due diligence efforts, misconduct and intentional misrepresentations may be undetected or not fully comprehended, thereby potentially undermining the Manager and Investment Adviser's due diligence efforts. As a result, no assurances can be given that the due diligence performed by the Manager and Investment Adviser will identify or prevent any such misconduct.

Investor returns are dependent upon the performance of the portfolio and the Company may experience fluctuations in its operating results

Investors contemplating an investment in the Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant primarily upon the performance of the portfolio. No assurance is given, express or implied, that Shareholders will receive back the amount of their original investment in the Shares.

The Company may experience fluctuations in its operating results due to a number of factors, including changes in the values of investments made by the Company, changes in the amount of distributions, dividends or interest paid by companies in the portfolio, changes in the Company's operating expenses, variations in and the timing of the recognition of realised and unrealised gains or losses, the degree to which the Company encounters competition, the performance of the Company's option strategy and general economic and market conditions. Such variability may lead to volatility in the trading price of the Shares and cause the Company's results for a particular period not to be indicative of its performance in a future period.

Changes in laws or regulations governing the Company's operations may adversely affect the Company's business

The Company is subject to laws and regulations enacted by national and local governments. In particular, the Company is subject to and will be required to comply with certain regulatory requirements that are applicable to listed closed-ended investment companies. The Company must comply with the Listing Rules for premium listed equity securities and the Disclosure and Transparency Rules and so far

as the Company is aware, as at the date of this document, the Company complies with the Listing Rules. Any failure in future to comply with any future changes to the Listing Rules may result in the Shares being suspended from listing.

Any change in the law and regulation affecting the Company may have a material adverse effect on the ability of the Company to carry on its business and successfully pursue its investment policy and on the value of the Company and the Shares. In such event, the investment returns of the Company may be materially adversely affected.

The Company's investment strategy may involve the use of leverage, which exposes the Company to risks associated with borrowings

The Company may use borrowings to seek to enhance investment returns. While the use of borrowings should enhance the total return on the Shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the return on the Company's underlying assets is falling or rising at a lower rate than the cost of borrowing, reducing the total return on the Shares. As a result, the use of borrowings by the Company may increase the volatility of the Net Asset Value per Share. In accordance with its borrowing and gearing policy, the Company may borrow up to 20 per cent. of its net assets (calculated at the time of draw down) although the Board intends only to utilise borrowings representing up to 10 per cent. of net assets at the time of draw down.

Any reduction in the value of the Company's investments may lead to a correspondingly greater percentage reduction in its Net Asset Value (which is likely to adversely affect the price of a Share). Any reduction in the number of Shares in issue (for example, as a result of buy-backs or tender offers) will, in the absence of a corresponding reduction in borrowings, result in an increase in the Company's level of gearing.

To the extent that a fall in the value of the Company's investments causes gearing to rise to a level that is not consistent with the Company's gearing policy or borrowing limits, the Company may have to sell investments in order to reduce borrowings, which may give rise to a significant loss of value compared to the book value of the investments, as well as a reduction in income from investments.

The Company will pay interest on its borrowings. As such, the Company is exposed to interest rate risk due to fluctuations in the prevailing market rates. The Company may employ hedging techniques designed to reduce the risk of adverse movements in interest rates. However, such strategies may also result in losses and overall poorer performance than if the Company had not entered into such hedging transactions.

The Company's overdraft facility is provided by the Custodian pursuant to the terms of an overdraft facility letter (further details of which are set out at paragraph 7.9 of Part 9 of this document) for an amount which is the lower of £20 million and 20 per cent. of the Net Asset Value and is made available for an initial period to 17 October 2013. The Company intends to renew this overdraft facility on or before such date. There is no guarantee that the overdraft facility or any borrowings of the Company will be refinanced on their maturity either on terms that are acceptable to the Company or at all. If any overdraft facility or borrowings of the Company cannot be refinanced on their maturity either on terms that are acceptable to the Company or at all, the Company may be required to realise investments sooner than expected and this could impair the Manager's ability to generate investment returns for Shareholders or indeed avoid investment losses.

The Company has a limited operating history

The Company is a recently formed company and has a limited operating history. Accordingly, there are limited historical financial statements or other meaningful operational or financial data with which to evaluate the Company and its performance. An investment in the Company is therefore subject to all the risks and uncertainties associated with a business with a limited operating history, including the risk that the Company will not achieve its investment objective and that the value of an investment in the Company could decline substantially as a consequence. Existing performance data disclosed in this document may not reflect the performance data as at the time and date of each issue of Ordinary Shares pursuant to the Placing Programme.

The Company's performance and the target dividend yield may be adversely affected by currency movements

The proceeds of the Issue and the Placing Programme will be denominated in Sterling and the Directors intend that all monies returned to Shareholders and the reported Net Asset Value will be denominated in Sterling and that the annual and interim results of the Company will be reported in Sterling. The Company expects substantially all of its investments to be made in U.S.\$ denominated assets and distributions and income from or the proceeds from the disposal of certain investments in the portfolio may also be realised in currencies other than Sterling. Consequently, the value of investments in the portfolio made in non-Sterling currencies will be affected by currency movements and will fall as the Sterling currency appreciates against the currency in which such investments are denominated. The Company does not intend to use currency hedging. The Company currently converts U.S.\$ denominated income from the portfolio to Sterling upon receipt. As a result, Shareholders and the target dividend yield will be exposed to currency risk. The Board retains the right to vary the policy on currency hedging at its absolute discretion.

The AIFM Directive may impair the ability of the investment team to manage investments of the Company, which may materially adversely affect the Company's ability to implement its investment strategy and achieve its investment objective

The AIFM Directive, which was due to be transposed by EU member states into national law by 22 July 2013 and has been so transposed by the majority of EU member states, seeks to regulate AIFMs established in the EU and prohibits such managers from managing any AIF or marketing shares in such funds to investors in the EU unless an AIFM Directive authorisation is granted to the AIFM. In order to obtain such authorisation, and to be able to manage the AIF, an AIFM will need to comply with various obligations in relation to the AIF and in relation to the conduct and operation of its own business, which may create significant additional compliance costs that may, where considered appropriate, be passed to investors in the AIFs managed by AIFMs.

If the AIFM does not or cannot obtain authorisation under the AIFM Directive, the marketing of shares in the Company to investors in the EU may be prohibited or the ability to market shares in the Company may be impaired. Furthermore, the marketing of shares in the Company to investors in the EU may also be impaired by the implementation of the AIFM Directive generally and by the individual EU member state's private placement regimes which may impose additional restrictions. This may adversely impact the Company's ability to raise further capital in future.

In certain EU member states (including the United Kingdom), marketing of the Company which was permitted (for example on the basis of a licence or an exemption) prior to the implementation of the AIFM Directive may continue (on the basis of the transitional provisions under Article 61 of the AIFM Directive as implemented into local law) until the end of the transitional period in the relevant EU member state. Where transitional arrangements do not/no longer apply, shares in the Company will only be offered to the extent that the Company: (i) is permitted to be marketed into the relevant EU jurisdiction pursuant to either Article 36 or 42 of the AIFM Directive (if and as implemented into local law); or (ii) can otherwise be lawfully offered or sold (including on the basis of an unsolicited request from a professional investor).

The AIFM Directive requires (i) the Manager to seek authorisation to provide the services it provides under the Management Agreement to the Company; and (ii) a co-operation agreement between the U.S. Securities and Exchange Commission and the FCA to be in place in order for the Manager to be able to delegate certain functions (including the discretionary management of the Company's portfolio) to the Investment Adviser. If the Manager were to fail to, or be unable to, obtain and maintain an authorisation, it may be unable to continue to manage the Company or its ability to manage the Company may be impaired. Furthermore, if the co-operation agreement between the U.S. Securities and Exchange Commission and the FCA as described above is not in place, then the ability of the Manager to delegate certain functions (including the discretionary management of the Company's portfolio) to the Investment Adviser may be impaired and the Manager's ability to manage the Company may be impaired.

Any regulatory changes arising from implementation of the AIFM Directive and any derivative legislation or guidance (or otherwise) that impairs the ability of the investment team to manage the investments of the Company, or limit the Company's ability to market its Shares, may materially adversely affect the

Company's ability to carry out its investment strategy and achieve its investment objective. Further it is likely that the operating costs of the Company would increase, should the Manager's application to be authorised under the AIFM Directive be successful.

RISKS RELATING TO THE SHARES

Risks relating to the C Shares

General

The Company does not have (and does not intend to seek) any authority to buy back C Shares. Accordingly, the Directors will not be able to operate any discount management policy through the use of C Share buy-backs and, accordingly, the C Shares may trade from time-to-time at prices representing discounts to their underlying Net Asset Value.

Risks relating to the Ordinary Shares

The Company may not have adequate distributable profits to allow the Company to return capital to Ordinary Shareholders

Investors are reminded that, in accordance with the Companies Act, Ordinary Shares may only be repurchased out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or out of distributable profits (including any reserve arising out of the cancellation of the Company's share premium account). There can be no assurance that the Company will have any such proceeds or distributable profits to allow the Company at any time to make a tender offer or to utilise any granted buy-back authority and to thereby return capital to Ordinary Shareholders.

The issue of C Shares pursuant to the Issue and Ordinary Shares pursuant to the Placing Programme will dilute existing Ordinary Shareholders

The issue of C Shares pursuant to the Issue (other than the Open Offer provided Open Offer Entitlements are taken up in full) and Ordinary Shares pursuant to the Placing Programme will dilute the voting rights of the current holders of Ordinary Shares, or the possibility of the issue of Ordinary Shares, pursuant to the Placing Programme may cause the market price of existing Ordinary Shares to decline although Ordinary Shares will only be issued pursuant to the Placing Programme at prices greater than the aggregate of the prevailing Net Asset Value per Ordinary Share (cum-income) and a premium to cover, *inter alia*, the costs and expenses of the issue of Ordinary Shares (including, without limitation, any placing commissions) and therefore will be accretive to the Net Asset Value per Ordinary Share.

Risks relating to the Ordinary Shares and the C Shares

Shares may trade at a discount to their Net Asset Value

The value of an investment in the Company, and the income derived from it, if any, may go down as well as up and an investor may not get back the amount invested.

The market price of the Ordinary Shares and C Shares, like shares in all investment trusts, may fluctuate independently of their underlying Net Asset Value and may trade at a discount or premium at different times, depending on factors such as supply and demand for the Ordinary Shares and C Shares, market conditions and general investor sentiment. There can be no guarantee that any discount control policy in relation to the Ordinary Shares (the Company will not affect repurchases of, and tender offers in relation to, C Shares) will be successful or capable of being implemented. The market value of an Ordinary Share or a C Share may vary considerably from its Net Asset Value.

It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Shares

The price at which the Ordinary Shares and C Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Company and its investments and some which may affect companies generally. Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares or the C Shares. The market prices of the Ordinary Shares and C Shares may not reflect their underlying Net Asset Value.

While the Directors retain the right to effect the repurchases of, and tender offers in relation to, Ordinary Shares in the manner described in this document, they are under no obligation to use such powers or to do so at any time and Ordinary Shareholders should not place any reliance on the willingness of the Directors so to act. Ordinary Shareholders wishing to realise their investment in the Company may

therefore be required to dispose of their Ordinary Shares on the market. There can be no guarantee that a liquid market in the Ordinary Shares or C Shares will develop or that the Ordinary Shares or C Shares will trade at prices close to their underlying Net Asset Value. Accordingly, Shareholders may be unable to realise their investment at such Net Asset Value or at all.

The number of C Shares to be issued pursuant to the Issue is not yet known, and there may be a limited number of holders of C Shares. Limited numbers and/or holders of C Shares may mean that there is limited liquidity in the C Shares which may affect (i) an investor's ability to realise some or all of his investment and/or; (ii) the price at which such investor can effect such realisation; and/or (iii) the price at which the C Shares trade in the secondary market.

The Shares may be subject to significant forced transfer provisions

The Shares have not been registered and will not be registered in the United States under the U.S. Securities Act or under any other applicable securities laws (see page 32 of this document). Moreover, the Shares are only being offered and sold outside the United States to non-U.S. Persons (as defined in Regulation S under the U.S. Securities Act).

If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors: (i) would cause the assets of the Company to be treated as "plan assets" of any benefit plan investor under section 3(42) of ERISA or the U.S. Code; or (ii) would or might result in the Company and/or its shares being required to register or qualify under the U.S. Investment Company Act and/or the U.S. Securities Act and/or the U.S. Securities Exchange Act of 1934 and/or any laws of any state of the U.S. that regulate the offering and sale of securities; or (iii) may cause the Company not to be considered a "Foreign Private Issuer" under the U.S. Securities Exchange Act of 1934; or (iv) may cause the Company to be a "controlled foreign corporation" for the purpose of the U.S. Code; or (v) creates a significant legal or regulatory issue for the Company under the U.S. Bank Holding Company Act of 1956 (as amended) or regulations or interpretations thereunder, the Directors may require the holder of such shares to dispose of such shares and, if the shareholder does not sell such shares, may dispose of such shares on their behalf. These restrictions may make it more difficult for a U.S. Person to hold and shareholders of the Company generally to sell the Shares and may have an adverse effect on the market value of the Shares (see paragraph 4.5 of Part 9 of this document).

RISKS RELATING TO THE PORTFOLIO

Changes in economic conditions can adversely affect the Company's prospects

Recent U.S. and international economic recessions, downturns and uncertainty have caused international financial markets to experience extreme volatility and instability. Despite actions of government authorities, these events have contributed to difficult economic conditions, including unemployment, inflation, volatile currency exchange rates, low business and consumer confidence, sovereign credit downgrades and political uncertainty. This has resulted in lack of liquidity in the equity capital markets and derivatives markets. These factors are outside of the Company's control and may affect the performance of the Company's portfolio and may have an adverse effect on the target dividend yield and returns to Shareholders.

Suspension of trading could render it impossible for the Company to liquidate its positions and thereby expose the Company to losses

Securities exchanges typically have the right to suspend or limit trading in any instrument traded on that exchange. A suspension could render it impossible for the Company to liquidate its positions and thereby expose the Company to losses.

The calculation of the Net Asset Value per Share may be suspended

The calculation of the Net Asset Value per Share may be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained or in other circumstances (such as a system's failure of the Administrator or an event of *force majeure*) which prevents the Company from such calculations. A suspension could lead to the most recent published Net Asset Value per Share not reflecting the underlying value of the portfolio.

A failure in the due diligence process may lead to inappropriate investment decisions

Before making investments, the investment team conducts such due diligence as is deemed reasonable and appropriate based on the facts and circumstances applicable to each investment. There can be no assurance that due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating that investment opportunity.

Any failure by the investment team to identify relevant facts through the due diligence process may lead to inappropriate investment decisions, which could have a material adverse effect on the Company's profitability, Net Asset Value and Share price.

The Company uses an active options overlay strategy utilising predominantly covered call options for investment purposes which may negatively affect the overall value of the Company

The ability of the Company to achieve its investment objective is partially dependent on the successful implementation of its options overlay strategy. Risks that may adversely affect the ability of the Company to successfully implement its options overlay strategy are set out below. If any one or more of the risks set out below materialises the Company's options overlay strategy may not be performed effectively which may have an adverse and material impact on the Company's ability to meet its dividend target and the overall value of the Company.

Risks associated with options on securities generally

There are significant differences between the securities and options markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its objective. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behaviour or unexpected events.

Risks of writing options

As the writer of a covered call option, the Company forgoes, during the option's life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but has retained the risk of loss should the price of the underlying security decline. As the Company writes covered calls over more of its portfolio, its ability to benefit from capital appreciation becomes more limited. If the Company experiences Net Asset Value erosion, which itself may have an indirect negative effect on the market price of the Shares, the Company will have a reduced asset base over which to write covered calls, which may eventually lead to reduced distributions to Shareholders. The writer of an option has very limited control over the time when it may be required to fulfil its obligation as a writer of the option. Once an option writer has received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying security at the exercise price.

Exchange-listed and "over-the-counter" option risks

The Company may utilise exchange-listed and write "over-the-counter" options. There can be no assurance that a liquid market will exist when the Company seeks to close out an option position on an options exchange. Further, the hours of trading for options on an exchange may not conform to the hours during which the underlying securities are traded. To the extent that the options markets close before the markets for the underlying securities, significant price and rate movements can take place in the underlying markets that cannot be reflected in the options markets.

Over-the-counter options differ from exchange-listed options in that they are two party contracts, with exercise price, premium and other terms negotiated between buyer and seller, and generally do not have as much market liquidity as exchange-listed options. The counterparties to these transactions typically will be major international banks, broker-dealers and financial institutions. The Company may be required to treat as illiquid securities being used to cover certain written over-the-counter options. In addition, the Company's ability to terminate the over-the-counter options may be more limited than with exchange-traded options. Banks, broker-dealers or other financial institutions participating in such transactions may fail to settle a transaction in accordance with the terms of the option as written. In the event of default or insolvency of the counterparty, the Company may be unable to liquidate an over-the-counter option position.

Limitation on option writing risk

The Company's options transactions will be subject to limitations established by each of the exchanges, boards of trade or other trading facilities on which such options are traded. These limitations govern the maximum number of options in each class which may be written or purchased by a single investor or group of investors acting in concert, regardless of whether the options are written or purchased on the same or different exchanges, boards of trade or other trading facilities or are held or written in one or more accounts or through one or more brokers. Thus, the number of options which the Company may write or purchase may be affected by options written or purchased by clients of the Manager and/or the Investment Adviser. An exchange, board of trade or other trading facility may order the liquidation of positions found to be in excess of these limits, and it may impose certain other sanctions.

The Company invests through derivatives for efficient portfolio management which may negatively affect the overall value of the Company

Whilst the Board does not currently intend to engage in currency and/or interest rate hedging, the Company invests through derivatives for efficient portfolio management (such as currency and/or interest swap agreements, futures contracts, options and forward currency and/or interest exchanges and other derivative contracts) where the investment team considers it to be in the interests of the Company. There is no assurance that this can be performed effectively. Expenses and losses of entering into derivatives for efficient portfolio management will affect the overall value of the Company. Currency and/or interest rate hedging may give rise to cash payments to counterparties of hedging contracts. To the extent that such payments are significant, the investment team may need to realise part of the Company's portfolio in order to fund such payments. Furthermore, were the Company to engage in currency and/or interest rate hedging, it would be exposed to a credit risk with regard to the relevant counterparty, and the Company could encounter problems associated with enforcing its rights under a currency and/or interest rate hedging arrangement in the case of the insolvency of such counterparty.

RISKS ASSOCIATED WITH THE MANAGER

The performance of the Company depends on the ability and services of the Manager

The performance of the Company depends on: (i) the ability of the Manager to generate positive returns; and (ii) the Manager's ability to advise on, and identify, investments in accordance with the investment objective of the Company and to allocate the assets of the Company among all investments in an optimal way. Achievement of the investment objective also depends, in part, on the ability of the Manager to provide competent, attentive and efficient services to the Company under the terms of the Management Agreement. There can be no assurance that, over time, the Manager will be able to provide such services or that the Company will be able to invest its assets on attractive terms or generate any investment returns for Shareholders or indeed avoid investment losses.

The Company depends on the managerial expertise available to the Manager

The performance of the Company's investments depends heavily on the skills available to the Manager to analyse, select and manage the investments. As a result, investors are highly dependent on the financial and managerial experience of certain investment professionals associated with the Manager and any delegate of the Manager, none of whom are under any contractual obligation to the Company to continue to be associated with the Manager or any delegate of the Manager. The loss of one or more of these individuals could have a material adverse effect on the performance of the Company. Moreover, the Management Agreement may be terminated under certain circumstances.

There can be no assurance that a replacement manager or investment adviser will be found if the Manager or Investment Adviser resigns, is removed, or otherwise no longer serves as the Manager or the Investment Adviser respectively

The Management Agreement may be terminated by the Company or the Manager giving the other party at least six months' notice in writing, such notice not to take effect prior to 24 October 2014. The Management Agreement may be terminated earlier by either party with immediate effect on the occurrence of certain events, including: (i) the other party commits any material breach of any of the terms of the Management Agreement and either such breach is incapable of remedy or the other party fails to remedy such breach within 30 days of being requested in writing by the innocent party to do so; (ii) the other party goes into liquidation (apart from voluntary liquidation for the purposes of reconstruction or amalgamation on the terms previously agreed by the first party (such agreement not to be unreasonably withheld or delayed)), or if a receiver is appointed over the whole or any of the other party's assets or if any analogous event occurs; (iii) such termination is required by any competent

governmental or regulatory authority; or (iv) in the case of termination by the Company, the Investment Adviser Agreement is terminated or notice to terminate such agreement is served by any party thereto, except where the consent of the Company to the termination of the Investment Adviser Agreement has been obtained (such consent not to be unreasonably withheld), on the basis of the appointment of a suitable replacement investment adviser or other arrangement within an agreed timeframe. If the Management Agreement is terminated, the Directors would have to find a replacement manager for the Company and there can be no assurance that such a replacement will be found. Further, if the Investment Adviser Agreement is terminated, the Manager would have to find a replacement investment adviser and there can be no assurances such replacement will be found.

The management team may allocate some of their resources to activities in which the Company is not engaged, which could have a negative impact on the Company's ability to achieve its investment objective

The management team is not required to commit all of its resources to the Company's affairs. Insofar as the management team devotes resources to its responsibilities to other business interests, its ability to devote resources and attention to the Company's affairs will be limited. This could adversely affect the Company's ability to achieve its investment objective, which could have a material adverse effect on the Company's profitability, Net Asset Value and Share price.

Potential conflicts of interest

The Manager, the Investment Adviser and their affiliates serve as manager to other clients and the Manager's and the Investment Adviser's organisational and ownership structure involves a number of relationships. For example, the Manager and/or the Investment Adviser and/or either of their affiliates may have conflicts of interest in allocating their time and activity between the Company and the other clients, in allocating investments among the Company and the other clients and in effecting transactions between the Company and other clients, including ones in which the Manager and/or the Investment Adviser and/or either of their affiliates may have a greater financial interest. The Manager and/or the Investment Adviser and/or either of their affiliates may give advice or take action with respect to such other clients that differs from the advice given or action taken with respect to the Company.

The Manager and/or the Investment Adviser and/or either of their affiliates may be involved in other financial, investment and professional activities that may on occasion give rise to conflicts of interest with the Company. In particular, the Manager and/or the Investment Adviser may provide investment management, investment advice or other services to a number of funds that may have similar investment policies to that of the Company or funds in which the Company invests.

The ultimate holding company of the Manager is BlackRock, Inc., a company incorporated in Delaware, USA. The PNC Group has a significant economic interest in BlackRock, Inc.

The Manager, the Investment Adviser, BlackRock, Inc., the PNC Group, their affiliates and their respective investment professionals and other employees may come into possession of material non-public information. The possession of such information may potentially limit the ability of the Company to participate in an investment opportunity.

Please see paragraph 5 of Part 6 of this document for details on how the Manager and Investment Adviser manage these potential conflicts of interest.

U.S. Bank Holding Company Act of 1955

Each of BlackRock, Inc., the Manager and the Investment Adviser is a subsidiary of PNC Financial Services Corporation, Inc. for the purposes of the U.S. BHC Act. PNC is a FHC subject to supervision and regulation by the Board of Governors of the Federal Reserve System (the "**Federal Reserve**") under the U.S. BHC Act. This supervision and regulation includes certain investment and activities restrictions applicable to BlackRock, Inc., the Manager and the Investment Adviser as FHC subsidiaries. Any failure by PNC Financial Services Corporation, Inc. to qualify as an FHC under the U.S. BHC Act could result in additional restrictions on activities and investments.

The Manager currently anticipates that for purposes of the U.S. BHC Act the Manager, the Investment Adviser and PNC Financial Services Corporation, Inc. generally will be able to treat the Manager as organising, sponsoring, and managing the Company pursuant to the Federal Reserve's Regulation K. To ensure compliance with Regulation K, the shares of the Company may not be sold or distributed in

the United States or to U.S. residents and neither the Manager, the Investment Adviser nor the Company may generally exercise managerial control over the entities in which the Company invests. In this regard, while the Manager does not expect the shares of the Company to be sold or distributed in the United States or to U.S. residents, under the Articles the Directors may compulsorily transfer any U.S. Persons out of the Company should their presence create a significant legal or regulatory issue for the Company under the U.S. BHC Act.

The Manager, the Investment Adviser and the Company may also be able to rely on other statutory and regulatory provisions in order to maintain compliance with the U.S. BHC Act. The Manager reserves the right to rely on any such applicable authority or exemptions and to take all reasonable steps deemed necessary, advisable, or appropriate to comply with the U.S. BHC Act. The U.S. BHC Act may limit transactions, including lending, or other relationships between PNC Financial Services Corporation, Inc.'s subsidiary banks, on the one hand, and the Company or certain Company investments on the other. Federal Reserve approval may be required for certain direct or indirect investments in companies with U.S. banking operations. Investments by the Company may also be subject to various monitoring, reporting, and other regulatory requirements under the U.S. BHC Act. The U.S. BHC Act and Federal Reserve regulations and interpretations thereunder may be amended over the life of the Company.

In addition, the Volcker Rule contained in Section 619 of the Dodd-Frank Act in the United States will limit the ability of banking entities, which include BlackRock, Inc. and its affiliates by virtue of BlackRock's relationship with PNC, to sponsor or invest in certain private investment funds and to engage in certain other activities. It is not currently clear whether the activities of the Manager with respect to the Company will be subject to additional restrictions and conditions under the Volcker Rule. The Volcker Rule could have a significant negative impact on BlackRock, Inc., the Manager and the Company. BlackRock, Inc. and the Manager may in the future, in their sole discretion, and without notice to or consent of Shareholders take such action as BlackRock, Inc. or the Manager determine in their sole discretion is necessary or appropriate in order to comply with the Volcker Rule, or to reduce, eliminate or otherwise modify the impact or applicability of the Volcker Rule to BlackRock, Inc., its affiliates or the Company.

RISKS RELATING TO TAXATION AND REGULATION

The Company may not be able to maintain its investment trust status

It is the intention of the Directors to conduct the affairs of the Company so as to satisfy the conditions to maintain investment trust status. Any change in the Company's tax status or in taxation legislation generally could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders, lead the Company to lose its exemption from tax on chargeable gains or alter the post-tax returns to Shareholders. It is not possible to guarantee that the Company will remain non-close, which is a requirement to obtain and maintain status as an investment trust, as the Shares are freely transferable. The Company, in the unlikely event that it becomes aware that it is a close company, or otherwise fails to meet the criteria to maintain investment trust status, will, as soon as reasonably practicable, notify Shareholders of this fact.

Changes in taxation legislation or practices may adversely affect the Company and the tax treatment for Shareholders investing in the Company

Investors should consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in the Company. Representations in this document concerning the taxation of investors or prospective investors in Shares are based upon current tax law and practice, each of which is in principle subject to change. The value of particular tax reliefs, if available, will depend on each individual Shareholder's circumstances. This document is not a substitute for independent tax advice.

The Company's income may be reduced by exchange controls

The Company may from time-to-time purchase investments that will subject the Company to exchange controls in various jurisdictions. In the event that exchange controls are imposed with respect to any of the Company's investments, the effect will generally be to reduce the income received by the Company on such investments.

The Company has not registered and will not register as an investment company under the U.S. Investment Company Act

The Company will seek to qualify for an exemption from the definition of “investment company” under the U.S. Investment Company Act and will not register as an investment company in the United States under the U.S. Investment Company Act. The U.S. Investment Company Act provides certain protections to investors and imposes certain restrictions on registered investment companies, none of which are applicable to the Company or its investors.

In addition, to avoid being required to register as an investment company under the U.S. Investment Company Act and to avoid violating such act, the Company has implemented restrictions on the ownership and transfer of its Shares, which may materially affect Shareholders’ ability to transfer their Shares to U.S. Persons.

The Company’s assets could be deemed “plan assets” that are subject to the requirements of ERISA and/or Section 4975 of the U.S. Code

The purchase of Shares by an employee benefit plan subject to ERISA, or Section 4975 of the U.S. Code or by any entity whose assets are treated as assets of any such plan, could result in the assets of the Company being considered plan assets for the purposes of ERISA, and/or Section 4975 of the U.S. Code and regulations made thereunder. In such circumstances the Company, the Manager, the Investment Adviser and also the fiduciaries of such an employee benefit plan could be liable for any ERISA violations by the Company, the Manager or the Investment Adviser and for other adverse consequences under ERISA. Each purchaser and transferee of Shares will be deemed to have represented by its purchase or receipt of the Shares, and throughout the period that it holds the Shares, that it is not an employee benefit plan subject to ERISA or Section 4975 of the U.S. Code or an entity whose assets are treated as assets of any such employee benefit plan. The Directors are also empowered by the Articles to require Shareholders, which they consider may because of their shareholding result in the assets of the Company being considered plan assets, to transfer their Shares in order to reduce this risk materialising. See paragraph 4.5 of Part 9 of this document for further details.

Greater regulation of the financial services industry, which imposes additional restrictions on the Company, may materially affect the Company’s business and its ability to achieve its investment objective

Legislation proposing greater regulation of the financial services industry is being actively pursued by the U.S. Congress (including the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act 2010), as well as the governing bodies of non-U.S jurisdictions, in the wake of the ongoing financial crisis of 2008-2010 and the losses incurred both by private funds and their counterparties from trading in substantially unregulated markets. As a consequence of the U.S. government “bailout” of financial institutions that began in 2008, U.S. Congress likely will require that new restrictions be applied to the U.S. financial markets. Similar government “bailouts” of financial institutions by both individual member states and the European Union have also increased the scrutiny on the financial services industry in Europe and may lead to further regulation of the financial markets.

There can be no assurance that future regulatory action will not result in additional market dislocation. It is impossible to predict the nature, timing and scope of future changes in laws and regulations applicable to the Company, the Manager, the Investment Adviser, the markets in which they trade and invest or the counterparties with which they do business. Any such changes in laws and regulations may have a material adverse effect on the ability of the Company to carry out its business, to successfully pursue its investment policy and to realise its profit potential, and may include a requirement of increased transparency as to the identity of investors in the Company. Any such event may materially adversely affect the investment returns of the Company.

IMPORTANT INFORMATION

GENERAL

In assessing an investment in the Company, investors should rely only on the information in this document. No broker, dealer or other person has been authorised by the Company to issue any advertisement or to give any information or to make any representations in connection with the offering or sale of Shares other than those contained in this document and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company.

Prospective investors should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Shares. Prospective investors must rely upon their own legal advisers, accountants and other financial advisers as to legal, tax, investment or any other related matters concerning the Company and an investment in the Shares.

Statements made in this document are based on the law and practice in force in England and Wales and the U.S. as at the date of this document and are subject to changes therein.

This document should be read in its entirety. All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this document and the offering of Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this document is received are required to inform themselves about and to observe such restrictions.

WEBSITE

The contents of the Company's website (www.blackrock.co.uk/brna) do not form part of this document. Investors should base their decision whether or not to invest in Shares on the contents of this document alone.

FOR THE ATTENTION OF UNITED STATES RESIDENTS

The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act). There will be no public offer of the Shares in the United States. The Shares are being offered or sold only outside the United States to non U.S. Persons in offshore transactions in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The Company has not been and will not be registered under the U.S. Investment Company Act and investors will not be entitled to the benefits of the U.S. Investment Company Act.

The Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States and any re-offer or resale of any of the Shares in the United States or to U.S. Persons may constitute a violation of U.S. law or regulation. Each applicant for Shares will be required to certify that the offer of Shares was made to it, and at the time its buy order was originated it was located outside the United States and that it is not a U.S. Person and is not subscribing for Shares on behalf of a U.S. Person. Any person in the United States who obtains a copy of this document is requested to disregard it.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN CANADA, JAPAN, AUSTRALIA OR THE REPUBLIC OF SOUTH AFRICA

The offer and sale of Shares has not been and will not be registered under the applicable securities laws of Canada, Japan, Australia or the Republic of South Africa. Subject to certain exemptions, the Shares may not be offered to or sold within Canada, Japan, Australia or the Republic of South Africa or to any national, resident or citizen of Canada, Japan, Australia or the Republic of South Africa.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each Relevant Member State, no Shares have been offered or will be offered pursuant to the Issue or the Placing Programme to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State, or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Shares to the public may be made at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- (a) to any legal entity which is a “qualified investor” as defined in the Prospectus Directive;
- (b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive (as defined below), 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication of a document pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any Shares or to whom any offer is made under the Placing and Placing Programme will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of Shares in any Relevant Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (and the amendments thereto, including Directive 2010/73/EU) (the “**2010 PD Amending Directive**”), to the extent implemented in the Relevant Member State and includes any relevant implementing measure in each Relevant Member State.

In certain EU member states (including the United Kingdom), marketing of the Company which was permitted (for example on the basis of a licence or an exemption) prior to the implementation of the AIFM Directive may continue (on the basis of the transitional provisions under Article 61 of the AIFM Directive as implemented into local law) until the end of the transitional period in the relevant EU member state. Where transitional arrangements do not/no longer apply, shares in the Company will only be offered to the extent that the Company: (i) is permitted to be marketed into the relevant EU jurisdiction pursuant to either Article 36 or 42 of the AIFM Directive (if and as implemented into local law); or (ii) can otherwise be lawfully offered or sold (including on the basis of an unsolicited request from a professional investor)

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN GUERNSEY

Shares in the Company may be offered directly only to those businesses holding licences under the POI Law, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Regulation of Fiduciaries, Administration Businesses and Company Directors etc. (Bailiwick of Guernsey) Law, 2000, the Insurance Business (Bailiwick of Guernsey) Law, 2002 or the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002. Private investors may be offered Shares only by appropriately licensed operators under the POI Law.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN JERSEY

This document may be circulated in Jersey only by persons who are registered by the Jersey Financial Services Commission in accordance with FSL for the conduct of financial services business and the distribution of this document, or are exempt from such registration in accordance with the FSL. In addition, this document may be circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom.

Consent for the circulation of this document in accordance with article 8 of the Control of Borrowing (Jersey) Order 1958, as amended, has not been sought from or given by the Jersey Financial Services Commission.

The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions.

FORWARD LOOKING STATEMENTS

This document contains forward looking statements, including, without limitation, statements containing the words “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or similar expressions. Such forward looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. These forward looking statements speak only as at the date of this document. Subject to its legal and regulatory obligations (including under the Prospectus Rules), the Company expressly disclaims any obligations to update or revise any forward looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based unless required to do so by law or any appropriate regulatory authority, including FSMA, the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules.

Nothing in the preceding two paragraphs should be taken as limiting the working capital statement in paragraph 7 of Part 7 of this document.

EXPECTED TIMETABLE

The Open Offer

Record Date for entitlement under the Open Offer	close of business on 13 September 2013
Ex-entitlement date for the Open Offer	8.00 a.m. on 17 September 2013
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders into CREST	17 September 2013
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 27 September 2013
Latest time and date for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 30 September 2013
Latest time and date for splitting of Open Offer Application Forms to satisfy <i>bona fide</i> market claims only	3.00 p.m. on 1 October 2013
Latest time and date for receipt of completed Open Offer Application Forms with payment in full and settlement of relevant CREST instructions (as appropriate)	11.00 a.m. 3 October 2013

The Placing and Offer for Subscription

Placing and Offer for Subscription open	16 September 2013
Latest time and date for receipt of completed Application Forms and payment in full under the Offer for Subscription	12 noon on 10 October 2013
Latest time and date for receipt of placing commitments under the Placing	4.00 p.m. on 10 October 2013

The Placing Programme

Placing Programme opens	11 October 2013
Earliest date for new Ordinary Shares to be issued pursuant to the Placing Programme	11 October 2013
Publication of Placing Price in respect of each issue pursuant to the Placing Programme	as soon as practicable following the closing of each issue pursuant to the Placing Programme
Admission and crediting of CREST accounts in respect of each issue pursuant to the Placing Programme	as soon as practicable on each day Ordinary Shares are issued pursuant to the Placing Programme
Share certificates in respect of Ordinary Shares issued pursuant to the Placing Programme despatched (if applicable)	approximately one week following the Admission of any Ordinary Shares issued pursuant to the Placing Programme
Placing Programme closes and last date for new Ordinary Shares to be issued pursuant to the Placing Programme	15 September 2014*

Other key dates

Latest time and date for receipt of Forms of Direction in relation to the General Meeting	12 noon on 2 October 2013
Latest time and date for receipt of Forms of Proxy in relation to the General Meeting	12 noon on 8 October 2013
General Meeting	12 noon on 10 October 2013
Results of the Issue announced	11 October 2013
Admission of the C Shares to the Official List of the UKLA and dealings in the C Shares commence on the main market for listed securities of the London Stock Exchange	8.00 a.m. on 16 October 2013
Crediting of CREST stock accounts in respect of the C Shares	16 October 2013
Share certificates despatched in respect of the C Shares	the week commencing 21 October 2013 (or as soon as possible thereafter)

** or such earlier date on which the authority to issue Ordinary Shares pursuant to the Placing Programme is fully utilised.*

The times and dates set out in the expected timetable and mentioned throughout this document may be adjusted by the Company in which event details of the new times and dates will be notified, as required, to the UKLA and the London Stock Exchange and, where appropriate, Shareholders and an announcement will be made through a Regulatory Information Service. All reference to times and dates are to London times unless otherwise stated.

ISSUE STATISTICS

Issue price per C Share	100 pence
Net Proceeds	£49.125 million*
Expenses of the Issue	1.75 per cent. of the Net Proceeds
Net Asset Value per C Share at Admission	98.25p

** Assuming the Issue is subscribed as to £50 million. The target size of the Issue is in excess of £50 million. The number of C Shares to be issued pursuant to the Issue, and therefore the Initial Gross Proceeds and the Net Proceeds, are not known as at the date of this document but will be notified by the Company via a Regulatory Information Service prior to Admission. If the Issue does not proceed, subscription monies received will be returned without interest, at the risk of the applicant.*

PLACING PROGRAMME STATISTICS

Maximum size of the Placing Programme	45 million Ordinary Shares
Placing Price	Not less than the Net Asset Value per Ordinary Share (cum-income) at the time of allotment and a premium to cover, <i>inter alia</i> , the costs and expenses of the issue of Ordinary Shares (including, without limitation, any placing commissions)

DEALING CODES

The dealing codes for the Open Offer Entitlements, Excess Shares Entitlement, C Shares and the Ordinary Shares are as follows:

ISIN – Open Offer Entitlements for C Shares	GB00BD02RC79
SEDOL – Open Offer Entitlements for C Shares	BD02RC7
ISIN – Excess Shares Entitlements under the Open Offer	GB00BD02RD86
SEDOL – Excess Shares Entitlements under the Open Offer	BD02RD8
ISIN – C Shares	GB00BD032B44
SEDOL – C Shares	BD032B4
Ticker – C Shares	BRNC
ISIN – Ordinary Shares	GB00B7W0XJ61
SEDOL – Ordinary Shares	B7W0XJ6
Ticker – Ordinary Shares	BRNA

DIRECTORS, MANAGER AND ADVISERS

Non-Executive Directors	Simon Miller (<i>Chairman</i>) Christopher Casey Andrew Irvine Alice Ryder
	all of the registered office below:
Registered Office	12 Throgmorton Avenue London EC2N 2DL Tel: 020 7743 3000
Manager, Secretary and Administrator	BlackRock Investment Management (UK) Limited 12 Throgmorton Avenue London EC2N 2DL Tel: 020 7743 3000
Sponsor, Financial Adviser and Placing Agent	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Solicitors to the Company	Lawrence Graham LLP 4 More London Riverside London SE1 2AU
Solicitors to the Sponsor, Financial Adviser and Placing Agent	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH
Auditors and Reporting Accountants	Ernst & Young LLP 1 More London Place London SE1 2AF
Custodian	The Bank of New York Mellon (International) Limited One Canada Square London E14 5AL
Registrar and Receiving Agent	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE

PART 1

INFORMATION ON THE COMPANY

1. INTRODUCTION

As announced on 12 August 2013, the Board has been considering a new placing programme of Ordinary Shares and an issue of C Shares in order to meet demand from new and existing investors for shares in the Company. This document sets out the background to, and reasons for, the issue of C Shares to raise in excess of £50 million before expenses, by way of a placing, open offer and offer for subscription of C Shares at an issue price of 100 pence per C Share and the implementation of a new placing programme of Ordinary Shares.

BlackRock North American Income Trust plc was incorporated on 30 August 2012 with limited liability to provide an attractive and growing level of income return with capital appreciation over the long-term, predominantly through investment in a diversified portfolio of primarily large-cap U.S. equities. The Company carries on business as an investment trust within the meaning of section 1158 of the CTA 2010. As at 11 September 2013 (being the latest practicable date prior to the publication of this document) the Company has a market capitalisation of £96.7 million, a Net Asset Value of £93.2 million (cum-income) and the Ordinary Shares were trading at a 3.8 per cent. premium to the Net Asset Value per Ordinary Share (cum-income).

The Company is managed by BlackRock Investment Management (UK) Limited. The Manager manages assets for open-ended and closed-ended funds, and institutional and private clients throughout the world. Twelve of these funds (including the Company) are listed closed-ended investment companies with combined assets of circa. £2.62 billion (as at 31 August 2013).

The Manager has appointed BlackRock Investment Management, LLC (the “**Investment Adviser**”), a SEC regulated entity, for the day-to-day portfolio management of the Company’s assets. The Investment Adviser’s U.S. based equity income team manages circa. U.S.\$47 billion, including the U.S.\$28.5 billion BlackRock Equity Dividend Fund (as at 31 August 2013) since November 2001, and is led by Bob Shearer (28-year track record) and Kathleen Anderson (29-year track record).

2. BACKGROUND TO, AND REASONS FOR, THE ISSUE AND THE PLACING PROGRAMME

2.1 Background

At launch in October 2012, the Company raised gross proceeds of £65 million. As part of the premium management policy, the Board has actively issued further Ordinary Shares to meet ongoing market demand. As at the date of this document, a further 19,488,500 Ordinary Shares have been issued at a premium to the Net Asset Value per Ordinary Share (cum-income) pursuant to share allotment authorities granted to the Directors at the Company’s launch and at the general meeting of the Company held in February 2013. All such issues were accretive to the prevailing Net Asset Value per Ordinary Share at such time.

The authorities under the Company’s existing placing programme are shortly expected to be substantially utilised, which means that at such time the Company will not have the capacity to issue further Ordinary Shares under a placing programme without renewing Shareholder authorities and publishing a prospectus. Also, notwithstanding the issue of Ordinary Shares since launch, the Ordinary Shares have continued to trade at a premium to their Net Asset Value. As at the close of business on 11 September 2013 (the latest practicable date prior to the publication of this document) the Ordinary Shares were trading at a 3.8 per cent. premium to Net Asset Value per Ordinary Share (cum-income) and since launch have traded at an average premium to Net Asset Value (cum-income) of 2.8 per cent.

For the period from the Company’s launch to 11 September 2013 (the latest practicable date prior to the publication of this document), the Company posted a 15.3 per cent. increase in Net Asset Value while the Ordinary Share price returned 17.5 per cent. (all in Sterling terms) while the Russell 1000 Value Index, one of the key performance indicators against which the Board appraises the performance of the Company against, returned 25.1 per cent. (cum-income).

The Manager continues to focus on attractively valued blue chip stocks with strong balance sheets, sustainable competitive advantages and consistent revenue and earnings growth. This high quality focus by the Manager has recently contributed to short-term relative underperformance against the benchmark index in a market where lower quality, lower margin companies with higher debt levels have outperformed.

In response to interest from investors and the continued positive investment outlook, the Directors consider that the Company should raise additional capital through an issue of C Shares (to meet immediate demand) at the same time as the renewal of the Company's placing programme to satisfy on-going market demand for the Ordinary Shares and manage the premium to Net Asset Value at which the Ordinary Shares may trade over the next 12 months.

2.2 The Issue

The target size of the Issue is in excess of £50 million before expenses, at an issue price of 100 pence per C Share. This will comprise a Placing, Open Offer and Offer for Subscription. The total number of C Shares issued by the Company will be determined by the Company, the Investment Manager and Cenkos after taking into account investor demand and prevailing market conditions. The actual number of C Shares to be issued pursuant to the Issue, and therefore the Initial Gross Proceeds, are not known as at the date of this document but will be notified by the Company via a Regulatory Information Service announcement prior to Admission.

The Issue is being implemented by way of the Placing, Open Offer and Offer for Subscription. The Directors recognise the importance of pre-emption rights to Ordinary Shareholders. Accordingly, 84,488,500 C Shares (or such greater number as may be made available by Directors in exercising their discretion to scale back the Placing and the Offer for Subscription in favour of the Excess Application Facility) are being offered to Existing Shareholders at the Issue Price by way of the Open Offer on a one-for-one basis. Existing Shareholders can subscribe in excess of their Open Offer Entitlements pursuant to the Excess Application Facility and can also participate by subscribing for C Shares pursuant to the Placing and/or Offer for Subscription.

At the Directors' discretion, any excess C Shares under:

- (i) the Open Offer can be made available under the Placing and Offer for Subscription; and
- (ii) the Placing and Offer for Subscription can be made available under the Excess Application Facility under the Open Offer.

Full details of the Issue are set out in Part 3 of this document.

Cenkos has agreed to use its reasonable endeavours to procure subscribers pursuant to the Placing for C Shares on the terms and subject to the conditions set out in the Placing and Share Issuance Agreement.

The Company has also agreed to make an offer of C Shares pursuant to the Offer for Subscription at the Issue Price, subject to the Terms and Conditions under the Offer for Subscription set out at Part 11 of this document.

2.3 The Placing Programme

The Company may issue up to 45,000,000 Ordinary Shares (representing approximately 53.26 per cent. of the issued share capital of the Company as at the date of this document) pursuant to the Placing Programme. The Placing Programme requires the approval of Ordinary Shareholders to replace the Directors' existing share allotment authority and also to disapply statutory pre-emption rights, and is therefore conditional on the passing of the Resolutions which will be proposed at the General Meeting to be held on 10 October 2013 at 12 noon at the offices of Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU. A circular enclosing the notice convening the General Meeting has been sent to the Ordinary Shareholders on the same date as this document.

If the Resolutions are passed, the Placing Programme will permit the Company to issue up to 21,122,125 Ordinary Shares (representing 25 per cent. of the issued share capital of the Company as at the date of this document) to investors without first having to offer them, *pro rata*, to Ordinary Shareholders. If the allotment authorities are utilised before 15 September 2014, the Directors may seek further shareholder authorities to issue up to a further 23,877,875 Ordinary Shares pursuant to the Placing Programme covered by this document on a non-pre-emptive basis at one or more subsequent general meetings. Accordingly, the Company may issue a further 23,877,875 Ordinary Shares pursuant to the Placing Programme without producing a further prospectus.

The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue Ordinary Shares over a period of time. The Placing Programme is intended to satisfy continued market demand for the Ordinary Shares and manage the premium to Net Asset Value. The maximum number of new Ordinary Shares available under the Placing Programme should not be taken as an indication of the number of Ordinary Shares finally to be issued.

The Company will not issue any Ordinary Shares under its current placing programme and the Placing Programme until Admission of the C Shares.

2.4 Reasons for the Issue and the Placing Programme

The Directors believe that the Issue and the Placing Programme should yield the following principal benefits:

- providing additional capital which will enable the Company to benefit from the continued investment opportunities in the market;
- improving liquidity in the market for the Ordinary Shares due to the increasing number of Ordinary Shares in issue;
- increasing the size of the Company will help make the Company more attractive to a wider Shareholder base; and
- the Company's fixed running costs will be spread across a wider Shareholder base, thereby reducing the Company's ongoing charges.

The Directors also recognise the importance of pre-emption rights to Ordinary Shareholders. Accordingly, 84,488,500 C Shares (or such greater number as may be made available by Directors in exercising their discretion to scale back the Placing and the Offer for Subscription in favour of the Excess Application Facility) are being offered to Existing Shareholders at the Issue Price by way of the Open Offer on a one-for-one basis. Existing Shareholders can subscribe in excess of their Open Offer Entitlements pursuant to the Excess Application Facility and can also participate by subscribing for C Shares pursuant to the Placing and/or Offer for Subscription.

2.5 Reasons for issuing C Shares under the Issue

The issue of further equity in the form of C Shares is designed to overcome the potential disadvantages for both existing and new investors which would arise out of a conventional fixed price issue of further Ordinary Shares for cash. In particular:

- the assets representing the Net Proceeds will be accounted for as a separate pool of assets until the Conversion Date; by accounting for the Net Proceeds separately, holders of existing Ordinary Shares will not be exposed to a portfolio containing substantial amounts of uninvested cash nor to the costs of investing the Net Proceeds;
- the C Shares will not convert into Ordinary Shares until at least 85 per cent. of the Net Proceeds of the C Share issue (or such other percentage as the Directors and Manager shall agree) have been invested in accordance with the Company's investment policy (or, if earlier, six months after the date of their issue);

- the Net Asset Value of the existing Ordinary Shares will not be diluted by the expenses associated with the Issue which will be borne by the subscribers for C Shares (and in certain circumstances the Manager); and
- the basis upon which the C Shares will convert into Ordinary Shares is such that the number of Ordinary Shares to which the C Shareholders will become entitled will reflect the relative Net Asset Value per Share of the assets attributable to the C Shares and the Ordinary Shares. As a result, the Net Asset Value per Ordinary Share will not be adversely affected by Conversion.

Following Conversion, the investments which were attributable to the C Shares will be merged with the Company's existing portfolio of investments. The new Ordinary Shares arising on Conversion of the C Shares will rank *pari passu* with the Ordinary Shares then in issue save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the conversion of the C Shares into Ordinary Shares.

2.6 Conversion of C Shares

The Net Proceeds and the investments made with the Net Proceeds will be accounted for and managed as a separate pool of assets until the Calculation Date, being a date determined by the Directors occurring not more than 10 Business Days after the day on which the Manager shall have given notice to the Directors that at least 85 per cent. of the Net Proceeds (or such other percentage as the Directors and Manager shall agree) shall have been invested (or, if earlier, six months after the date of issue of the C Shares).

The Conversion Ratio will then be calculated (to four decimal places (with .00005 being rounded down)) and the C Shares in issue will convert into a number of Ordinary Shares calculated by reference to the net assets then attributable to C Shares compared to the net assets at the same time attributable to Ordinary Shares then in issue. Entitlements to Ordinary Shares will be rounded down to the nearest whole number. The C Shares will convert into Ordinary Shares on the Conversion Date, being the close of business on such Business Day as may be selected by the Directors falling not more than 10 Business Days after the Calculation Date.

The Directors expect Conversion to take place within one month of Admission.

2.7 Additional benefits of the Placing Programme

The Directors also believe that the Placing Programme should yield the following additional principal benefits:

- enhancing the Net Asset Value per Ordinary Share of existing Ordinary Shares through new share issuances at a premium to Net Asset Value per Ordinary Share (cum-income); and
- maintaining the Company's ability to issue new Ordinary Shares tactically, so as to better manage the premium to Net Asset Value per Ordinary Share at which the Ordinary Shares may trade.

3. INVESTMENT OBJECTIVE

The Company's investment objective is to provide an attractive and growing level of income return with capital appreciation over the long-term, predominantly through investment in a diversified portfolio of primarily large-cap U.S. equities.

4. INVESTMENT POLICY

The Company will invest predominantly in a diversified portfolio of equity securities quoted in the U.S., with a focus on companies that pay and grow their dividends. The Company may invest through an active options overlay strategy utilising predominantly covered call options and may also hold other securities from time-to-time including, *inter alia*, convertible securities, fixed interest securities, preference shares, non-convertible preferred stock and depositary receipts.

The Company may also invest in listed large-cap equities quoted on exchanges outside the U.S., subject to the restrictions set out below, and may invest in securities denominated in U.S. dollars and non-U.S. dollar currencies.

The Manager will adopt a stock specific approach in managing the Company's portfolio, selecting investments that it believes will both increase in value over the long-term and provide income.

The Company will not invest in companies which are not listed, quoted or traded at the time of investment, although it may have exposure to such companies where, following investment, the relevant securities cease to be listed, quoted or traded.

Typically it is expected that the investment portfolio will comprise of between 80 and 120 securities (excluding its active options overlay strategy).

4.1 Use of derivatives

The Company may invest through derivatives for efficient portfolio management and may, for investment purposes, employ an active options overlay strategy utilising predominantly covered call options. Any use of derivatives for efficient portfolio management and options for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments.

For the avoidance of doubt, the Company does not enter into physical or synthetic short positions or write any uncovered options.

4.2 Risk diversification

Portfolio risk is mitigated by investing in a diversified spread of investments. In particular, the Company observes the following investment restrictions:

- no single investment (including for the avoidance of doubt, any single derivative instrument) shall, at the time of investment, account for more than 10 per cent. of the Gross Assets;
- no more than 20 per cent. of the Gross Assets, at the time of investment, shall be invested in securities issued outside of the U.S.;
- no more than 25 per cent. of the Gross Assets, at the time of investment, shall be exposed to any one sector; and
- no more than 20 per cent. of the Company's portfolio shall be under option at any given time.

In order to comply with the current Listing Rules, the Company also complies with certain investment restrictions (which do not form part of the Company's investment policy) set out at paragraph 6 of Part 9 of this document.

4.3 Borrowing and Gearing Policy

The Company may borrow up to 20 per cent. of its net assets (calculated at the time of draw down), although the Board intends only to utilise borrowings representing up to 10 per cent. of net assets at the time of draw down. Borrowings may be used for investment purposes. The Company has entered into a multi-currency bank facility with the Custodian for this purpose (see paragraph 7.9 of Part 9 of this document for further details) but it is not currently intended that the Company will have long-term structural gearing. The Company may enter into interest rate hedging arrangements.

4.4 Currency hedging

The Company's foreign currency investments will not be hedged to Sterling as a matter of general policy. However, the investment team may employ currency hedging, either back to Sterling or between currencies (i.e. cross hedging of portfolio investments).

In the event of a breach of the investment guidelines and restrictions set out above, the Manager shall inform the Board upon becoming aware of the same and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service and the Manager will look to resolve the breach.

In accordance with the requirements of the UKLA, any material change to the Company's investment policy will require the approval of Shareholders by way of an ordinary resolution at a general meeting.

5. APPRAISAL OF PERFORMANCE

The Board appraises the performance of the Company against key performance indicators which include, *inter alia*, income returns to Shareholders, long-term Net Asset Value growth and the relative total return performance against the Russell 1000 Value Index.

6. DIVIDEND POLICY

Since launch, the Company has declared dividends of 3 pence per Ordinary Share. At launch the Company stated it would target an annualised dividend of 4 pence per Ordinary Share (being 4 per cent. of the price of the Ordinary Shares on the Company's admission on 24 October 2012) and the Company would seek to grow the dividend over time.

Dividends are declared on a quarterly basis in February, May, August and November which are expected to be paid no later than April, July, October and January in each relevant year.

The Company declared its third interim dividend on 6 August 2013 of 1 pence per Ordinary Share which will be paid on 2 October 2013 to all Ordinary Shareholders on the register of members of the Company at the close of business on 16 August 2013.

For the avoidance of doubt, it is currently the Board's intention to declare the quarterly dividend in respect of the three months to 31 October 2013 prior to the Calculation Date and as a consequence holders of C Shares will not be entitled, following Conversion, to that dividend. It is expected that the first dividend to which holders of C Shares will be entitled, following Conversion, will be the quarterly dividend in respect of the period from 1 November 2013 to 31 January 2014.

Investors should note that the targeted annualised dividend is a target only and not a profit forecast and there can be no assurance that it will be met or that any growth in the dividend will be achieved.

7. INVESTMENT PORTFOLIO

As at 11 September 2013 (the latest practicable date prior to the publication of this document), the Company held 94 investments in companies, the total number of open options was 146, the Company's options exposure was 18.05 per cent., the delta of the options was 93.38 per cent. and the Company had gearing of 0.3 per cent.

7.1 Largest investments

The table below shows the top 25 holdings of the Company in alphabetical order as at 11 September 2013 (the latest practicable date prior to the publication of this document).

<i>Company</i>	<i>Country of risk</i>
ACE	United States
BHP BILLITON	Australia
BRISTOL-MYERS SQUIB	United States
CHEVRON CORP	United States
COMCAST CORP	United States
DEERE & CO	United States
DU PONT (E.I.) DE NEMOURS	United States

<i>Company</i>	<i>Country of risk</i>
EXXON MOBIL	United States
GENERAL ELECTRIC	United States
HOME DEPOT	United States
INTERNATIONAL BUSINESS MACHINES	United States
JOHNSON & JOHNSON	United States
JP MORGAN CHASE	United States
MCDONALDS CORP	United States
MERCK & CO	United States
PFIZER	United States
PHILIP MORRIS	United States
PRUDENTIAL FINANCIAL	United States
RAYTHEON CO	United States
SUNTRUST BANKS	United States
UNITED TECHNOLOGIES	United States
US BANCORP	United States
VERIZON COMM	United States
VF CORP	United States
WELLS FARGO	United States

The information set out above is unaudited. Portfolio characteristics of the Company are subject to change. Holdings are for information purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned or securities in the sectors mentioned above.

The table below shows the geographical breakdown of the Company's portfolio as at 11 September 2013 (the latest practicable date prior to the publication of this document).

<i>Country</i>	<i>% of Gross Assets</i>
Australia	1.7
Canada	2.7
France	1.5
Netherlands	1.4
Peru	0.3
UK	1.3
United States	93.3
Net current liabilities	(2.2)
Total	100.0

The information set out above is unaudited. Portfolio characteristics of the Company are subject to change.

7.2 Sectoral analysis

The table below shows the sector weightings for the Company as at 11 September 2013 (the latest practicable date prior to the publication of this document). This summary shows the investment team's approach to diversification of investments.

<i>Sector</i>	<i>% of Gross Assets</i>
Consumer Discretionary	9.6
Consumer Staples	12.2
Energy	14.1
Financials	21.6
Health Care	9.1
Industrials	13.8
Information Technology	4.9
Materials	7.4
Telecommunication Services	3.5
Utilities	6
Net current liabilities	(2.2)
Total	100.0

The information set out above is unaudited. Portfolio characteristics of the Company are subject to change. Holdings are for information purposes only and should not be deemed as a recommendation to buy or sell securities in the sectors mentioned above.

8. CAPITAL STRUCTURE

8.1 Introduction

The Company's capital structure currently consists of Ordinary Shares. The rights attaching to the C Shares to be issued pursuant to the Issue are set out in the Articles and summarised at Part 5 of this document.

8.2 Ordinary Shares

The Ordinary Shares carry the right to receive all dividends declared by the Company or the Directors, subject to the rights of any C Shares in issue.

On a winding-up, provided the Company has satisfied all of its liabilities and subject to the rights conferred by any C Shares in issue at that time to participate in the winding-up, the holders of Ordinary Shares are entitled to all of the surplus assets of the Company.

Holders of Ordinary Shares are entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each Ordinary Share held.

The Ordinary Shares are in registered form, have been admitted to the premium listing segment of the Official List and are traded on the main market for listed securities of the London Stock Exchange.

8.3 C Shares

C Shares are a transient class of shares: the assets representing the net proceeds of any issue of C Shares will be maintained, managed and accounted for as a separate pool of capital of the Company until those C Shares convert into Ordinary Shares (which will occur once substantially all of the assets representing the Net Proceeds have been invested in accordance with the Company's existing investment policy (or, if earlier, six months after the date of issue of the C Shares)). On such conversion, each holder of C Shares will receive such number of Ordinary Shares as equals the number of C Shares held by them multiplied by the Net Asset Value per C Share and divided by the Net Asset Value per Ordinary Share, in each case as at a date shortly prior to conversion.

C Shares will carry the right to receive all dividends resolved by the Directors to be paid out of the pool of assets attributable to those C Shares.

On a winding-up, provided the Company has satisfied all of its liabilities, the holders of C Shares will be entitled to any surplus assets of the Company attributable to those C Shares.

Holders of C Shares will be entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each C Share held.

C Shares will be issued in registered form and applications will be made in conjunction with any issue of C Shares for those C Shares to be admitted to the premium listing segment of the Official List and to trading on the main market of the London Stock Exchange.

The new Ordinary Shares arising on Conversion of the C Shares will rank *pari passu* with the Ordinary Shares then in issue save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the conversion of the C Shares into Ordinary Shares.

9. NET ASSET VALUE

The unaudited Net Asset Value per Ordinary Share is calculated in Sterling by the Administrator and published by the Company on a daily basis through a Regulatory Information Service in accordance with the principles set out below. The unaudited Net Asset Value per C Share will also be calculated and published daily, on the same basis, until the conversion of the C Shares.

The Net Asset Value means the Company's assets at fair value less its liabilities. The Company's assets and liabilities are valued in accordance with IFRS consistently applied, as in effect from time-to-time, as described in more detail below.

Investments are initially recognised at their acquisition cost and are thereafter re-measured at fair value as follows:

- securities listed, traded or quoted on a stock exchange or over-the-counter market are valued by reference to the bid price on such stock exchange or over-the-counter market as at the close of business of the relevant stock exchange or over-the-counter market on the relevant valuation day as shown by the relevant exchange's or market's recognised method of publication of prices for such investments. If the relevant stock exchange or over-the-counter market is not open for business on the relevant valuation day, the securities are valued as at the last day on which the relevant stock exchange or over-the-counter market was open for business. Where a security is listed, traded or quoted on more than one stock exchange or over-the-counter market, the Directors may, at their absolute discretion, select any one of such stock exchanges or over-the-counter markets;
- any unlisted and unquoted investments are valued by reference to their fair value;
- derivative instruments are valued by reference to their fair value;
- cash and bank deposits are valued by reference to their fair value; and
- notwithstanding the foregoing, the Directors are entitled, at their absolute discretion, to apply a method of valuing any asset different from that prescribed above if such method would in their opinion better reflect the fair value of such asset.

The calculation of the Net Asset Value per Ordinary Share and the Net Asset Value per C Share will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained or in other circumstances (such as a system's failure of the Administrator) which prevents the Company from making such calculations. Details of any suspension in making such calculations will be announced through a Regulatory Information Service as soon as practicable after any such suspension occurs.

As at 11 September 2013 (the latest practicable date prior to the publication of this document) the unaudited Net Asset Value per Ordinary Share (cum-income) was 110.33 pence.

10. MEETINGS, REPORTS AND ACCOUNTS

The audited accounts of the Company will be prepared in Sterling under IFRS. The Company's annual report and accounts will be prepared up to 31 October each year, with the first accounting period being from incorporation to 31 October 2013. It is expected that copies of the report and accounts will be sent to Shareholders by the end of January each year. Shareholders will also receive an unaudited half-yearly report covering the six months to April each year, which is expected to be dispatched within the following two months. The first financial report and accounts that Shareholders received were the half yearly report for the period ending on 30 April 2013 (covering the period from incorporation of the Company).

The Company intends to hold its first annual general meeting during February 2014 and will hold an annual general meeting before 30 April in each year thereafter.

The Manager also publishes monthly factsheets on its website (www.blackrock.co.uk/brna) summarising the Company's performance.

11. CASH USES AND CASH MANAGEMENT ACTIVITIES

In accordance with the Company's investment policy, the Company's principal use of cash (including the net proceeds of the Issue and the Placing Programme) is to fund investments sourced by the investment team, as well as expenses related to the Issue and the Placing

Programme, ongoing operational expenses and payment of dividends and other distributions to Shareholders in accordance with the Company's dividend policy as set out in the section entitled "Dividend Policy" in this Part 1 of this document.

It is expected that any surplus cash will be temporarily invested in cash, cash equivalents, money market instruments, government securities and other investment grade securities pending its investment in accordance with the Company's investment policy. It is currently expected that such temporary investments will be denominated in U.S. Dollars and/or Sterling.

12. PREMIUM/DISCOUNT RATING MANAGEMENT

The Board has the discretion to seek to manage, on an ongoing basis, the premium/discount rating at which the Ordinary Shares may trade to their Net Asset Value through further issues, tender offers and buy-backs, as appropriate.

12.1 Discount control

The Directors recognise the importance to investors of ensuring that the Ordinary Shares do not trade at a significant discount to their prevailing Net Asset Value. The Board believes that two of the most direct ways of achieving this are through the use of tender offers and share buy-back powers.

The Board anticipates that the combination of the discount protection mechanism offered by the prospect of tender offers together with the facility to buy-back Ordinary Shares will serve to maintain any discount at a consistently low level. There is, however, no guarantee or assurance that the discount control mechanisms proposed by the Board will reduce any discount.

12.1.1 Tender offers

Subject to certain limitations and the Directors exercising their discretion to operate the tender offer on any relevant occasion, Ordinary Shareholders may tender for purchase all or part of their holdings of Ordinary Shares for cash. The price at which Ordinary Shares will be purchased will be the prevailing Net Asset Value per Ordinary Share as at the close of business on the relevant tender offer calculation date, subject to a discount of two per cent. (to cover the costs of the tender offer). Subject to the Directors' discretion being exercised on any relevant occasion, the tender offers will be effected such that the tender offer calculation dates will be 31 January and 31 July of each year (or the succeeding business day) save that the first possible tender offer will be effected with a tender offer calculation date of 31 January 2014. It is the Directors' current intention that each tender offer will be restricted to a maximum of twenty per cent. in aggregate of the Ordinary Shares then in issue as at the relevant tender offer calculation date (excluding any Ordinary Shares held in treasury). Requests to tender Ordinary Shares in excess of the limit set by the Directors in respect of a particular tender offer will be scaled back *pro rata* in proportion to the excess amount tendered. Implementation of tender offers will be subject to prior Ordinary Shareholder approval. A special resolution has been passed granting the Directors authority to implement the tender offer in January 2014, should they decide to exercise their discretion to do so. The relevant repurchase authorities will be sought at each annual general meeting.

In order to implement the tender offers, a market maker selected by the Board will, as principal, purchase at the tender price (being the prevailing Net Asset Value per Ordinary Share less two per cent.) the Ordinary Shares tendered and will sell the relevant Ordinary Shares on to the Company at the same price by way of an on-market transaction unless the Company has agreed with the market maker, that the market maker may sell any of the Ordinary Shares in the market. The tender offers will be conducted in accordance with the Listing Rules and the rules of the London Stock Exchange.

Investors should note that the operation of the regular tender offers is entirely discretionary and they should place no expectation or reliance on the Directors exercising such discretion on any one or more occasions in respect of Ordinary Shares or the number of Ordinary Shares which may be the subject of a tender offer.

12.1.2 Repurchase of Ordinary Shares

The Directors will consider repurchasing Ordinary Shares in the market if they believe it to be in Ordinary Shareholders' interests and as a means of correcting any imbalance between supply of and demand for the Ordinary Shares. Any purchase of Ordinary Shares by the Company will be in accordance with the Articles, the Listing Rules and the rules of the London Stock Exchange in force at the time.

In accordance with the Companies Act, Ordinary Shares may only be repurchased out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or out of distributable profits. By an order of the High Court of Justice (Chancery Division) dated 12 December 2012 the cancellation of the Company's share premium account was approved and a statement of capital approved by the High Court of Justice (Chancery Division) in respect of the cancellation was registered by the Registrar of Companies on 19 December 2012. The cancellation, which took effect on 19 December 2012, was to create a new special reserve which can be treated as distributable profits and out of which tender offers and share buy-backs may be funded.

A special resolution has been passed granting the Directors authority to repurchase up to 9,743,500 Ordinary Shares before the conclusion of the Company's first annual general meeting. Renewal of this buy-back authority will be sought at each annual general meeting of the Company. As at 11 September 2013 (the latest practicable date prior to the publication of this document), the Company has not repurchased any Ordinary Shares pursuant to this authority.

Purchases of Ordinary Shares will only be made through the market at prices (after allowing for costs) below the relevant prevailing Net Asset Value per Ordinary Share and otherwise in accordance with guidelines established from time-to-time by the Board. Under the current Listing Rules, the maximum price that may be paid by the Company on the repurchase of any Ordinary Shares pursuant to a general authority is 105 per cent. of the average of the middle market quotations for the Ordinary Shares for the five Business Days immediately preceding the date of purchase or, if higher, that stipulated by Article 5(1) of the Buy-Back and Stabilisation Regulation (EC No 2273/2003). The minimum price will not be below the nominal value of one pence in respect of the Ordinary Shares.

12.2 Premium management

In the event that the Ordinary Shares trade at a premium to Net Asset Value, the Company may issue new Ordinary Shares. As at the date of this document, 19,488,500 Ordinary Shares have been issued since the Company's launch to manage the premium to the Net Asset Value per Ordinary Share and the authorities under the Company's existing placing programme are shortly expected to be substantially utilised. There remains demand for the Ordinary Shares from new and existing investors and the Company is seeking to implement the Placing Programme to continue to manage the premium to the Net Asset Value per Ordinary Share.

Unless authorised by Ordinary Shareholders, no Ordinary Shares will be issued at a price less than the prevailing Net Asset Value per Ordinary Share at the time of the issue unless they are offered *pro rata* to existing Ordinary Shareholders.

Investors should note that the issuance of new Ordinary Shares, pursuant to the Placing Programme or otherwise, is entirely at the discretion of the Board and no expectation or reliance should be placed on such discretion being exercised on any one or more occasions or as to the proportion of new Ordinary Shares that may be issued.

12.2.1 Treasury shares

Any Ordinary Shares repurchased pursuant to the tender offers or the general authority referred to above may be held in treasury. The Companies Act allows companies to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. These shares may be subsequently cancelled or sold for cash. This would

give the Company the ability to reissue Ordinary Shares quickly and cost efficiently, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base.

The Board currently intends only to authorise the sale of Ordinary Shares from treasury, subject to having Ordinary Shareholder authority to sell Ordinary Shares from treasury on a non-pre-emptive basis, at prices at or above the prevailing Net Asset Value per Ordinary Share (plus costs of the relevant sale). This should result in a positive overall effect on Ordinary Shareholders if Ordinary Shares are bought back at a discount and then sold at a price at or above the Net Asset Value per Ordinary Share (plus costs of the relevant sale).

12.2.2 C Shares

As the Board currently believes is the case, if there is sufficient demand at any time, the Company may seek to raise further funds through further issues of C Shares. The Articles contain the C Share rights, full details of which are set out in Part 5 of this document.

The Directors have authority to issue up to 500 million C Shares (less any C Shares to be issued pursuant to the Issue) until the fourth annual general meeting of the Company. Ordinary Shareholders' pre-emption rights over this unissued share capital have been disapplied.

A new class of C Shares may be issued by the Company if there are in issue C Shares that have not been converted into Ordinary Shares prior to the date on which the Company issues further C Shares.

13. TAXATION

Potential investors are referred to Part 8 of this document for details of the taxation of the Company and Shareholders in the UK. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own professional advisers immediately.

14. RISK FACTORS

The Company's performance is dependent on many factors and potential investors should read the whole of this document and in particular the section entitled "Risk Factors" on pages 21 to 31.

PART 2

INVESTMENT RATIONALE

1. INTRODUCTION

Why is U.S. equity income attractive? The Manager believes:

- U.S. equities continue to offer attractive yields, especially relative to traditional U.S. fixed income securities (Source: Strategas Research Partners);
- U.S. stocks are benefiting from an improving domestic economy, anchored by accommodative monetary policy and stronger U.S. housing and labour markets;
- dividend-paying equities have historically outperformed non-dividend-paying equities over the longer-term with lower volatility than the broader stock market (Source: Standard and Poor's, Ned Davis);
- dividend growers in the U.S. have significantly outperformed non-dividend paying stocks during the three-year period following rate hikes (Source: Standard and Poor's, Ned Davis);
- eventual tapering of quantitative easing may result in a shift in market leadership from lower-quality to higher-quality stocks.

2. ATTRACTIVE COMPARATIVE YIELDS OF U.S. EQUITIES

As at 11 September 2013 (the latest practicable date prior to the publication of this document) the yield on the S&P 500 Index was 1.97 per cent., whilst the yield on U.S. 10-year Treasuries was 2.91 per cent., having dipped as low as 1.58 per cent. in the last 12 months. Accordingly, the current level of income offered on U.S. equities is relatively attractive today and also has the potential to grow over time through positive dividend actions, relative to traditional U.S. fixed income securities. This is especially notable when analysing the spread between the ten year US Treasury yield and the S&P 500 earnings yield, which is a widely followed relative valuation measure. In 2013, the spread between these yields has been greater than approximately 6 per cent. in favour of the S&P 500 earnings yield (Source: UBS, as at April 2013). This would indicate that relative to traditional fixed income instruments, U.S. equities are trading near a historically attractive price (Source: UBS).

3. BENEFITING FROM AN IMPROVING US DOMESTIC ECONOMY

U.S. stocks are benefiting from an improving domestic economy, anchored by accommodative monetary policy and stronger U.S. housing and labour markets. This is supported by the fact that the US Federal Government deficit as a percentage of GDP has been steadily reduced since 2010, and there is currently a 2 per cent. drag on GDP relative to its trough of 12 per cent., experienced at the beginning of 2010 (Source: Goldman Sachs, Treasury Department, Macroeconomic Advisers). Additionally, the U.S. housing market has experienced a bottom and is in the process of strengthening, as indicated by an analysis of normalised housing prices and volumes, which shows housing starts, existing home sales and the median home price in the U.S. all rebounding off of cyclical lows experienced during the first quarter of 2009 (Source: The Manager, Datastream, National Association of Realtors, US Census Bureau). Finally, the Manager's belief in a recovering domestic economy is reinforced by an examination of U.S. consumer debt levels, which have been reduced from a historical high of 14 per cent. of disposable income in 2007 to a more normal level of 10.4 per cent. of disposable income in 2012 (Source: The Manager, Datastream, U.S. Federal Reserve).

4. STRONG COMPARATIVE PERFORMANCE OF DIVIDEND-PAYING EQUITIES

The Manager believes that dividend-paying equities offer two distinct attributes that make them especially attractive. First, as noted above, the dividend offers a potential income stream that is very attractive relative to alternatives like fixed income rates. While there is no guarantee that dividend-paying equities will continue to pay dividends, all of those characteristics historically have helped these equities outperform in difficult and volatile times. Dividend paying equities have

been performing strongly relative to non-dividend paying equities, as the market is placing a higher value on the downside protection that dividends historically have offered. This pattern of outperformance is not limited to bear markets; since 1972, dividend-paying stocks have outperformed both non-dividend paying stocks and the general marketplace as represented by the S&P 500 in both bear and bull markets. This pattern has resulted in relative outperformance over complete market cycles, from decline through bottom, to advance through peak. In bear markets, the magnitude of outperformance expands due to the higher quality nature of dividend paying stocks. The Manager believes that these securities require less performance during accelerating markets as a result of downside protection, resulting in higher reward-to-risk ratios over time (Source: Standard and Poor's, Ned Davis).

5. DIVIDEND GROWTH OPPORTUNITY

Dividend growing stocks in the U.S. have significantly outperformed non-dividend paying stocks during the three-year period following rate hikes (Source: Standard and Poor's, Ned Davis). The Manager believes this is primarily due to the fact that dividend-growth oriented companies typically have larger market capitalisations and stronger balance sheets, and are thus better able than non-dividend payers to sustain rising capital costs. Additionally, an analysis of stock returns by dividend policy over time shows that dividend-growing companies have outperformed dividend paying companies without growth, non-paying stocks and the general market as represented by the S&P 500 (Source: Ned Davis Research.) In the aggregate, the Manager believes that these facts make the dividend growth area of the U.S. equity market a compelling long term investment.

6. EVENTUAL TAPERING OF QUANTITATIVE EASING

Eventual tapering of quantitative easing may result in a shift in market leadership from lower-quality to higher-quality stocks. Rising interest rates ultimately lead to higher borrowing costs and pressure on corporate profit margins. The Manager believes companies with sustainable competitive advantages, strong balance sheets, healthy cash flows and self-funding business models will have the unique ability to manage their costs, invest in growth opportunities and strengthen their competitive advantages in a higher rate environment.

PART 3

THE ISSUE

1. THE ISSUE

1.1 Introduction

The Issue is being implemented by way of the Placing, Open Offer and Offer for Subscription.

The target size of the Issue is in excess of £50 million before expenses, at an issue price of 100 pence per C Share. This will comprise a Placing, Open Offer and Offer for Subscription. The maximum number of C Shares available under the Issue is 150 million. The total number of C Shares issued by the Company will be determined by the Company, the Investment Manager and Cenkos after taking into account investor demand and prevailing market conditions. The actual number of C Shares to be issued pursuant to the Issue, and therefore the Initial Gross Proceeds, are not known as at the date of this document but will be notified by the Company via a Regulatory Information Service announcement prior to Admission. The aggregate proceeds of the Issue, after deduction of expenses, will be £49.125 million on the assumption that the Initial Gross Proceeds are £50 million.

The Directors recognise the importance of pre-emption rights to Ordinary Shareholders. Accordingly, 84,488,500 C Shares (or such greater number as may be made available by Directors in exercising their discretion to scale back the Placing and the Offer for Subscription in favour of the Excess Application Facility) are being offered to Existing Shareholders at the Issue Price by way of the Open Offer on a one-for-one basis. Existing Shareholders can subscribe in excess of their Open Offer Entitlements pursuant to the Excess Application Facility and can also participate by subscribing for C Shares pursuant to the Placing and/or Offer for Subscription.

At the Directors' discretion, any excess C Shares under:

- (i) the Open Offer can be made available under the Placing and Offer for Subscription; and
- (ii) the Placing and Offer for Subscription can be made available under the Excess Application Facility under the Open Offer.

Cenkos has agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for the C Shares under the Placing at the Issue Price on the terms, and subject to the conditions, set out in the Placing and Share Issuance Agreement.

The Company has also agreed to make an offer of C Shares pursuant to the Offer for Subscription at the Issue Price, subject to the Terms and Conditions under the Offer for Subscription set out at Part 11 of this document.

The Issue is not underwritten.

1.2 Conditions

The Issue is conditional, *inter alia*, upon:

- Admission having become effective on or before 8.00 a.m. on 16 October 2013 or such later time and/or date as the Company and Cenkos may agree (not being later than 8.00 a.m. on 15 November 2013);
- the Placing and Share Issuance Agreement becoming wholly unconditional (save as to Admission) and not having been terminated in accordance with its terms at any time prior to Admission; and
- the Minimum Proceeds being raised.

The Directors also have the discretion not to proceed with the Issue even if all of the above conditions (including raising the Minimum Proceeds) have been met. If the Issue does not proceed, any monies received under the Issue will be returned to applicants without interest at the applicants' risk.

1.3 Dilution

The shareholding of a holder of Ordinary Shares (and therefore their voting rights) who takes up their Open Offer Entitlement will not, following the conversion of the C Shares into Ordinary Shares, be diluted as a result of the Issue. As an illustration, such Shareholder who holds one per cent. of the issued Ordinary Share capital before Conversion would hold one per cent. of the Ordinary Share capital after Conversion.

The shareholding of a holder of Ordinary Shares (and therefore their voting rights) who does not take up their Open Offer Entitlement will, following the conversion of the C Shares into Ordinary Shares, be diluted by approximately 47.10 per cent. as a result of the Issue. As an illustration, such Shareholder who holds one per cent. of the issued Ordinary Share capital before Conversion would hold 0.53 per cent. of the Ordinary Share capital after Conversion.

The above examples assume: (i) the Open Offer and Excess Application Facility are subscribed as to 84,488,500 C Shares; (ii) a Conversion Ratio using the unaudited Net Asset Value per Ordinary Share (including income) of £1.1033 (being the unaudited Net Asset Value per Ordinary Share (including income) as at 11 September 2013 (being the latest practicable date before the publication of this document)) and a Net Asset Value per C Share of £0.9825 (being the initial Net Asset Value per C Share at Admission); and (iii) no Ordinary Shares are issued pursuant to the Placing, Offer for Subscription or Placing Programme.

The shareholding of a holder of Ordinary Shares (and therefore their voting rights) who takes up their Open Offer Entitlement, following conversion of the C Shares into Ordinary Shares, will be diluted by approximately 26.75 per cent. as a result of the Issue (if the Issue is subscribed as to £150 million before expenses). As an illustration, such Shareholder who holds one per cent. of the issued Ordinary Share capital before Conversion would hold 0.73 per cent. of the Ordinary Share capital after Conversion. This example assumes: (i) a Conversion Ratio using the unaudited Net Asset Value per Ordinary Share (including income) of £1.1033 (being the unaudited Net Asset Value per Ordinary Share (including income) as at 11 September 2013 (being the latest practicable date before the publication of this document)) and a Net Asset Value per C Share of £0.9825 (being the initial Net Asset Value per C Share at Admission); and (ii) no Ordinary Shares are issued pursuant to the Placing Programme.

The above percentages are provided for illustrative purposes only and the extent of such dilution will depend, *inter alia*, on the number of C Shares issued and the respective Net Asset Values of the Ordinary Shares and the C Shares on the Calculation Date, as determined in accordance with the rights attaching to the C Shares set out in Part 5 of this document.

1.4 The Open Offer

Under the Open Offer, an aggregate amount of 84,488,500 C Shares (or such greater number as may be made available by the Directors in exercising their discretion to reallocate from the Placing and/or Offer for Subscription in favour of the Excess Application Facility) will be made available to Existing Shareholders at the Issue Price *pro rata* to their holdings of Existing Ordinary Shares, on the terms and subject to the conditions of the Open Offer, on the basis of:

**One C Share for every one Ordinary Share held at the Record Date
(being the close of business on 13 September 2013)**

The balance of C Shares to be made available under the Issue, together with any C Shares not taken up pursuant to the Open Offer, will be made available under the Excess Application Facility, the Placing and the Offer for Subscription.

Existing Shareholders should be aware that the Open Offer is not a rights issue and an Open Offer Application Form cannot be traded.

The latest time and date for acceptance and payment in full in respect of the Open Offer will be 11.00 a.m. on 3 October 2013. Valid applications under the Open Offer will be satisfied in full up to applicants' Open Offer Entitlements. Existing Shareholders are also being offered the opportunity to subscribe for C Shares in excess of their Open Offer Entitlements under the Excess Application Facility (described below).

The terms and conditions of application under the Open Offer are set out at Part 10 of this document. These terms and conditions should be read carefully before an application is made. Investors who are in any doubt about the Issue arrangements should consult their stockbroker, bank manager, solicitor, accountant or other appropriate financial adviser.

1.4.1 Excess Application Facility under the Open Offer

Subject to availability, Existing Shareholders who take up all of their Open Offer Entitlements may also apply under the Excess Application Facility for additional C Shares in excess of their Open Offer Entitlement. The Excess Application Facility will comprise whole numbers of C Shares under the Open Offer which are not being taken up by Existing Shareholders pursuant to their Open Offer Entitlements, and any C Shares that the Directors determine, in their absolute discretion, should be reallocated from the Placing and/or Offer for Subscription to satisfy demand from Existing Shareholders in preference to prospective new investors under the Placing or the Offer for Subscription (together, "**Excess Shares**").

Existing Non-CREST Shareholders who wish to apply to subscribe for more than their Open Offer Entitlement should complete the relevant sections on the Open Offer Application Form.

Existing CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4.1.2 of the Terms and Conditions of the Open Offer at Part 10 of this document for information on how to apply for Excess Shares pursuant to the Excess Application Facility.

Excess applications may be allocated in such manner as the Directors determine, in their absolute discretion, and no assurance can be given that applications by Existing Shareholders under the Excess Application Facility will be met in full or in part or at all. In the event of oversubscription under the Excess Application Facility the Directors have the discretion (but are not obliged) to limit applications by Existing Shareholders *pro rata* to their aggregate holdings of Existing Ordinary Shares. However, the Directors also have the discretion (but are not obliged) to scale back the Placing and Offer for Subscription in favour of the Excess Application Facility by re-allocating C Shares that would otherwise be available under the Placing and/or Offer for Subscription to Existing Shareholders through the Excess Application Facility. To the extent any C Shares remain unallocated pursuant to Open Offer Entitlements and under the Excess Application Facility, they will be made available under the Placing and the Offer for Subscription and any excess C Shares under the Placing and Offer for Subscription will be made available under the Excess Application Facility under the Open Offer.

1.4.2 Action to be taken under the Open Offer

Non-CREST Shareholders

Existing Non-CREST Shareholders have been sent an Open Offer Application Form giving details of their Open Offer Entitlement.

Persons that have sold or otherwise transferred all of their Existing Ordinary Shares should forward this document, together with any Open Offer Application Form, if and when received, at once to the purchaser or transferee, or the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee, except that, such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

Any Existing Shareholder that has sold or otherwise transferred only some of their Existing Ordinary Shares held in certificated form on or before 13 September 2013, should refer to the instruction regarding split applications in the "Terms and Conditions of the Open Offer" at paragraph 4.1.2 of Part 10 of this document and in the Open Offer Application Form.

CREST Shareholders

Existing CREST Shareholders have not been sent an Open Offer Application Form. Instead, Existing CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlement and their Excess CREST Open Offer Entitlement as soon as practicable after 8.00 a.m. on 17 September 2013.

In the case of any Existing Shareholder that has sold or otherwise transferred only part of their holding of Existing Ordinary Shares held in uncertificated form on or before 3.00 p.m. on 1 October 2013, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate Open Offer Entitlement and Excess CREST Open Offer Entitlement to the purchaser or transferee.

Full details of the Open Offer are contained in the Terms and Conditions of the Open Offer at Part 10 of this document. If you have any doubt as to what action you should take, you should seek your own advice from your stockbroker, solicitor or other independent financial adviser duly authorised under FSMA who specialises in advice on the acquisition of shares and other securities immediately.

The ISIN for Open Offer Entitlements under the Open Offer is GB00BD02RC79.

The ISIN for Excess Shares Entitlements under the Excess Application Facility is GB00BD02RD86.

1.5 The Placing

Cenkos has agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for the C Shares under the Placing at the Issue Price on the terms, and subject to the conditions, set out in the Placing and Share Issuance Agreement. Details of the Placing and Share Issuance Agreement are set out at paragraph 7.1 of Part 9 of this document. Commitments under the Placing must be received by 4.00 p.m. on 10 October 2013 (or such later date not being later than 9 November 2013 as the Company and Cenkos may agree). If the Placing is extended, the revised timetable will be notified to any investors who have placed orders.

Under the Placing and Share Issuance Agreement, Cenkos is entitled at its discretion and out of its own resources at any time to rebate to some or all investors, or to other parties, part or all of its fees relating to the Issue. Cenkos is also entitled under the Placing and Share Issuance Agreement to retain agents and may pay commission in respect of the Issue to any or all of those agents out of its own resources.

There is no minimum subscription per investor under the Placing.

1.6 The Offer for Subscription

The Company is also offering the C Shares to investors in the United Kingdom pursuant to the Offer for Subscription.

The Terms and Conditions of Application relating to the Offer for Subscription are set out at Part 11 of this document and an Application Form and notes on how to complete such Application Form are set out in the Appendix to this document. The Terms and Conditions of the Application should be read carefully before an application is made. Application Forms accompanied by a cheque or bankers' draft in Sterling made payable to "Computershare Investor Services PLC a/c BRNA plc Offer for Subscription" and crossed "A/C Payee Only" for the appropriate sum must be posted to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or delivered by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to arrive by no later than 12.00 noon on 10 October 2013. The Offer for Subscription will, unless extended, be closed at that time. If the Offer for Subscription is extended, the revised timetable will be notified to any investors who have placed orders.

Applications under the Offer for Subscription must be for a minimum subscription amount of £100 and in multiples of £10 thereafter.

1.7 Scaling back and allocation

The maximum size of the Issue is 150 million C Shares. In the event that aggregate applications for C Shares under the Placing, the Open Offer and the Offer for Subscription are in excess of 150 million C Shares, it would be necessary to scale back applications under the Placing and Offer for Subscription in favour of the Open Offer. The Company and Cenkos reserve the right, in their sole discretion, to scale back applications in such amounts as they consider appropriate. The parameters for any scaling back of applications for C Shares will be determined at the relevant time. The Offer for Subscription will not be subject to scaling back in favour of the Placing. Accordingly, applicants for C Shares may in certain circumstances, not be allotted the number of C Shares for which they have applied.

Payment for the C Shares, in the case of the Open Offer, should be made in accordance with the Terms and Conditions of Application under the Open Offer in Part 10 of this document. Payment for the C Shares, in respect of the Placing, should be made in accordance with settlement instructions notified to placees by Cenkos. Payment for the C Shares, in the case of the Offer for Subscription, should be made in accordance with the Terms and Conditions of Application under the Offer for Subscription in Part 11 of this document and in the Application Form. To the extent that any application for C Shares is rejected in whole or in part (whether by scaling back or otherwise), monies received will be returned without interest at the risk of the applicant.

The Company will notify investors of the number of C Shares in respect of which their application has been successful and the results of the Issue will be announced by the Company on or around 11 October 2013 via an RIS announcement.

Subscription monies received in respect of unsuccessful applications (or to the extent scaled back) will be returned without interest at the risk of the applicant to the bank account from which the money was received or by cheque.

1.8 Withdrawal rights

In the event that the Company is required to publish a supplementary prospectus prior to the admission of the C Shares pursuant to the Issue, applicants who have applied for C Shares under the Issue shall have at least two clear Business Days following the publication of the relevant supplementary prospectus within which to withdraw their offer to acquire C Shares in the Issue in its entirety. The right to withdraw an application to acquire C Shares in the Issue in these circumstances will be available to all investors in the Issue. If the application is not withdrawn within the stipulated period, any offer to apply for C Shares in the Issue will remain valid and binding.

Investors under the Open Offer and Offer for Subscription wishing to exercise statutory withdrawal rights after the publication of a supplementary prospectus prior to Admission of the C Shares pursuant to the Issue must do so by lodging a written notice of withdrawal by hand (during normal business hours only) at Computershare Investor Services PLC or by facsimile (during normal business hours only) on 0870 703 6113 so as to be received no later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received after expiry of such period will not constitute a valid withdrawal.

1.9 Admission

Admission is expected to take place at 8.00 a.m. on 16 October 2013. An investor applying for C Shares in the Issue may receive C Shares in certificated or uncertificated form. The C Shares are in registered form. No temporary documents of title will be issued. Dealings in C Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned. It is expected that CREST accounts will be credited on 16 October 2013 in respect of C Shares issued in uncertificated form and definitive share certificates in respect of C Shares held in certificated form will be despatched by post during the week commencing 21 October 2013.

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the C Shares, nor does it guarantee the price at which a market will be made in the C Shares. Accordingly, the dealing price of the C Shares may not necessarily reflect changes in the Net Asset Value per C Share.

Applications will be made to the UKLA and the London Stock Exchange for all the C Shares to be issued pursuant to the Issue to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. All C Shares issued pursuant to the Issue will be allotted conditionally on Admission. No application will be made for the C Shares to be listed or dealt in on any other stock exchange or investment exchange. This document has, *inter alia*, been published in order to obtain Admission to the premium segment of the Official List of any C Shares issued pursuant to the Issue.

Applications will be made to the UKLA and the London Stock Exchange for all the Ordinary Shares arising on Conversion to be admitted to the premium listing segment of the Official list and to trading on the London Stock Exchange's main market for listed securities. No application will be made for the Ordinary Shares arising on Conversion to be listed or dealt in on any other stock exchange or investment exchange.

When C Shares are issued pursuant to the Issue, the total assets of the Company will increase by that number of C Shares multiplied by the Issue Price, less the costs of the Issue. It is not expected that there will be any material impact on the earnings and Net Asset Value per Ordinary Share, as the net proceeds of the Issue, after providing for the Company's operational expenses, will be used to purchase investments sourced by the investment team in line with the Company's investment policy.

1.10 CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of C Shares under the CREST system. The Company has applied for the C Shares to be admitted to CREST with effect from Admission.

Accordingly, settlement of transactions in the C Shares following Admission may take place within the CREST system if any Shareholder so wishes.

1.11 Conversion of C Shares

The Net Proceeds and the investments made with the Net Proceeds will be accounted for and managed as a separate pool of assets until the Calculation Date, being a date determined by the Directors occurring not more than 10 Business Days after the day on which the Manager shall have given notice to the Directors that at least 85 per cent. of the Net Proceeds (or such other percentage as the Directors and Manager shall agree) shall have been invested (or, if earlier, six months after the date of issue of the C Shares).

The Conversion Ratio will then be calculated (to four decimal places (with .00005 being rounded down)) and the C Shares in issue will convert into a number of Ordinary Shares calculated by reference to the net assets then attributable to C Shares compared to the net assets at the same time attributable to Ordinary Shares then in issue. Entitlements to Ordinary Shares will be rounded down to the nearest whole number. The C Shares will convert into Ordinary Shares on the Conversion Date, being the close of business on such Business Day as may be selected by the Directors falling not more than 10 Business Days after the Calculation Date.

Full details of the method of conversion are contained in Part 5 of this document and an example of how the Conversion mechanism would operate is set out below.

Example of Conversion Mechanism

The following example is provided for the purpose of illustrating the basis on which the number of Ordinary Shares, arising on Conversion, will be calculated. The example is not, and is not intended to be, a profit forecast or forecast of the number of Ordinary Shares which will arise on Conversion.

The example illustrates the number of Ordinary Shares, which would arise in respect of the Conversion of 10,000 C Shares held at the Conversion Date, using assumed Net Asset Values attributable to the C Shares and the existing Ordinary Shares as at the Calculation Date. The assumed Net Asset Value per Ordinary Share is the Net Asset Value (cum-income) at the close of business on 11 September 2013 (the latest practicable date prior to the publication of this document), being £1.1033 per Ordinary Share. The assumed Net Asset Value per C Share is calculated on the basis that there are no returns on the Net Proceeds in the period from Admission to the Calculation Date.

	<i>Example</i>
Number of C Shares subscribed	10,000
Amount subscribed	£10,000
Net Asset Value per C Share at the Calculation Date	98.25 pence
Net Asset Value per Ordinary Share at the Calculation Date	110.33 pence
Conversion Ratio	0.8905
Number of new Ordinary Shares arising on Conversion	8,905

The detailed calculation methodology for the Conversion Ratio is set out in Part 5 of this document. Pursuant to the Articles, the Directors may make such adjustments to the terms and timing of Conversion as they in their discretion consider are fair and reasonable having regard to the interests of all Shareholders. At the date of this document, no such adjustments are expected to be made. However, any adjustments to the terms and timing of Conversion would be announced via a Regulatory Information Service.

2. USE OF PROCEEDS

The Directors intend to use the net proceeds of the Issue after providing for the Company's operational expenses, to purchase investments sourced by the investment team in line with the Company's investment policy.

3. OVERSEAS PERSONS

The attention of potential investors who are Overseas Persons is drawn to the paragraphs below.

The offer of C Shares under the Issue to Overseas Persons may be affected by the laws of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to obtain C Shares pursuant to the Issue. It is the responsibility of all Overseas Persons receiving this document and/or wishing to subscribe for C Shares under the Issue to satisfy themselves as to full observance of the laws of the relevant territory in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

No person receiving a copy of this document in any territory other than the UK may treat the same as constituting an offer or invitation to him/her, unless in the relevant territory such an offer can lawfully be made to him/her without compliance with any further registration or other legal requirements.

Persons (including, without limitation, nominees and trustees) receiving this document may not distribute or send it to any U.S. Person or in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. In particular, investors should note that the Company has not, and will not be, registered under the U.S. Investment Company Act and the offer, issue and sale of the C Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the C Shares are only being offered and only sold outside the United States to non-U.S. Persons in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The C Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person. Investors

should additionally consider the provisions set out under the heading Important Information on pages 32 to 34 of this document and the Terms and Conditions of the Open Offer and the Terms and Conditions of the Offer for Subscription at Parts 10 and 11 of this document respectively.

The Company reserves the right to treat as invalid any agreement to subscribe for C Shares under the Issue if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

United States transfer restrictions

Each of Cenkos and the Manager warranted in the Placing and Share Issuance Agreement that it will not offer or sell or procure the offer or sale of the C Shares except in compliance with Regulation S. The C Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, investors may not reoffer, resell, pledge or otherwise transfer or deliver, directly or indirectly, any C Shares within the United States, or to, or for the account or benefit of, any U.S. Person.

4. TYPICAL INVESTOR

An investment in the C Shares (and the Ordinary Shares arising on Conversion) under the Issue is only suitable for institutional investors and professionally advised or financially sophisticated non-advised private investors (including retail investors) who understand and are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in the Issue. Furthermore, an investment in the C Shares (and the Ordinary Shares arising on Conversion) should constitute part of a diversified investment portfolio. It should be remembered that the price of securities and the income from them can go down as well as up.

PART 4

THE PLACING PROGRAMME

1. THE PLACING PROGRAMME

1.1 Introduction

The Company may issue up to 45,000,000 Ordinary Shares (representing approximately 53.26 per cent. of the issued share capital of the Company as at the date of this document) pursuant to the Placing Programme. The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue Ordinary Shares over a period of time. The Placing Programme is intended to satisfy continued market demand for the Ordinary Shares and manage the premium to Net Asset Value. The maximum number of new Ordinary Shares available under the Placing Programme should not be taken as an indication of the number of Ordinary Shares finally to be issued.

Subject, *inter alia*, to the Resolutions being passed at the General Meeting, the Placing Programme will open on 11 October 2013 and will close on 15 September 2014 (or any earlier date on which it is fully subscribed).

Ordinary Shares will, subject to the Company's decision to proceed with an allotment at any given time, be made available at the Placing Price to investors. No Ordinary Shares will be issued at a discount to the Net Asset Value per Ordinary Share (cum-income) at the time of the relevant allotment. The Company will not issue any Ordinary Shares at a discount of 10 per cent. or more to the middle market price of the Ordinary Shares at the relevant time without further Shareholder approval.

The allotment of new Ordinary Shares under the Placing Programme is at the discretion of the Directors. Allotments may take place at any time prior to the final closing date of 15 September 2014 (or any earlier date on which it is fully subscribed). An announcement of each allotment will be released through an RIS, including details of the number of new Ordinary Shares allotted and the Placing Price for the allotment.

So far as the Directors are aware as at the date of this document, no major shareholders or members of the Company's management, supervisory or administrative bodies intend to make a commitment for Ordinary Shares under the Placing Programme. In the event that a related party (as defined in the Listing Rules) wished to make a commitment for new Ordinary Shares under the Placing Programme, the Company would comply with its obligations under Chapter 11 of the Listing Rules including, if required, seeking Shareholder approval for the allotment of Ordinary Shares to that related party.

There is no minimum subscription. The Placing Programme is not being underwritten and, as at the date of this document, the actual number of Ordinary Shares to be issued under the Placing Programme is not known.

The Placing Programme will be suspended at any time when the Company is unable to issue new Ordinary Shares pursuant to the Placing Programme under any statutory provision or other regulation applicable to the Company or otherwise at the Directors' discretion. The Placing Programme may resume when such condition ceases to exist.

1.2 The Conditions

Each allotment and issue of Ordinary Shares pursuant to the Placing Programme is conditional on:

- authority for the allotment of Ordinary Shares and the disapplication of pre-emption rights in respect of the relevant allotment being in place;
- the Placing Price being not less than the aggregate of the Net Asset Value per Ordinary Share (cum-income) and a premium to cover, *inter alia*, the costs and expenses of the issue of Ordinary Shares (including, without limitation, any placing commissions);

- the Company having a share issuance agreement or equivalent arrangement in place at the time of such issue; and
- the Admission of those Ordinary Shares.

In circumstances in which these conditions are not fully met, the relevant issue of Ordinary Shares pursuant to the Placing Programme will not take place.

1.3 Dilution

If 21,122,125 Ordinary Shares are issued pursuant to the Placing Programme (being the maximum number of Ordinary Shares the Directors will be authorised to issue under the Placing Programme immediately following the passing of the Resolutions) there would, ignoring any dilution as a result of the Issue or Conversion, be a dilution of 20 per cent. in existing Shareholders' voting control of the Company.

1.4 The Placing Price

Subject to the requirements of the Listing Rules, the price at which the new Ordinary Shares will be issued pursuant to the Placing Programme, which will be in Sterling, will be calculated by reference to the estimated prevailing Net Asset Value of the existing Ordinary Shares (cum-income) together with a premium intended to, *inter alia*, cover the costs and expenses of the issue of Ordinary Shares (including, without limitation, any placing commissions). The minimum Placing Price in respect of an allotment of new Ordinary Shares will not be less than the aggregate of the Net Asset Value per Ordinary Share (cum-income) plus a premium to cover the costs and expenses of the share issuance (including, without limitation, any placing commissions). Fractions of Ordinary Shares will not be issued.

Where new Ordinary Shares are issued, the total assets of the Company will increase by that number of Ordinary Shares multiplied by the relevant Placing Price less brokers' commission and expenses. It is not expected that there will be any material impact on the earnings and Net Asset Value per Ordinary Share, as the net proceeds of the Placing Programme, after providing for the Company's operational expenses, will be used to purchase investments sourced by the investment team in line with the Company's investment policy.

1.5 The General Meeting

The Placing Programme requires the approval of Ordinary Shareholders to replace the Directors' existing share allotment authority and also to disapply statutory pre-emption rights, and is therefore conditional on the passing of the Resolutions which will be proposed at the General Meeting to be held on 10 October 2013 at 12 noon at the offices of Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU. A circular enclosing the notice convening the General Meeting has been sent to the Ordinary Shareholders on the same date as this document.

If the Resolutions are passed, the Placing Programme will permit the Company to issue up to 21,122,125 Ordinary Shares (representing 25 per cent. of the issued share capital of the Company as at the date of this document) to investors without first having to offer them, *pro rata*, to Ordinary Shareholders.

Whilst 25 per cent. is higher than the allotment of Ordinary Shares and disapplication of pre-emption rights authority ordinarily recommended by corporate governance best practice, the Directors believe that taking a larger than normal authority is justified in the present circumstances. As set out above, any use of this authority will be accretive to the Net Asset Value per Ordinary Share. Whilst Shareholders' voting rights will be diluted, the Directors believe that this consideration is outweighed by the flexibility that a larger authority provides. It will also mean that the Company should save the costs of having to issue further prospectuses in order to obtain further Shareholder authority.

If the allotment authorities are substantially utilised before 15 September 2014, the Directors may seek further shareholder authorities to issue up to a further 23,877,875 Ordinary Shares covered by this document pursuant to the Placing Programme on a non-pre-emptive basis at one or more subsequent general meetings. Accordingly, the Company may issue a further 23,877,875 Ordinary Shares pursuant to the Placing Programme without producing a further prospectus.

1.6 Admission

Applications will be made to the UKLA and the London Stock Exchange for all the new Ordinary Shares to be issued pursuant to the Placing Programme to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. All Ordinary Shares issued pursuant to the Placing Programme will be allotted conditionally on such admission occurring. This document has, *inter alia*, been published in order to obtain Admission to the premium segment of the Official List of any Ordinary Shares issued pursuant to the Placing Programme.

The Ordinary Shares issued pursuant to the Placing Programme will rank *pari passu* with the Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant new Ordinary Shares). The Ordinary Shares are in registered form.

It is anticipated that dealings in the new Ordinary Shares will commence three Business Days after their allotment. Dealing in advance of the crediting of the relevant stock account shall be at the risk of the person concerned. Whilst it is expected that all new Ordinary Shares allotted pursuant to the Placing Programme will be issued in uncertificated form, if any new Ordinary Shares are issued in certificated form it is expected that share certificates will be despatched within ten Business Days of the relevant allotment date.

2. USE OF PROCEEDS

The Directors intend to use the net proceeds of the Placing Programme after providing for the Company's operational expenses, to purchase investments sourced by the investment team in line with the Company's investment policy.

3. OVERSEAS PERSONS

The attention of potential investors who are Overseas Persons is drawn to the paragraphs below.

The offer of new Ordinary Shares under the Placing Programme to Overseas Persons may be affected by the laws of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to obtain Ordinary Shares pursuant to the Placing Programme. It is the responsibility of all Overseas Persons receiving this document and/or wishing to subscribe for Ordinary Shares under the Placing Programme to satisfy themselves as to full observance of the laws of the relevant territory in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

No person receiving a copy of this document in any territory other than the UK may treat the same as constituting an offer or invitation to him/her, unless in the relevant territory such an offer can lawfully be made to him/her without compliance with any further registration or other legal requirements.

Persons (including, without limitation, nominees and trustees) receiving this document may not distribute or send it to any U.S. Person or in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. In particular, investors should note that the Company has not, and will not be, registered under the U.S. Investment Company Act and the offer, issue and sale of the Ordinary Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Ordinary Shares are only being offered and only sold outside the United States to non-U.S. Persons in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S

thereunder. The Ordinary Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person. Investors should additionally consider the provisions set out under the heading Important Information on pages 32 to 34 of this document.

The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary Shares under the Placing Programme if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

United States transfer restrictions

Each of Cenkos and the Manager warranted in the Placing and Share Issuance Agreement that it will not offer or sell or procure the offer or sale of the Ordinary Shares except in compliance with Regulation S. The Ordinary Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, investors may not reoffer, resell, pledge or otherwise transfer or deliver, directly or indirectly, any Ordinary Shares within the United States, or to, or for the account or benefit of, any U.S. Person.

4. TYPICAL INVESTOR

An investment in the Ordinary Shares under the Placing Programme is only suitable for institutional investors and professionally advised or financially sophisticated non-advised private investors (including retail investors) who understand and are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in the Placing Programme. Furthermore, an investment in the Ordinary Shares should constitute part of a diversified investment portfolio. It should be remembered that the price of securities and the income from them can go down as well as up.

PART 5

DETAILS OF THE C SHARES

The rights and restrictions attaching to the C Shares and the Deferred Shares arising on Conversion are set out in the Articles and are summarised below. At the Conversion Date, the C Shares shall sub-divide and convert into Ordinary Shares and Deferred Shares in order to ensure that each C Shareholder receives the requisite number of new Ordinary Shares to which they are entitled on Conversion. It is the current intention of the Board that the Deferred Shares will be redeemed shortly following the Conversion Date.

1. DEFINITIONS

The following definitions apply (for the purposes of this Part 5 only) in addition to, or (where applicable) in substitution for, the definitions applicable elsewhere in this document:

“Calculation Date” means, in relation to any tranche of C Shares, the earliest of the:

- (a) close of business on the date to be determined by the Directors occurring not more than 10 Business Days after the day on which the Manager shall have given notice to the Directors that at least 85 per cent. of the Net Proceeds (or such other percentage as the Directors and Manager shall agree) shall have been invested; or
- (b) close of business on the date falling six calendar months after the allotment of that tranche of C Shares or if such a date is not a Business Day the next following Business Day; or
- (c) close of business on such date as the Directors may decide is necessary to enable the Company to comply with its obligations in respect of Conversion of that tranche of C Shares; or
- (d) close of business on the day on which the Directors resolve that Force Majeure Circumstances have arisen or are in contemplation in relation to any tranche of C Shares;

“Conversion” means conversion of any tranche of C Shares into Ordinary Shares and Deferred Shares in accordance with paragraph 8 of this Part 5;

“Conversion Date” means, in relation to any tranche of C Shares, the close of business on such Business Day as may be selected by the Directors falling not more than 10 Business Days after the Calculation Date of such tranche of C Shares;

“Conversion Ratio” means the ratio of the net asset value per C Share of the relevant tranche to the net asset value per Ordinary Share, which is calculated to four decimal places (with 0.00005 being rounded down) as:

$$\text{Conversion Ratio} = \frac{A}{B}$$

$$A = \frac{C - D}{E}$$

$$B = \frac{F - G}{H}$$

where:

“C” is the aggregate of:

- (a) the value of the investments of the Company attributable to the C Shares of the relevant tranche (other than investments which are subject to restrictions on transfer or a suspension of dealings, which are in each case to be valued in accordance with (b) below) which are

listed, quoted, dealt in or traded on a stock exchange calculated by reference to the bid-market quotations at close of business of, or, if appropriate, the daily average of the prices marked for, those investments on the relevant Calculation Date on the principal stock exchange or market where the relevant investment is listed, quoted, dealt in or traded, as derived from the relevant exchange's or market's recognised method of publication of prices for such investments where such published prices are available;

- (b) the value of all other investments of the Company attributable to the C Shares of the relevant tranche (other than investments included in (a) above) calculated by reference to the Directors' belief as to a fair current value for those investments on the relevant Calculation Date after taking into account any other price publication services reasonably available to the Directors; and
- (c) the amount which, in the Directors' opinion, fairly reflects, on the relevant Calculation Date, the value of the current assets of the Company attributable to the C Shares of the relevant tranche (excluding the investments valued under (a) and (b) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature);

"D" is the amount (to the extent not otherwise deducted from the assets attributable to the C Shares of the relevant tranche) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company attributable to the C Shares of the relevant tranche on the relevant Calculation Date;

"E" is the number of C Shares of the relevant tranche in issue on the relevant Calculation Date;

"F" is the aggregate of:

- (a) the value of all the investments of the Company attributable to the Ordinary Shares (other than investments which are subject to restrictions on transfer or a suspension of dealings, which are in each case to be valued in accordance with (b) below) which are listed, quoted, dealt in or traded on a stock exchange calculated by reference to the bid-market quotations at close of business of, or, if appropriate, the daily average of the prices marked for, those investments on the relevant Calculation Date on the principal stock exchange or market where the relevant investment is listed, quoted, dealt in or traded as derived from the relevant exchange's or market's recognised method of publication of prices for such investments where such published prices are available; and
- (b) the value of all other investments of the Company attributable to the Ordinary Shares (other than investments included in (a) above) calculated by reference to the Directors' belief as to a fair current value for those investments on the relevant Calculation Date after taking into account any other price publication services reasonably available to the Directors; and
- (c) the amount which, in the Directors' opinion, fairly reflects, on the relevant Calculation Date, the value of the current assets of the Company attributable to the Ordinary Shares (excluding the investments valued under (a) and (b) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature);

"G" is the amount (to the extent not otherwise deducted in the calculation of F) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company attributable to the Ordinary Shares on the relevant Calculation Date; and

"H" is the number of Ordinary Shares in issue on the relevant Calculation Date (excluding any Ordinary Shares held in treasury),

provided that the Directors shall make such adjustments to the value or amount of A and B as the Directors believe to be appropriate having regard among other things, to the assets of the Company immediately prior to the date on which the Company first receives the Net Proceeds relating to the C Shares of the relevant tranche and/or to the reasons for the issue of the C Shares of the relevant tranche;

“Deferred Shares” means deferred shares of one pence each in the capital of the Company arising on Conversion having the rights and being subject to the restrictions set out in the Articles;

“Existing Ordinary Shares” means the Ordinary Shares in issue immediately prior to Conversion;

“Force Majeure Circumstances” means, in relation to any tranche of C Shares (i) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable; (ii) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue the C Shares of the relevant tranche with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are proposed to be issued; or (iii) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest; and

“Net Proceeds” means the net cash proceeds of the issue of any tranche of C Shares (after deduction of those commissions and expenses relating thereto and payable by the Company).

References to Ordinary Shareholders, C Shareholders and deferred shareholders should be construed as references to holders for the time being of Ordinary Shares, C Shares of the relevant tranche and Deferred Shares respectively.

References to the Auditors confirming any matter shall be construed to mean confirmation of their opinion as to such matter whether qualified or not.

2. DIVIDENDS

The holders of the Ordinary Shares, any tranche of C Shares and the Deferred Shares shall, subject to the provisions of the Articles, have the following rights to be paid dividends:

- 2.1 the Deferred Shares (to the extent that any are in issue and extant) shall entitle the holders thereof to a cumulative dividend at a fixed rate of one per cent. of the nominal amount thereof (the **“Deferred Dividend”**) on the date six months after the Conversion Date on which such Deferred Shares were created in accordance with paragraph 8 of this Part 5 (the **“Relevant Conversion Date”**) and on each anniversary of such date payable to the holders thereof on the register of members on that date as holders of Deferred Shares but shall confer no other right, save as provided herein, on the holders thereof to share in the profits of the Company. The Deferred Dividend shall not accrue or become payable in any way until the date six months after the Relevant Conversion Date and shall then only be payable to those holders of Deferred Shares registered in the register of members of the Company as holders of Deferred Shares on that date;
- 2.2 the holders of any tranche of C Shares shall be entitled to receive in that capacity such dividends as the Directors may resolve to pay out of the assets attributable to the C Shares of that tranche and from profits available for distribution which are attributable to the C Shares of that tranche;
- 2.3 the Ordinary Shares shall carry the right to receive the profits of the Company available for distribution and determined to be distributed by way of interim or final dividends at such times as the Directors may determine in accordance with the Articles;
- 2.4 the Ordinary Shares into which any tranche of C Shares shall convert shall rank *pari passu* with the Existing Ordinary Shares for dividends and other distributions made or declared by reference to a record date falling after the relevant Calculation Date; and

- 2.5 no dividend or other distribution shall be made or paid by the Company on any of its shares (other than any Deferred Shares for the time being in issue) between any Calculation Date and the relevant Conversion Date (both dates inclusive) and no such dividend shall be declared with a record date falling between any Calculation Date and the relevant Conversion Date (both dates inclusive).

3. RIGHTS AS TO CAPITAL

The holders of the Ordinary Shares, any tranche of C Shares and the Deferred Shares shall subject to the provisions of the Articles, have the following rights as to capital:

- 3.1 the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase or redemption by the Company of any of its shares) at a time when one or more tranches of C Shares are for the time being in issue and prior to the Conversion Date be applied amongst the holders of the Existing Ordinary Shares *pro rata* according to the nominal capital paid up on their holdings of Existing Ordinary Shares, after having deducted therefrom:

3.1.1 first, an amount equivalent to (C-D) for each tranche of C Shares in issue using the methods of calculation of C and D given in the definition of Conversion Ratio, which amount(s) shall be applied amongst the holders of C Shares of the relevant tranche(s) *pro rata* according to the nominal capital paid up on their holdings of C Shares of the relevant tranche;

3.1.2 secondly, if there are Deferred Shares in issue, in paying to the holders of Deferred Shares one pence in aggregate in respect of every one million Deferred Shares (or part thereof) of which they are respectively the holders; and

3.1.3 thirdly, if there are Management Shares in issue, in paying to the holders of the Management Shares in respect of each such share the amount paid up or treated as paid up thereon,

for the purposes of this paragraph 3 the Calculation Date shall be such date as the liquidator may determine; and

- 3.2 the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase or redemption by the Company of any of its shares) at a time when no C Shares of any tranche are for the time being in issue be applied as follows:

3.2.1 first, if there are Deferred Shares in issue, in paying to the holders of Deferred Shares one pence in aggregate in respect of every one million Deferred Shares (or part thereof) of which they are respectively the holders;

3.2.2 secondly, if there are Management Shares in issue, there will be paid to the holders of the Management Shares in respect of each such share the amount paid up or treated as paid up thereon; and

3.2.3 thirdly, the surplus shall be divided amongst the holders of Ordinary Shares *pro rata* according to the nominal capital paid up on their holdings of Ordinary Shares.

4. VOTING

- 4.1 The C Shares shall carry the right to receive notice of and to attend and vote at any general meeting of the Company. The voting rights of holders of C Shares will be the same as that applying to holders of Ordinary Shares as set out in the Articles as if the C Shares and Ordinary Shares were a single class.

- 4.2 The Deferred Shares shall not carry any right to receive notice of nor to attend or vote at any general meeting of the Company.

5. REDEMPTION

- 5.1 The C Shares shall be issued on such terms that the Deferred Shares arising upon Conversion (but not the Ordinary Shares arising on Conversion) may be redeemed by the Company in accordance with the terms set out herein.

- 5.2 Immediately upon Conversion of any tranche of C Shares, the Company shall redeem all of the Deferred Shares which arise as a result of Conversion of that tranche for an aggregate consideration of one pence for all of the Deferred Shares so redeemed and the notice referred to in paragraph 8 of this Part 5 shall be deemed to constitute notice to each holder of C Shares of the relevant tranche (and any person or persons having rights to acquire or acquiring C Shares of the relevant tranche on or after the Calculation Date) that the Deferred Shares shall be so redeemed.
- 5.3 The Company shall not be obliged to: (i) issue share certificates to the holders of Deferred Shares in respect of the Deferred Shares; or (ii) account to any holder of Deferred Shares for the redemption monies in respect of such Deferred Shares.

6. CLASS CONSENTS AND VARIATION OF RIGHTS

- 6.1 Without prejudice to the generality of the Articles, for so long as any C Shares are for the time being in issue it shall be a special right attaching to the Existing Ordinary Shares as a class and to the C Shares as a separate class that without the sanction or consent of such holders given in accordance with the Articles:

6.1.1 no alteration shall be made to the Articles;

6.1.2 no allotment or issue will be made of any security convertible into or carrying a right to subscribe for any share capital of the Company other than the allotment or issue of further C Shares; and

6.1.3 no resolution of the Company shall be passed to wind-up the Company.

- 6.2 For the avoidance of doubt but subject to the rights or privileges attached to any other class of shares, the previous sanction of a special resolution of the holders of Existing Ordinary Shares and C Shares, as described above, shall not be required in respect of:

6.2.1 the issue of further Ordinary Shares ranking *pari passu* in all respects with the Existing Ordinary Shares (otherwise than in respect of any dividend or other distribution declared, paid or made on the Existing Ordinary Shares by the issue of such further Ordinary Shares); or

6.2.2 the sale of any shares held as treasury shares (as such term is defined in section 724 of the Companies Act) in accordance with sections 727 and 731 of the Companies Act or the purchase or redemption of any shares by the Company (whether or not such shares are to be held in treasury).

7. C SHARES PRIOR TO CONVERSION

- 7.1 For so long as any tranche of C Shares are for the time being in issue, until Conversion of such tranche of C Shares and without prejudice to its obligations under applicable laws the Company shall:

7.1.1 procure that the Company's records, and bank and custody accounts shall be operated so that the assets attributable to the C Shares of that tranche can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall, without prejudice to any obligations pursuant to applicable laws, procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares of that tranche;

7.1.2 allocate to the assets attributable to the C Shares of that tranche such proportion of the income, expenses and liabilities of the Company incurred or accrued between the date on which the Company first receives the Net Proceeds and the Calculation Date relating to such tranche of C Shares (both dates inclusive) as the Directors fairly consider to be attributable to that tranche of C Shares; and

7.1.3 give appropriate instructions to the Manager to manage the Company's assets so that such undertakings can be complied with by the Company.

8. CONVERSION

8.1 In relation to any tranche of C Shares, the C Shares for the time being in issue of that tranche shall be sub-divided and converted into Ordinary Shares and Deferred Shares on the relevant Conversion Date in accordance with the following provisions of this paragraph 8.

8.2 The Directors shall procure that within 10 Business Days of the relevant Calculation Date:

8.2.1 the Conversion Ratio as at the relevant Calculation Date and the numbers of Ordinary Shares and Deferred Shares to which each holder of C Shares of that tranche shall be entitled on Conversion of that tranche shall be calculated; and

8.2.2 the Auditors shall confirm that such calculations as have been made by the Company have, in their opinion, been performed in accordance with the Articles and are arithmetically accurate whereupon such calculations shall become final and binding on the Company and all holders of the Company's shares and any other securities issued by the Company which are convertible into the Company's shares, subject to the proviso immediately after 'H' in the definition of "Conversion Ratio" above.

8.3 The Directors shall procure that, as soon as practicable following such confirmation and in any event within 10 Business Days of the relevant Calculation Date, a notice is sent to each holder of C Shares of the relevant tranche advising such shareholder of the Conversion Date, the Conversion Ratio and the numbers of Ordinary Shares and Deferred Shares to which such holder of C Shares of the relevant tranche will be entitled on Conversion.

8.4 On Conversion each C Share of the relevant tranche shall automatically subdivide into 10 conversion shares of one pence each and such conversion shares of one pence each shall automatically convert into such number of Ordinary Shares and Deferred Shares as shall be necessary to ensure that, upon such Conversion being completed:

8.4.1 the aggregate number of Ordinary Shares into which the same number of conversion shares of one pence each are converted equals the number of C Shares of the relevant tranche in issue on the relevant Calculation Date multiplied by the relevant Conversion Ratio (rounded down to the nearest whole Ordinary Share); and

8.4.2 each conversion share of one pence which does not so convert into an Ordinary Share shall convert into one Deferred Share.

8.5 The Ordinary Shares and Deferred Shares arising upon Conversion shall be divided amongst the former holders of C Shares of the relevant tranche *pro rata* according to their respective former holdings of C Shares of the relevant tranche (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to Ordinary Shares and Deferred Shares arising upon Conversion including, without prejudice to the generality of the foregoing, selling any Ordinary Shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company).

8.6 Forthwith upon Conversion, the share certificates relating to the C Shares of the relevant tranche shall be cancelled and the Company shall issue to each former holder of C Shares of the relevant tranche new certificates in respect of the Ordinary Shares which have arisen upon Conversion to which he or she is entitled. Share certificates in respect of the Deferred Shares will not be issued.

8.7 The Directors may make such adjustments to the terms and timing of Conversion as they in their discretion consider are fair and reasonable having regard to the interests of all Shareholders.

8.8 The Company will use its reasonable endeavours to procure that, upon Conversion, the new Ordinary Shares are admitted to the premium listing segment of the Official List and admitted to trading on the main market of the London Stock Exchange.

PART 6

DIRECTORS, MANAGEMENT AND ADMINISTRATION

1. DIRECTORS OF THE COMPANY

The Directors are responsible for the determination of the Company's investment objective and policy and have overall responsibility for the Company's activities including the review of investment activity and performance.

The Directors meet at least five times a year with additional meetings to consider particular issues as they arise.

The Directors are as follows:

Simon Edward Callum Miller (Chairman and Chair of the Nomination Committee), aged 60, is chairman of Dunedin LLP. Mr Miller is also chairman of Artemis Alpha Trust plc, Brewin Dolphin Holdings PLC and JPMorgan Global Convertibles Income Fund Limited and a non-executive director of Scottish Friendly Assurance Society Limited. He was previously chairman of JPMorgan Fleming Managed Income plc and Amati VCT PLC.

Christopher Casey (Chair of the Audit and Management Engagement Committee), aged 58, has over 30 years' strategic financial experience. He was previously a partner of KPMG LLP and its predecessor firms from 1992, having joined Peat Marwick & Mitchell in 1977. He was initially an audit partner responsible for a series of assignments for large and quoted companies but latterly specialised in M&A advisory assistance both pre and post deal. He is also a director of TR European Growth Trust PLC and China Polymetallic Mining Limited.

Andrew Robertson Irvine, aged 62, is non-executive chairman of Jones Lang La Salle Scotland and has over 30 years' experience in the field of property development and investment. He is also chairman of Montanaro European Smaller Companies PLC and a director of Fidelity Special Values PLC and Securities Trust of Scotland PLC. Mr Irvine is also chairman of Celtic Rugby and is a past chairman of the British and Irish Lions Limited and a past president of the Scottish Rugby Union.

Alice Anne Ryder, aged 49, is an investment professional with more than 25 years' experience, comprising the last decade as an investment consultant in the charity sector and as a fund manager from 1985 to 2002. Ms Ryder recently qualified to be a holder of a Statement of Professional Standing under the FCA's RDR regime and a member of the Chartered Institute of Securities and Investment. Ms Ryder is responsible for the majority of the advisory charity accounts of Stanhope Jewson, a division of Stanhope Capital LLP, which is one of the leading consultants in the UK charity sector with approximately £2 billion of assets under advice. Ms Ryder was also previously a director of Jewson Associates Limited.

2. MANAGEMENT OF THE COMPANY

2.1 Responsibility for management

The Directors are responsible for the determination of the Company's investment objective and policy and have overall responsibility for its activities. The Company entered into a Management Agreement on 14 September 2012 with BlackRock Investment Management (UK) Limited under which the Manager is responsible for the day-to-day management of the Company's investment portfolio on a discretionary basis in accordance with the Company's investment objective and policy, subject to the overall supervision of the Directors.

2.2 The Manager

The Manager is a private company limited by shares which was incorporated in England and Wales on 16 May 1986 with company registration number 2020394 and operates under the Companies Act. The Manager is regulated and authorised by the FCA in the conduct of its investment business.

The Manager manages assets for open-ended and closed-ended funds, and institutional and private clients throughout the world. Twelve of these funds (including the Company) are listed closed-ended investment companies with combined assets of circa. £2.62 billion (as at 31 August 2013).

The Manager has delegated certain of its responsibilities and functions, including its discretionary management of the Company's portfolio, to the U.S. based equity income investment team who are employed by the Investment Adviser, BlackRock Investment Management, LLC, a limited liability company incorporated in Delaware which is regulated by the SEC.

2.3 Investment Team

The investment team, which manages circa. U.S.\$47 billion, including the U.S.\$28.5 billion BlackRock Equity Dividend Fund (as at 31 August 2013) since November 2001, led by Bob Shearer (28 years track record) and Kathleen Anderson (29 years track record) is responsible for the discretionary management of the Company's portfolio. They are supported by David Cassese (15 years track record), a team of seven professionals based in Princeton, New Jersey and the Investment Adviser's specialist equity trading team.

The biographies of the lead members of the equity income team are set out below:

Bob Shearer, CFA, Managing Director, is a member of the Fundamental Equity division of BlackRock's Alpha Strategies Group. He is the lead portfolio manager for the U.S.\$28.5 billion BlackRock Equity Dividend Fund (as at 31 August 2013) and the BlackRock Natural Resources Fund. Mr. Shearer's service with the firm dates back to 1997, including his years with Merrill Lynch Investment Managers ("MLIM"), which merged with BlackRock in 2006. At MLIM, he managed the Merrill Lynch World Natural Resources Portfolio. Prior to joining MLIM, Mr. Shearer was a vice president with David L. Babson & Company, Inc., at Concert Capital Management, Inc. as a Vice President and Sector Manager and at Fiduciary Trust Company International as a Vice President. Mr. Shearer earned a BS degree in economics at the University of Wisconsin in 1978, an MA degree in international management at Thunderbird, School of Global Management in 1982, and an MBA degree from the University of Wisconsin in 1985.

Kathleen Anderson, Managing Director, is a member of the Fundamental Equity division of BlackRock's Alpha Strategies Group. She is a portfolio manager for the U.S.\$28.5 billion BlackRock Equity Dividend Fund (as at 31 August 2013). Ms. Anderson's service with the firm dates back to 1993, including her years with MLIM. Prior to joining MLIM, Ms. Anderson served as a research associate at Chancellor Capital Management (formerly Citigroup Investment Management) from 1983 until 1993. At Chancellor Capital Management, Ms. Anderson was a research associate for entertainment and media and an analyst on a real estate fund. Previously, she assumed coverage as the analyst for the utilities and telecommunications sectors. Ms. Anderson earned a BA degree in economics and finance from Baruch College in 1980.

David Cassese, CFA, Director, is a member of the Fundamental Equity division of BlackRock Alpha Strategies Group. He is a Portfolio Manager on the BlackRock Equity Dividend/Natural Resources team, focusing on the Consumer, Health Care and Information Technology sectors. Prior to joining BlackRock, Mr Cassese was a portfolio manager with Oppenheimer Capital, a subsidiary of Allianz Global Investors Capital, where he managed the firm's Paired Alpha Fund, a fundamentally based market neutral generalist fund. He was also a consumer sector analyst for a number of other diversified funds at Oppenheimer. Previously, Mr Cassese was a research analyst for SAC Capital. David began his investment career as a research analyst for T. Rowe Price in 1998. Mr Cassese earned a BA degree in Economics from Duke University in 1998.

The investment team is supported by the specialist equity trading team which manages the Company's active options overlay strategy. The equity derivatives team manages option overlay strategies for 15 equity closed-ended funds. The biographies of the lead members of the specialist equity trading team are set out below:

Kyle G. McClements, CFA, Managing Director, is a member of the Fundamental Equity platform within BlackRock's Portfolio Management Group. He is a senior portfolio manager responsible for executing equity derivatives and options trades. Mr. McClements' service with the firm dates back to 2004, including his years with State Street Research & Management ("SSRM"), which merged

with BlackRock in 2005. At SSRM, Mr. McClements was a Vice President and senior derivatives strategist responsible for equity derivative strategy and trading in the Quantitative Equity Group at State Street Research. Prior to joining State Street Research in 2004, Mr. McClements was a senior trader/analyst at Deutsche Asset Management, responsible for derivatives, equity program, technology and energy sector, and foreign exchange trading. Mr. McClements began his career in 1994 as a derivatives analyst with Donaldson Lufkin & Jenrette responsible for pricing and performance analytics for the derivatives trading desk. Mr. McClements earned a BA degree in economics and political science from the University of Pennsylvania in 1993 and an MBA degree in finance and corporate accounting from the University of Rochester in 1998.

Christopher M. Accettella, Director, is a member of the Fundamental Equity platform within BlackRock's Portfolio Management Group. He is a portfolio manager responsible for executing equity derivatives and options trades. Prior to joining BlackRock in 2005, Mr. Accettella was an institutional sales trader with American Technology Research. From 2001 to 2003, he was with Deutsche Asset Management where he was responsible for derivatives and program trading. Prior to that, he was a senior associate in the Pacific Basin Equity Group at Scudder Investments Singapore Limited. Mr. Accettella began his investment career in 1997 as a portfolio analyst in the European Equity group of Scudder Kemper Investments, Inc. Mr. Accettella earned a BA degree in economics and Asian studies from Colgate University in 1997.

2.4 Performance track record of the Company

	<i>Percentage increase August 2013</i>	<i>Percentage increase calendar year to date</i>	<i>Percentage increase since the Company's launch*</i>
Net Asset Value total return	(5.11)	15.27	14.26
Russell 1000 Value Index (total return)	(5.91)	23.23	24.44

* 24 October 2012.

All percentages in Sterling terms with income reinvested. Past performance is not a guide to future performance and should not be the sole factor when considering whether or not to invest in the Company.

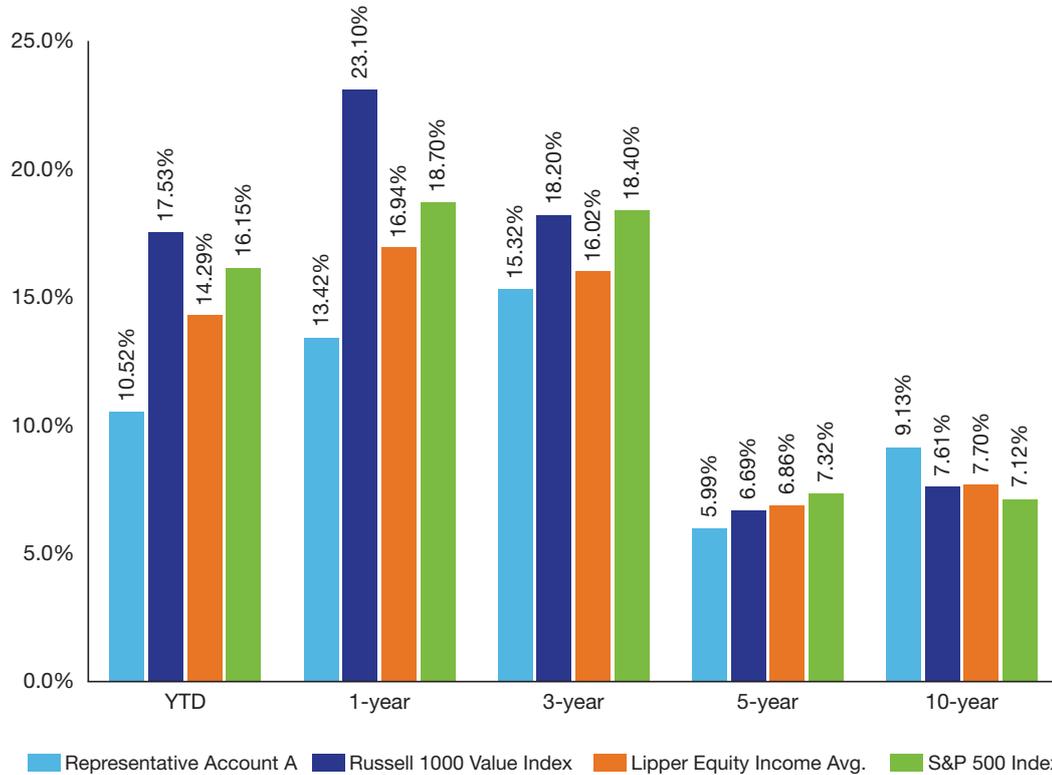
For the period from the Company's launch to 11 September 2013 (the latest practicable date prior to the publication of this document), the Company posted a 15.3 per cent. increase in Net Asset Value while the Ordinary Share price returned 17.5 per cent. (all in Sterling terms) while the Russell 1000 Value Index, one of the key performance indicators against which the Board appraises the performance of the Company, returned 25.1 per cent.

The Manager continues to focus on attractively valued blue chip stocks with strong balance sheets, sustainable competitive advantages and consistent revenue and earnings growth. This high quality focus by the Manager has recently contributed to short-term relative underperformance against the benchmark index in a market where lower quality, lower margin companies with higher debt levels have outperformed.

2.5 Representative Account

Bob Shearer and Kathleen Anderson began their tenure with the U.S.\$28.5 billion Representative Account over ten years ago. As at 31 August 2013, the U.S.\$28.5 billion Representative Account has posted 4th percentile ten-year performance within the Morningstar Large Value category, has a 4 Star Overall Morningstar Rating, is rated a Lipper Leader in five categories (Total Return, Consistency of Return, Preservation of Capital, Tax Efficiency and Expenses) and received performance awards from third-part vendors, such as Brendon Wood International. The figures below further demonstrate the investment team's track record:

Representative Account – average annual total return performance (31 August 2013)

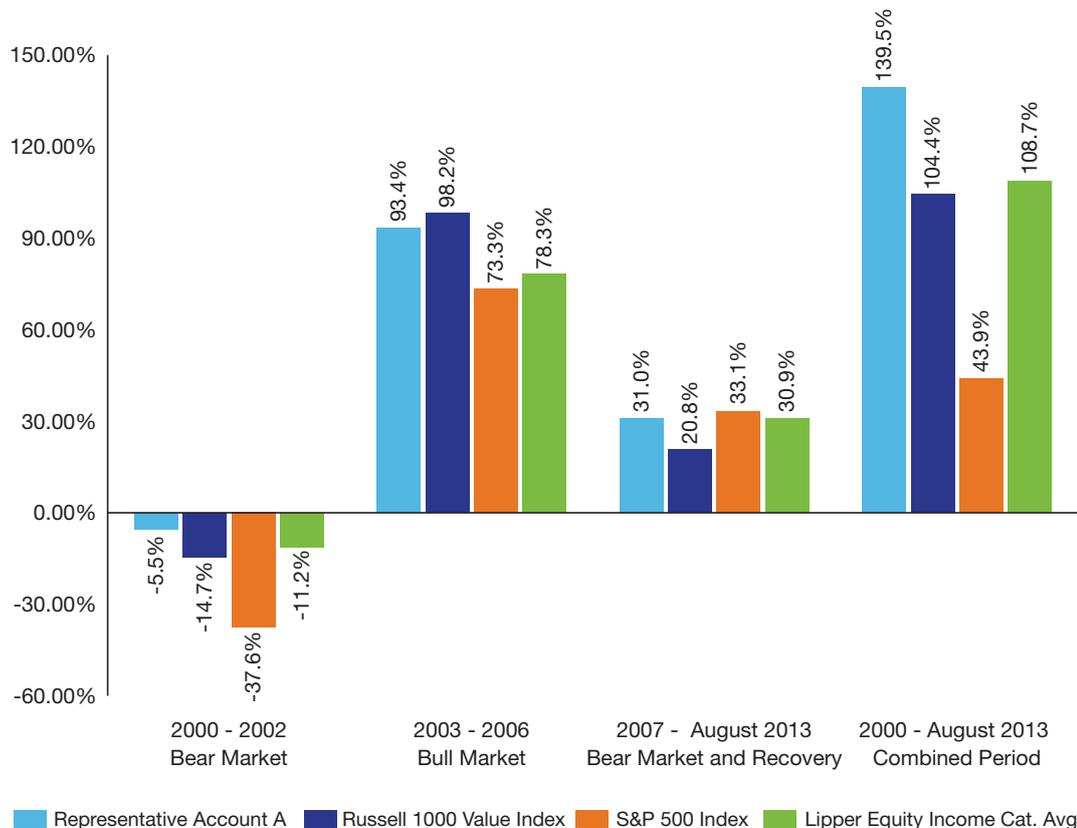


Morningstar Quartile	4	4	3	1
Morningstar Percentile	92	76	57	4

(Source: Lipper, Bloomberg, Morningstar). Performance data quoted represents past performance of the Representative Account, and does not guarantee future results. Performance results for the Company may differ from the Representative Account due to the timing of investments, market conditions, tax or differences in investment restrictions. Current performance may be lower or higher than the performance data quoted. Returns include reinvestment of dividends and capital gains. Index performance is for illustrative purposes only. An investor cannot invest directly in an index.

The investment team successfully steered the U.S.\$28.5 billion Representative Account through bull and bear markets, outperforming its benchmark, the broad market and the Lipper peer group average to preserve and grow investors' capital over the past ten years:

Representative Account – total return performance through market cycles (31 August 2013)



(Source: Lipper, Bloomberg). Performance data quoted represents past performance of the Representative Account, and does not guarantee future results. Performance results for the Company may differ from the Representative Account due to the timing of investments, market conditions, tax or differences in investment restrictions. Current performance may be lower or higher than the performance data quoted. Returns include reinvestment of dividends and capital gains. Index performance is for illustrative purposes only. An investor cannot invest directly in an index.

2.6 Investment process

The investment team's investment process is a bottom-up company analysis designed to identify income producing and undervalued investment opportunities. The investment team's investable universe comprises companies in the S&P Global BMI Index which pay regular dividends, have a market capitalisation in excess of U.S.\$5 billion and, other than in respect of financial and utility stocks, a debt to book capitalisation ratio of less than 50 per cent. The investment team selects stocks from its investable universe using a bottom-up company and industry analysis. Investment opportunities undergo rigorous screening and due diligence processes and are assessed against key criteria including:

- the quality of the management team;
- balance sheet strength;
- stability of revenue and earnings;
- future earnings, growth and stability;
- the structural characteristics of the relevant sector;
- sector capacity utilisation and pricing trends; and

- the competitive environment of the relevant sector and the sustainability of competitive advantages.

The investment team also draws upon an extensive platform of over 280 fundamental equity investment professionals. The investment team is supported by the Investment Adviser's specialist equity trading team which manage the option overlay strategy to minimise risk and enhance returns.

The investment team constructs a diversified portfolio which typically consists of between 80 to 120 stocks (excluding its active options overlay strategy) with no single investment at the time of acquisition accounting for more than 10 per cent. of the Company's portfolio and no more than a 25 per cent. weighting in any sector in accordance with the Company's investment policy. The top ten investments will typically constitute between 20 to 25 per cent. of the portfolio.

The investment team closely monitors all portfolio holdings, evaluating real-time updates on each investee company's valuation and operating performance. A stock may be sold if the investment team determines that the investee company's fundamentals are deteriorating and/or the investment team's investment thesis is no longer valid.

2.7 Management Agreement

The Manager is entitled to receive from the Company in respect of its services provided under the Management Agreement, a management fee payable quarterly in arrears calculated at the rate of one-quarter of 1 per cent. per quarter of the Market Capitalisation.

The Management Agreement may be terminated by the Company or the Manager giving the other party at least six months' notice in writing, such notice not to take effect prior to 24 October 2014.

The Company's annual report and accounts will contain a statement as to whether, in the opinion of the Directors, the continuing appointment of the Manager on the terms of the Management Agreement is in the interests of Shareholders as a whole, together with a statement of the reasons for this view.

It is intended that the management fee and debt finance costs will be charged as to 75 per cent. to the capital account and as to 25 per cent. to the revenue account in line with the Directors' expectations as to the returns, in the form of income and capital gains, from the intended investment portfolio of the Company.

3. OTHER ARRANGEMENTS

3.1 Registrar

The Company utilises the services of Computershare Investor Services PLC as registrar in relation to the transfer and settlement of Shares held in uncertificated form.

3.2 Custodian

The Bank of New York Mellon (International) Limited has been appointed as custodian to provide custody services to the Company, including setting up and maintaining securities records and cash accounts, keeping safe custody of the Company's investments, processing corporate actions and collecting and processing the Company's income. Under the terms of the Custody Agreement, the Custodian is entitled to an asset based safe keeping fee that varies with the location of the assets (being currently 0.4 basis points per annum in respect of the assets of the Company located in the U.S.), billed and payable monthly and a transaction charge for transaction settlement. The Custodian is entitled to reimbursement of all reasonable out-of-pocket expenses incurred in connection with its duties.

The Custodian is a private company limited by shares incorporated in England and Wales on 9 August 1996 with company registration number 3236121 whose registered office is at One Canada Square, London E14 5AL. The Custodian is authorised and regulated by the FCA and the PRA.

3.3 Administrator

The Manager also acts as the company secretary and administrator of the Company pursuant to the Management Agreement (further details of which are set out in paragraph 7.4 of Part 9 of this document). In such capacity, the Manager is responsible for the day-to-day administration of the Company and general secretarial functions required by the Companies Act. The Manager is responsible for the Company's general administrative functions, such as the calculation and publication of the Net Asset Value and maintenance of the Company's accounting and statutory records.

3.4 Auditor

Ernst & Young LLP provides audit services to the Company. The annual report and accounts will be prepared according to accounting standards laid out under IFRS.

4. FEES AND EXPENSES OF THE COMPANY

4.1 Expenses of the Issue

The costs and expenses (including VAT where relevant) of the Issue are fixed at 1.75 per cent. of the Initial Gross Proceeds and are borne indirectly by the C Shareholders since they will be paid out of the pool of assets attributable to the C Shares. Any costs and expenses of the Issue over and above 1.75 per cent. of the Initial Gross Proceeds will be borne by the Manager.

Assuming that the Issue is subscribed as to £50 million, the Net Proceeds would be £49.125 million and the expenses of the Issue payable by the Company would be £875,000.

4.2 Expenses of the Placing Programme

The costs and expenses (including VAT where relevant) of the Company in relation to the Placing Programme include the commissions payable to Cenkos, listing and admission fees and any other applicable expenses. The total net proceeds of the Placing Programme will depend on the number of Ordinary Shares issued pursuant to the Placing Programme and the relevant Placing Price. The fixed costs of implementing the Placing Programme are approximately £120,000 and will be borne by all Shareholders.

4.3 On-going annual expenses

Ongoing annual expenses include the following:

4.3.1 Manager

Under the terms of the Management Agreement, the Manager is entitled to receive a management fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties.

The Manager is entitled to receive from the Company in respect of its services provided under the Management Agreement, a management fee payable quarterly in arrears calculated at the rate of one-quarter of 1 per cent. per quarter of the Market Capitalisation.

No performance fee is payable by the Company to the Manager.

4.3.2 Registrar

The Registrar is entitled to receive a fee calculated on the basis of the number of Shareholders and the number of transfers processed (exclusive of any VAT). The Registrar is also entitled to reimbursement of all out of pocket costs, expenses and charges properly incurred on behalf of the Company.

4.3.3 Custodian

Under the terms of the Custody Agreement, the Custodian is entitled to an asset based safe keeping fee that varies with the location of the assets (being currently 0.4 basis points per annum in respect of the assets of the Company located in the U.S.), billed and

payable monthly, and a transaction charge for transaction settlement. The Custodian is entitled to reimbursement of all reasonable out-of-pocket expenses incurred in connection with its duties.

4.3.4 Directors

Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. Save for the Chairman of the Board and the Chairman of the Audit and Management Engagement Committee, the fee is currently £21,000 for each Director per annum. The Chairman's current fee is £30,000 per annum and the fee of the Chairman of the Audit and Management Engagement Committee is currently £25,000 per annum.

All of the Directors are also entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties. The Board may determine that additional remuneration may be paid, from time-to-time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

4.3.5 Other operational expenses

Other ongoing operational expenses (excluding fees paid to service providers as detailed above and finance costs) of the Company will be borne by the Company including travel, accommodation, printing, audit, due diligence and legal fees.

These expenses will be deducted from the assets of the Company and the estimated maximum amount of such fees is £310,000 per annum assuming a portfolio size of £107 million. All out-of-pocket expenses of the Manager, the Registrar, the Custodian and the Directors relating to the Company will be borne by the Company.

5. CONFLICTS OF INTEREST

The Manager, the Investment Adviser and their officers and employees may from time-to-time act for other clients or manage other funds, which may have a similar investment objective and policy to that of the Company. Circumstances may arise where investment opportunities will be available to the Company and which are also suitable for one or more such clients of the Manager or the Investment Adviser. The Directors have satisfied themselves that the Manager and the Investment Adviser have procedures in place to address potential conflicts of interest and that, where a conflict arises, the Manager and the Investment Adviser will allocate the opportunity on a fair basis.

When potential conflicts of interest arise the Manager will ensure that any transactions undertaken for the Company are effected on terms which are not materially less favourable to the Company than if the potential conflict had not existed. The Manager's services are governed by the COB Rules and in the event of a conflict of interest arising, the Manager will ensure that it is resolved fairly and in accordance with the COB Rules including those rules as to suitability and best execution. The COB Rules, *inter alia*, require the Manager to ensure fair treatment for all of its clients. The COB Rules also require that when an investment is made it shall be allocated fairly amongst all of its clients for whom the investment is appropriate.

5.1 Relationships within the BlackRock Group

The ultimate holding company of the Manager is BlackRock, Inc., a company incorporated in Delaware, USA. The PNC Financial Services Corporation, Inc. has a significant economic interest in BlackRock, Inc. The PNC Financial Services Corporation, Inc. is a holding company that is affiliated with broker-dealers, banks, insurance companies and other subsidiaries involved in financial services. The relationship between the BlackRock Group and the PNC Group may give rise to certain conflicts of interest in the ordinary course of business of each and the investment activities of the Company.

Subject to any policies adopted by the Manager or any powers or restrictions in relevant regulations or set forth in the relevant constitutional documents of the Company, when arranging investment transactions for the Company, the Manager will seek to obtain the best net results for

the Company taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution and operational facilities of the firm involved and the firm's risk in positioning a block of securities.

Therefore, whilst the Manager generally seeks reasonably competitive commission rates, the Company does not necessarily pay the lowest commission or spread available. In a number of developing markets, commissions are fixed pursuant to local law or regulation and, therefore, are not subject to negotiation. When arranging transactions in securities for the Company, companies within the PNC Group may provide securities brokerage, foreign exchange, banking and other services, or may act as principal, on their usual terms and may benefit therefrom. The benefit of any bulk or other commission discounts or cash commissions rebates provided by brokers or agents will be passed on to the Company. The services of companies in the PNC Group will be used by the Manager where it is considered appropriate to do so provided that (a) their commissions and other terms of business are generally comparable with those available from unassociated brokers and agents in the markets concerned, and (b) this is consistent with the above policy of obtaining best net results.

Accordingly, it is anticipated that a proportion of the Company's investment transactions will be executed through the PNC Group broker dealers and that they will be amongst a relatively small group of global firms which may each be assigned a larger proportion of transactions than the proportion assigned to any other firm. The Manager may select brokers (including, without limitation, brokers who are affiliated with the BlackRock Group) that furnish the Manager respectively, directly or through third-party or correspondent relationships, with research or execution services which provide, in the Manager's view, lawful and appropriate assistance to the Manager in the investment decision-making or trade execution processes. Such research or execution services may include, without limitation and to the extent permitted by applicable law: research reports on companies, industries and securities; economic and financial information and analysis; and quantitative analytical software. Research or execution services obtained in this manner may be used in servicing not only the account from which commissions were used to pay for the services, but also other BlackRock Group client accounts. To the extent that the BlackRock Group uses its clients' commissions to obtain research or execution services, the BlackRock Group will not have to pay for those products and services themselves. The BlackRock Group may receive research or execution services that are bundled with the trade execution, clearing and/or settlement services provided by a particular broker-dealer. To the extent that the BlackRock Group receives research or execution services on this basis, many of the same potential conflicts related to receipt of these services through third party arrangements exist. For example, the research effectively will be paid by client commissions that also will be used to pay for the execution, clearing and settlement services provided by the broker-dealer and will not be paid by the BlackRock Group.

The BlackRock Group may endeavour, subject to best execution, to execute trades through brokers who, pursuant to such arrangements, provide research or execution services in order to ensure the continued receipt of research or execution services the BlackRock Group believes are useful in their investment decision-making or trade execution process. The BlackRock Group may pay, or be deemed to have paid, commission rates higher than it could have otherwise paid in order to obtain research or execution services if the BlackRock Group determines in good faith that the commission paid is reasonable in relation to the value of the research or execution services provided. The BlackRock Group believes that using commissions to obtain the research or execution services enhances its investment research and trading processes, thereby increasing the prospect for higher investment returns.

The BlackRock Group may from time-to-time choose to alter or choose not to engage in the above described arrangements to varying degrees, without notice to BlackRock clients, to the extent permitted by applicable law.

Subject to the foregoing, and to any restrictions adopted by the Manager, or any powers or restrictions in relevant regulations or set forth in the relevant constitutional documents of the Company, the Manager and any other company in the BlackRock Group, the PNC Group and any directors of the foregoing, may (a) have an interest in the Company or in any transaction effected with or for it, or a relationship of any description with any other person, which may involve a potential conflict with their respective duties to the Company, and (b) deal with or otherwise use

the services of companies in the BlackRock Group or the PNC Group in connection with the performance of such duties; and none of them will be liable to account for any profit or remuneration derived from so doing. For example, such potential conflicts may arise because the relevant BlackRock Group company or PNC Group company:

- (i) undertakes business for other clients;
- (ii) has directors or employees who are directors of, hold or deal in securities of, or are otherwise interested in, any company the securities of which are held by or dealt in on behalf of the Company;
- (iii) may benefit from a commission, fee, mark-up or mark-down payable otherwise than by the Company;
- (iv) may act as agent for the Company in relation to transactions in which it is also acting as agent for the account of other clients of itself;
- (v) may deal in investments and/or currencies as principal with the Company or any of the Shareholders;
- (vi) transacts in units or shares of another collective investment scheme or any company of which any BlackRock Group company or PNC Group company is the manager, operator, banker, adviser or trustee; and
- (vii) may effect transactions for the Company involving placings and/or new issues with another of its group companies which may be acting as principal or receiving agent's commission.

As described above, securities may be held by, or be an appropriate investment for, the Company as well as by or for the Manager's other clients, clients of other companies in the BlackRock Group or PNC Group. Because of different objectives or other factors, a particular security may be bought for one or more such clients, when other clients are selling the same security. If purchases or sales of securities for the Company or such clients arise for consideration at or about the same time, such transactions will be made, insofar as feasible, for the relevant clients in a manner deemed equitable to all.

There may be circumstances when purchases or sales of securities for one or more clients of other companies in the BlackRock Group or PNC Group have an adverse effect on other BlackRock Group or PNC Group clients.

Establishing, holding or unwinding opposite positions (i.e. long and short) in the same security at the same time for different clients may prejudice the interests of clients on one side or the other and may pose a conflict of interest for the Manager as well, particularly if the Manager or the portfolio managers involved may earn higher compensation from one activity than from the other. This activity may occur as a result of different portfolio management teams taking different views of a particular security or in the course of implementing risk management strategies, and special policies and procedures are not generally utilised in these situations.

This activity may also occur within the same portfolio management team as a result of the team having both long only mandates and long-short or short only mandates or in the course of implementing risk management strategies. Where the same portfolio management team has such mandates, shorting a security in some portfolios that is held long in other portfolios or establishing a long position in a security in some portfolios that is held short in other portfolios may be done only in accordance with established policies and procedures designed to ensure the presence of appropriate fiduciary rationale and to achieve execution of opposing transactions in a manner that does not systematically advantage or disadvantage any particular set of clients.

The Manager's compliance group monitors compliance with these policies and procedures and may require the modification or termination of certain activities to minimise conflicts. Exceptions to these policies and procedures must be approved.

Among the fiduciary rationales that may justify taking opposite positions in the same security at the same time would be differing views as to the short-term and long-term performance of a security, as a result of which it may be inappropriate for long only accounts to sell the security but may be appropriate for short-term oriented accounts that have a shorting mandate to short the security over the near term. Another rationale may be to seek to neutralise the effect of the performance of a particular segment of one company's business by taking the opposite position in another company whose business is substantially similar to that of the segment in question.

In certain cases the Manager's efforts to effectively manage these conflicts may result in a loss of investment opportunity for its clients or may cause it to trade in a manner that is different from how it would trade if these conflicts were not present, which may negatively impact investment performance.

The investment activities of the BlackRock Group for its own account and for other accounts managed by it or by a PNC Group company may limit the investment strategies that can be conducted on behalf of the Company by the Manager as a result of aggregation limits. For example, the definition of corporate and regulatory ownership of regulated industries in certain markets may impose limits on the aggregate amount of investment by affiliated investors that may not be exceeded. Exceeding these limits without the grant of a license or other regulatory or corporate consent may cause the BlackRock Group and the Company to suffer disadvantages or business restrictions. If such aggregate ownership limits are reached, the ability of the Company to purchase or dispose of investments or exercise rights may be restricted by regulation or otherwise impaired. As a result, the Manager on behalf of the Company may limit purchases, sell existing investments or otherwise restrict or limit the exercise of rights (including voting rights) in light of potential regulatory restrictions on ownership or other restrictions resulting from reaching investment thresholds. As a consequence, the Company's ability to provide returns in accordance with its investment objective may be affected.

6. THE TAKEOVER CODE

The Takeover Code applies to the Company.

7. CORPORATE GOVERNANCE

The Company complies with the provisions of Chapter 9 of the Listing Rules regarding corporate governance. Chapter 9 of the Listing Rules requires that the Company must "comply or explain" against the UK Corporate Governance Code. In addition, the Disclosure and Transparency Rules require the Company to (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and (ii) describe its internal control and risk management systems.

The Directors recognise the value of the UK Corporate Governance Code and have taken appropriate measures to ensure that the Company complies, so far as is possible given the Company's size and nature of business, with the UK Corporate Governance Code. The areas of non-compliance by the Company with the UK Corporate Governance Code are in respect of the provisions relating to:

- the role of the chief executive;
- the appointment of a senior independent director;
- executive directors' remuneration; and
- the need for an internal audit function.

The Board considers these provisions are not relevant to the position of the Company because it is an externally managed investment company and it has no employees and therefore no requirement for a chief executive and by reason of the size and composition of the Board.

As at the date of this document, the Company complies with the AIC Code and is a member of the AIC. In accordance with such code, the Company meets its obligations in relation to the UK Corporate Governance Code.

The Company's Audit and Management Engagement Committee is chaired by Christopher Casey and consists of all the Directors and meets at least twice a year or more often if required. The Board considers that the members of the Audit and Management Engagement Committee have the requisite skills and experience to fulfil the responsibilities of the Audit and Management Engagement Committee. The Audit and Management Engagement Committee examines the effectiveness of the Company's control systems, reviews the half-yearly and annual reports and receives information from the Manager. It also reviews the scope, results, cost effectiveness, independence and objectivity of the external auditor. The Audit and Management Engagement Committee's other principal duties are to consider the terms of appointment of the Manager and it annually reviews that appointment and the terms of the Management Agreement.

The Company's Nomination Committee is chaired by Simon Miller and consists of all the Directors. The Nomination Committee meets when summoned by the secretary of the Nomination Committee, at the request of any of its members. The Board considers that the members of the Nomination Committee have the requisite skills and experience to fulfil the responsibilities of the Nomination Committee. The Nomination Committee examines the effectiveness of the Board's nomination procedures and reviews the structure, size and composition of the Board. The Nomination Committee's other principal duties are to make recommendations, in consultation with the chairman of the Audit and Management Engagement Committee, to the Board in respect of the membership of the Audit and Management Engagement Committee, and to make recommendations to the Board concerning the reappointment of any non-executive director at the conclusion of any specified terms of office.

The Company has not established a remuneration committee because all of the Directors are independent non-executive directors of the Company.

8. DIRECTORS' SHARE DEALING

The Directors comply with the Model Code in relation to their dealings in Shares. The Board is responsible for taking all proper and reasonable steps to ensure compliance with the Model Code by the Directors.

PART 7

FINANCIAL INFORMATION RELATING TO THE COMPANY

1. Audited financial statements for the period from the Company's incorporation to 31 December 2012

Accounts for the Company prepared in accordance with International Financial Reporting Standards for the financial period from the Company's incorporation to 31 December 2012 audited by Ernst & Young LLP of 1 More London Place, London SE1 2AF, have been delivered to Companies House and did not contain any qualifications.

2. Interim reports and unaudited financial statements for the financial period ended 30 April 2013

The Company has published a half-yearly unaudited report in respect of the financial period from the Company's incorporation to 30 April 2013 prepared in accordance with International Financial Reporting Standards.

3. Published audited financial statements for the financial period from the Company's incorporation to 31 December 2012

Historical financial information

The published audited financial statements for the period from the Company's incorporation to 31 December 2012 as set out in Part 3 of a prospectus published by the Company dated 27 February 2013 are incorporated into this document by reference, including the information specified in the tables below. Where this document makes reference to other documents, such other documents are not incorporated into and do not form part of this document.

*Published audited financial statements from
for the period from the Company's
incorporation to 31 December 2012*

Nature of information

	<i>Page No(s) of the prospectus of the Company dated 27 February 2013</i>
Statement of Comprehensive Income	43
Statement of Changes in Equity	44
Statement of Financial Position	45
Cash Flow Statement	46
Notes to the Financial Statements	47-59
Report of the Reporting Accountants	41-42

Selected financial information

The key audited figures that summarise the Company's financial condition in respect of the financial period from the Company's incorporation to 31 December 2012 which have been extracted directly on a straightforward basis without material adjustment from the historical information are set out in the following table:

	<i>As at or for the period ended 31 December 2012</i>
Total Assets (£'000)	69,615
Financial Assets at fair value (£'000)	68,774
Total Assets less Current Liabilities (£'000)	67,096
Net Assets (£'000)	67,096
Net Asset Value per Ordinary Share (Sterling pence)	98.38
Ordinary Share price (Sterling pence)	103.25
Earnings per Ordinary Share (Sterling pence)	0.01
Dividends per Ordinary Share (Sterling pence)	–

4. Published interim report and unaudited financial statements for the financial period from the Company's incorporation to 30 April 2013

Historical financial information

The published interim report and unaudited financial statements for the period from the Company's incorporation to 30 April 2013 are incorporated into this document by reference, including the information specified in the tables below. Where this document makes reference to other documents, such other documents are not incorporated into and do not form part of this document

Interim report and unaudited financial statements for the financial period ended 30 April 2013

<i>Nature of information</i>	<i>Page No(s)</i>
Unaudited Statement of Comprehensive Income	20
Unaudited Statement of Changes in Equity	21
Unaudited Statement of Financial Position	22
Unaudited Cash Flow Statement	23
Notes to the Financial Statements	24-34
Independent Review Report	35-36
Chairman's Statement	3-5
Interim Management and Responsibility Statement Report	6-7

Selected financial information

The key unaudited figures that summarise the Company's financial condition in respect of the financial period from the Company's incorporation to 30 April 2013 which have been extracted directly on a straightforward basis without material adjustment from the historical information are set out in the following table:

	<i>As at or for the period ended 30 April 2013</i>
Total Assets (£'000)	86,714
Financial Assets at fair value (£'000)	84,910
Total Assets less Current Liabilities (£'000)	84,693
Net Assets (£'000)	84,693
Net Asset Value per Ordinary Share (Sterling pence)	111.18
Ordinary Share price (Sterling pence)	114.38
Earnings per Ordinary Share (Sterling pence)	13.94
Dividends paid per Ordinary Share (Sterling pence)	1.00

Operating and financial review

The published interim report and unaudited financial statements for the period from the Company's incorporation to 30 April 2013 which have been incorporated by reference in this document include, on the pages specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms), details of the Company's investment activity and portfolio exposure and changes in its financial condition for that period.

Interim report and unaudited financial statements for the period from the Company's incorporation to 30 April 2013

Chairman's Statement	3-5
Interim Management Report and Responsibility Statement	6-7
Investment Manager's Report	8-10
Performance Record	2
Ten Largest Investments	11-12
Sector and Geographical Breakdown	13
Investments	14-19

5. Availability of reports and financial statements for inspection

Copies of the prospectus of the Company dated 27 February 2013 which include at Part 3 the audited financial statements of the Company for the period from the Company's incorporation to 31 December 2012 and the Company's interim report and unaudited financial statements referred to in paragraphs 1 and 2 respectively of this Part 7 are available online at www.blackrock.co.uk/brna and are also available for inspection at the address set out in paragraph 11 of Part 9 of this document.

6. Capitalisation and indebtedness

The following table, sourced from the Company's internal accounting records, shows the Company's unaudited indebtedness (distinguishing between guaranteed and unguaranteed, secure and unsecured indebtedness) as at 31 August 2013 and the Company's unaudited capitalisation as at 30 April 2013 (being the last date in respect of which the Company has published financial information).

<i>Unaudited indebtedness as at 31 August 2013</i>	£'000
Total current debt	402
Guaranteed	Nil
Secured	Nil
Unguaranteed/unsecured	402
Total non-current debt	Nil
Guaranteed	Nil
Secured	Nil
Unguaranteed/unsecured	Nil
 <i>Unaudited capitalisation as at 30 April 2013</i>	 £'000
Shareholder equity	84,693
Share capital	762
Legal reserves (excluding revenue reserve)	11,747
Other reserves (excluding revenue reserve)	71,428
Revenue reserve	756
Total	84,693

The following table shows the Company's unaudited net indebtedness as at 31 August 2013.

	£'000
A. Cash	7
B. Cash equivalent	Nil
C. Trading securities	95,149
D. Liquidity (A + B + C)	95,156
E. Current financial receivables	571
F. Current bank debt	402
G. Current portion of non-current debt	Nil
H. Other current financial debt	2,592
I. Current financial debt (F + G + H)	2,994
J. Net current financial debt (I – E – D)	Nil
K. Non-current bank loans	Nil
L. Bonds issued	Nil
M. Other non-current loans	Nil
N. Non-current financial indebtedness (K + L + M)	Nil
O. Net financial indebtedness (J + N)	Nil

7. Working capital

The Company is of the opinion that the working capital available to it is sufficient for its present requirements, that is for at least the next 12 months from the date of this document.

8. No significant change

Save for the rise in the unaudited Net Assets from £84,693,000 as at 30 April 2013 to £93,212,000 as at 11 September 2013 (the latest practicable date prior to the publication of this document) (which may be attributed to market movements in the value of investments, gains on foreign currency transactions and the issue of new Ordinary Shares) and a fall in the unaudited Net Asset Value per Ordinary Share from 111.18 pence per Ordinary Share to 110.33 pence per Ordinary Share over the same period (which may be attributed to the declaration of 2 dividends of 1 pence per Ordinary Share each (of which one has been paid at the date of this document)), the issue of 8,313,500 Ordinary Shares which raised gross proceeds of £9.64 million (which were used to purchase investments sourced by the investment team in line with the Company's investment policy and to pay for the costs and expenses associated with the issue of such Ordinary Shares) and the declaration of two dividends of 1 pence per Ordinary Share each (of which one has been paid at the date of this document) there has been no significant change in the financial or trading position of the Company since 30 April 2013, being the date to which the latest financial statements of the Company have been prepared.

9. Related party transactions

Save as disclosed in Note 4 and Note 10 to the interim report and unaudited financial statements of the Company for the financial period from the Company's incorporation 30 April 2013 referred to at paragraph 2 of this Part 7, the Company was not a party to, nor had any interest in, any related party transaction (as defined in the Standards adopted according to Regulation (EC) No. 1606/2002) at any time since its incorporation to 11 September 2013 (the latest practicable date before the publication of this document).

PART 8

TAXATION

U.S. Taxation

The Company's share of U.S. source dividends, U.S. source interest (other than "portfolio interest", interest on bank deposits and original issue discount on certain short-term obligations) and certain other U.S. source "fixed and determinable annual or periodical" income derived by it will be subject to U.S. withholding tax at the rate of 30 per cent., unless reduced pursuant to the Treaty. The Company expects that pursuant to the Treaty, U.S. source dividends will be subject to withholding tax at a reduced 15 per cent. rate. The Company's share of U.S. source "portfolio interest", interest on bank deposits and original issue discount on certain short-term obligations derived by it will be exempt from this withholding tax. Moreover, even if any U.S. source interest fails to qualify as "portfolio interest", interest on bank deposits or original issue discount on certain short-term obligations, the Company expects that such U.S. source interest, other than certain contingent interest, will be eligible for a complete exemption from U.S. withholding tax pursuant to the Treaty.

The information contained in this document relating to U.S. taxation matters is not intended to be fully comprehensive, nor to provide U.S. tax advice. Any U.S. tax information contained in this document is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the U.S. Code or (ii) promoting, marketing or recommending to any party any transaction or matter addressed herein. Investors should seek advice based on their particular circumstances from an independent, appropriately qualified, tax adviser.

UK Taxation

Introduction

The information below, which relates only to United Kingdom taxation, summarises the advice received by the Board in so far as applicable to the Company and to persons who are resident in the United Kingdom for taxation purposes and who hold Shares as an investment. It is based on current United Kingdom tax law and published practice, respectively, which law or practice is, in principle, subject to any subsequent changes therein (potentially with retrospective effect). Certain Shareholders, such as dealers in securities, collective investment schemes, insurance companies and persons acquiring their Shares in connection with their employment may be taxed differently and are not considered. The tax consequences for each Shareholder investing in the Company may depend upon the Shareholder's own tax position and upon the relevant laws of any jurisdiction to which the Shareholder is subject.

If you are in any doubt as to your tax position or you are subject to tax in a jurisdiction outside the UK, you should consult an appropriate professional adviser without delay.

The Company

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies and continues to satisfy the conditions necessary for it to maintain investment trust status under section 1158 of the CTA 2010 and pursuant to regulations made under section 1159 of the CTA 2010. However, neither the Manager nor the Directors can guarantee that this status will be maintained. One of the conditions for a company to maintain investment trust status is that it is not a close company. The Directors consider that the Company should not be a close company immediately following the publication of this document. In respect of each accounting period for which the Company continues to maintain investment trust status the Company will be exempt from UK taxation on its capital gains. The Company will, however, (subject to what follows) be liable to UK corporation tax on its income in the normal way.

Since 1 September 2009 an investment trust approved under sections 1158 and 1159 of the CTA 2010, or one that intends to seek such approval, has been able to elect to take advantage of modified UK tax treatment in respect of its "qualifying interest income" for an accounting period (referred to here as the "streaming" regime). Under regulations made pursuant to the Finance Act 2009, the Company may, if it so chooses, designate as an "interest distribution" all or part of the amount it distributes to Shareholders as dividends, to the extent that it has "qualifying interest income" for the accounting period. Were the Company to designate any dividend it pays in this manner, it would be able to deduct such interest distributions from its income in calculating its taxable profit for the relevant accounting period.

As a result of further changes introduced by the Finance Act 2009, the Company should in practice be exempt from UK corporation tax on dividend income received, provided that such dividends (whether from UK or non-UK companies) fall within one of the “exempt classes” in Part 9A of the CTA 2009.

Shareholders

Taxation of capital gains

Individual Shareholders who are resident or ordinarily resident in the UK for tax purposes will generally be subject to capital gains tax in respect of any gain arising on a disposal of their Shares. Each such individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £10,900 for the tax year 2013 – 2014. Capital gains tax chargeable will be at the current rate of 18 per cent. (for basic rate tax payers) and 28 per cent. (for higher and additional rate tax payers) during the tax year 2013 – 2014.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

Corporate Shareholders who are resident in the UK for tax purposes will generally be subject to corporation tax on chargeable gains arising on a disposal of their Shares. The indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax but may not create or increase any allowable loss.

Capital losses realised on a disposal of Shares must be set as far as possible against chargeable gains for the same tax year (or accounting period in the case of a corporate Shareholder), even if this reduces an individual Shareholder’s total gain below the annual exemption. Any balance of losses is carried forward without time limit and set off against net chargeable gains (that is, after deducting the annual exemption) in the earliest later tax year. Losses cannot generally be carried back, with the exception of losses accruing to an individual Shareholder in the year of his death.

Conversion

The conversion of C Shares into Ordinary Shares at the Conversion Date will be treated as a reorganisation of share capital and accordingly will not constitute a disposal of the C Shares for the purposes of UK taxation of chargeable gains. The Ordinary Shares will be treated as acquired at the same time as, and with the same base cost as, the C Shares.

Taxation of Shareholders on tendering Ordinary Shares under the tender offers

A Shareholder who sells Ordinary Shares in a tender offer or by way of a repurchase in the market as described at paragraph 12 of Part 1 of this document should be treated, for the purposes of UK taxation, as though the Shareholder had sold them in the normal way to a third party (see above). It is not intended that an application will be made to HMRC for clearance under section 701 of the ITA or section 748 of the CTA 2010 in respect of the provisions in the ITA or (for corporate Shareholders) the CTA 2010 which permit HMRC to counteract tax advantages arising from certain transactions in securities by treating some or all of the proceeds of capital disposals as a distribution of income. However, they do not apply where it can be shown that the transactions in question were entered into for bona fide commercial reasons and do not involve as one of their main objects the obtaining of a tax advantage. Shareholders are advised to take independent advice as to the potential application of relevant provisions in the light of their own particular motives and circumstances.

Taxation of dividends

(i) Dividends (non interest distributions)

In the event that the Directors do not elect for the new “streaming” regime to apply to any dividends paid by the Company, the following statements summarise the expected UK tax treatment for individual Shareholders who receive dividends from the Company. The following statements would also apply to any dividends not treated as “interest distributions” were the Directors to elect for the streaming regime to apply.

The Company will not be required to withhold tax at source when paying a dividend. An individual Shareholder who is resident in the UK for tax purposes and who receives a dividend from the Company should generally be entitled to a non-repayable tax credit which may be set off against the Shareholder’s

total income tax liability on the dividend. An individual UK resident Shareholder will be liable to income tax on the sum of the tax credit and the dividend (the “**gross dividend**”) which will be treated as the top slice of the individual’s income for UK income tax purposes. The tax credit equals 10 per cent. of the gross dividend. The tax credit therefore also equals one-ninth of the cash dividend received.

A UK resident individual Shareholder who is liable to income tax at the current basic rate will be subject to tax on the dividend at the rate of 10 per cent. of the gross dividend. This means that the tax credit will satisfy in full such a Shareholder’s liability to income tax on the dividend.

The rate of income tax applied to dividends received by a UK resident individual liable to income tax at the current higher rate will be 32.5 per cent. to the extent that such dividends, when treated as the top slice of the Shareholder’s income, fall above the threshold for current higher rate income tax. In the case of such Shareholder’s liability, the tax credit will be set against, but will not fully match, their tax liability on the gross dividend. After taking account of the 10 per cent. tax credit, such Shareholder will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which equals 25 per cent. of the cash dividend received) to the extent that it falls above the threshold for current higher rate income tax.

An additional rate of income tax of 45 per cent. applies for individual Shareholders with total taxable income over £150,000. A dividend tax rate of 37.5 per cent. applies, to the extent that dividends, when treated as the top slice of the Shareholder’s income, fall above this threshold. After taking into account the 10 per cent. tax credit, such Shareholders will have an effective dividend tax rate of 36.11 per cent. of the cash dividend received.

There will be no repayment of all or part of the tax credit to an individual Shareholder whose liability to income tax on all or part of the gross dividend is less than the amount of the tax credit. This will include a Shareholder who holds Shares through an ISA or SIPP.

(ii) Interest distributions

Should the Directors elect to apply the “streaming” regime to any dividends paid by the Company, were the Company to designate any dividends paid as an “interest distribution”, a UK resident Shareholder in receipt of such a dividend would be treated as though they had received a payment of interest. Such a Shareholder would be subject to UK income tax at the current rates of 20 per cent., 40 per cent. or 45 per cent., depending on the level of the Shareholder’s income. Such distributions would be paid to the individual Shareholder after the deduction of 20 per cent. income tax.

UK resident taxpayers who are not liable to UK tax on dividends, including pension funds and charities, will not be entitled to claim a repayment of the tax credit attaching to dividends paid by the Company.

UK resident corporate Shareholders will not generally in practice be subject to corporation tax on dividends paid by the Company but will not be able to claim a repayment of the tax credit attaching to the dividends. If, however, the Directors did elect for the new “streaming” rules to apply, and such corporate Shareholders were to receive dividends designated by the Company as “interest distributions”, they would be subject to corporation tax on any such amounts received.

Non-UK resident Shareholders will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to dividends paid by the Company. A Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under local law.

It is particularly important that prospective investors who are not resident in the UK for tax purposes obtain their own tax advice concerning tax liabilities on dividends received from the Company.

Stamp Duty and Stamp Duty Reserve Tax

Transfers on sale of Shares will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer. The purchaser normally pays the stamp duty.

An agreement to transfer Shares will normally give rise to a charge to stamp duty reserve tax (“**SDRT**”) at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the

agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Paperless transfers of Shares within the CREST system will generally be liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration.

Historically, where shares have been issued or transferred:

- (a) to, or to a nominee for, a person whose business is or includes the provision of clearance services; or
- (b) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts,

then stamp duty or SDRT has been payable at the higher rate of 1.5 per cent. of the amount or value of the consideration given or, in certain circumstances, the value of the shares.

This liability for stamp duty or SDRT has strictly been payable by the clearance service or depositary receipt operator or their nominee, as the case may be, but has, in practice, been payable by the participants in the clearance service or depositary receipt scheme.

However, following recent case law developments HMRC have confirmed that they will not impose such a stamp duty or SDRT charge in relation to issues of shares to issuers of depositary receipts or providers of clearance services.

ISA, SSAS and SIPP

Shares acquired by a UK resident individual Shareholder pursuant to the Open Offer and the Offer for Subscription or in the secondary market including under the Placing Programme (but not pursuant to the Placing) should be eligible to be held in a stocks and shares ISA, subject to applicable annual subscription limits (£11,520 in the tax year 2013 – 2014).

Investments held in ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in shares through an ISA is restricted to certain UK resident individuals aged 18 or over. Sums received by a Shareholder on a disposal of Shares would not count towards the Shareholder's annual limit; but a disposal of Shares held in an ISA will not serve to make available again any part of the annual subscription limit that has already been used by the Shareholder in that tax year.

Individuals wishing to invest in Shares through an ISA should contact their professional advisers regarding their eligibility.

The Directors have been advised that the Shares should be eligible for inclusion in a SIPP or a SSAS, subject to the discretion of the trustees of the SIPP or the SSAS, as the case may be.

PART 9

GENERAL INFORMATION

1. THE COMPANY

- 1.1 The Company was incorporated in England and Wales on 30 August 2012 with registered number 8196493 as a public company limited by shares under the Companies Act.
- 1.2 The principal place of business and the registered office of the Company is 12 Throgmorton Avenue, London EC2N 2DL with telephone number 020 7743 3000.
- 1.3 The principal legislation under which the Company operates is the Companies Act. As an investment trust, the Company is not regulated as a collective investment scheme by the Financial Conduct Authority. However, it is subject to the Listing Rules, Prospectus Rules and the Disclosure and Transparency Rules.
- 1.4 The Company's accounting period will end on 31 October of each year. The annual report and accounts will be prepared in Sterling according to accounting standards laid out under IFRS.
- 1.5 On 31 August 2012, the Company was granted a certificate under section 761 of the Companies Act entitling it to commence business and to exercise its borrowing powers.
- 1.6 The Company is domiciled in England and Wales, has no subsidiaries, does not have any employees and does not own any premises.
- 1.7 The Company has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to section 833 of the Companies Act.
- 1.8 The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of sections 1158 and 1159 (and regulations made thereunder) of the CTA 2010. In summary, the conditions that must be met for approval as an investment trust are:
 - 1.8.1 the Company must not be a close company at any time during any accounting period in which it is approved as an investment trust;
 - 1.8.2 each class of the Company's ordinary share capital is admitted to trading on a regulated market;
 - 1.8.3 the Company must not retain in respect of any accounting period an amount greater than 15 per cent. of its income;
 - 1.8.4 the business of the Company must consist of investing its funds in shares, land or other assets with the aim of spreading investment risk and giving Shareholders the benefit of the results of the management of its funds; and
 - 1.8.5 the Company must not be a venture capital trust or a UK REIT within the meaning of the CTA 2010.

2. SHARE CAPITAL

- 2.1 The following table shows the issued ordinary share capital of the Company as at 30 April 2013 (being the last date in respect of which the Company has prepared financial information) and as at the date of this document:

	30 April 2013		16 September 2013	
	<i>Number of Ordinary</i>		<i>Number of Ordinary</i>	
<i>Nominal value (£)</i>	<i>Shares</i>		<i>Nominal value (£)</i>	<i>Shares</i>
761,750.00	76,175,000		844,885	84,488,500

2.2 The Company's issued share capital history since its incorporation is as follows:

- 2.2.1 on incorporation the issued share capital of the Company was £50,000.01 represented by 50,000 Management Shares of a nominal value of £1 each and one Ordinary Share of a nominal value of one pence, which were subscribed by the Manager;
- 2.2.2 on 24 October 2012, 64,999,999 Ordinary Shares were issued fully paid pursuant to a placing and offer for subscription. Simultaneous to admission of such Ordinary Shares the 50,000 Management Shares were redeemed and cancelled in accordance with the Articles;
- 2.2.3 on 29 November 2012, 1,500,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 29 November 2012 was 66,500,000;
- 2.2.4 on 6 December 2012, 750,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 6 December 2012 was 67,250,000;
- 2.2.5 on 13 December 2012, 650,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 13 December 2012 was 67,900,000;
- 2.2.6 on 18 December 2012, 300,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 18 December 2012 was 68,200,000;
- 2.2.7 by an order of the High Court of Justice (Chancery Division) dated 12 December 2012 the cancellation of the Company's share premium account was approved and a statement of capital approved by the High Court of Justice (Chancery Division) in respect of the cancellation was registered by the Registrar of Companies on 19 December 2012;
- 2.2.8 on 2 January 2013, 350,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 2 January 2013 was 68,550,000;
- 2.2.9 on 7 January 2013, 500,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 7 January 2013 was 69,050,000;
- 2.2.10 on 10 January 2013, 500,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 10 January 2013 was 69,550,000;
- 2.2.11 on 17 January 2013, 500,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 17 January 2013 was 70,050,000;
- 2.2.12 on 22 February 2013, 550,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 22 February 2013 was 70,600,000;
- 2.2.13 on 1 March 2013, 650,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 1 March 2013 was 71,250,000;
- 2.2.14 on 5 March 2013, 500,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 5 March 2013 was 71,750,000;
- 2.2.15 on 6 March 2013, 350,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issued as at 6 March 2013 was 72,100,000;
- 2.2.16 on 11 March 2013, 350,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 11 March 2013 was 72,450,000;
- 2.2.17 on 13 March 2013, 750,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 13 March 2013 was 73,200,000;
- 2.2.18 on 14 March 2013, 300,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 14 March 2013 was 73,500,000;

- 2.2.19 on 18 March 2013, 250,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 18 March 2013 was 73,750,000;
- 2.2.20 on 21 March 2013, 300,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 21 March 2013 was 74,050,000;
- 2.2.21 on 25 March 2013, 500,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 25 March 2013 was 74,550,000;
- 2.2.22 on 26 March 2013, 500,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 26 March 2013 was 75,050,000;
- 2.2.23 on 8 April 2013, 425,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 8 April 2013 was 75,475,000;
- 2.2.24 on 19 April 2013, 700,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 19 April 2013 was 76,175,000;
- 2.2.25 on 10 June 2013, 1,400,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 10 June 2013 was 77,575,000;
- 2.2.26 on 14 June 2013, 500,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 14 June 2013 was 78,075,000;
- 2.2.27 on 20 June 2013, 400,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 20 June 2013 was 78,475,000;
- 2.2.28 on 21 June 2013, 1,013,500 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 21 June 2013 was 79,488,500;
- 2.2.29 on 24 June 2013, 400,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 24 June 2013 was 79,888,500;
- 2.2.30 on 25 June 2013, 450,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 25 June 2013 was 80,338,500;
- 2.2.31 on 1 July 2013, 150,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 1 July 2013 was 80,488,500;
- 2.2.32 on 5 July 2013, 200,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 5 July 2013 was 80,688,500;
- 2.2.33 on 8 July 2013, 350,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 8 July 2013 was 81,038,500;
- 2.2.34 on 11 July 2013, 150,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 11 July 2013 was 81,188,500;
- 2.2.35 on 17 July 2013, 500,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 17 July 2013 was 81,688,500;
- 2.2.36 on 23 July 2013, 2,600,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 23 July 2013 was 84,288,500; and
- 2.2.37 on 30 July 2013, 200,000 Ordinary Shares were issued fully paid. The number of Ordinary Shares in issue as at 30 July 2013 was 84,488,500.

- 2.3 The Company has not repurchased any Ordinary Shares since its incorporation and no Ordinary Shares are held in treasury.
- 2.4 By ordinary and special resolutions passed on 7 September 2012:
- 2.4.1 the Directors were generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot 500 million C Shares, such authority to expire at the conclusion of the fourth annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of C Shares in pursuance of such an offer or agreement as if such authority had not expired;
 - 2.4.2 the Directors were empowered (pursuant to section 570 of the Companies Act) to allot C Shares for cash pursuant to the authority referred to in paragraph 2.4.1 above as if section 561 of the Companies Act did not apply to any such allotment, such power to expire at the conclusion of the fourth annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted after the expiry of such power, and the Directors may allot equity securities in pursuance of such an offer or an agreement as if such power had not expired;
 - 2.4.3 the Company was authorised in accordance with section 701 of the Companies Act to make market purchases (within the meaning of section 693(4) of the Companies Act) of Ordinary Shares provided that the maximum number of Ordinary Shares authorised to be purchased is 9,743,500 Ordinary Shares. The minimum price which may be paid for an Ordinary Share is one pence. The maximum price which may be paid for an Ordinary Share must not be more than the higher of (i) 5 per cent. above the average of the mid-market value of the Ordinary Shares for the five Business Days before the purchase is made; or (ii) the higher of the last independent trade and the highest current independent bid for Ordinary Shares. Such authority will expire on the earlier of the conclusion of the first annual general meeting of the Company and the date 18 months after the date on which the resolution was passed save that the Company may contract to purchase Ordinary Shares under the authority thereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority and may purchase Ordinary Shares in pursuance of such contract; and
 - 2.4.4 the Company was authorised in accordance with section 701 of the Companies Act to make market purchases (within the meaning of section 693(4) of the Companies Act) of Ordinary Shares by way of tender for a maximum of 20 per cent. of the Ordinary Shares it has in issue at the time (excluding any Ordinary Shares held in treasury) pursuant to the tender offer that may take place in January 2014.
- 2.5 By ordinary and special resolutions passed on 8 February 2013:
- 2.5.1 in substitution for any pre-existing power to allot or grant rights to subscribe for or to convert any security into Ordinary Shares, but without prejudice to the exercise of such authority prior to the date of the resolution, the Directors were generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal amount of £173,875.00, such authority to expire at the conclusion of the first annual general meeting of the Company unless renewed at a general meeting prior to such time, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require Ordinary Shares to be allotted, or rights to subscribe for or to convert securities into Ordinary Shares to be granted, after the expiry of such authority and the Directors may allot Ordinary Shares or grant such rights in pursuance of such an offer or agreement as if the authority conferred had not expired; and
 - 2.5.2 in substitution for any existing power previously granted to the Directors to allot Ordinary Shares for cash and to sell Ordinary Shares from treasury for cash as if section 561 of the Companies Act did not apply to any such allotment or sale, the Directors were empowered

pursuant to sections 570 to 573 of the Companies Act to allot Ordinary Shares for cash and to sell Ordinary Shares from treasury for cash pursuant to the authority referred to in paragraph 2.5.1 above as if section 561 of the Companies Act did not apply to any such allotment or sale provided that this power: (i) shall be limited to the allotment of Ordinary Shares and the sale of Ordinary Shares from treasury for cash up to an aggregate nominal amount of £173,875.00; and (ii) expires at the conclusion of the first annual general meeting of the Company unless renewed at a general meeting prior to such time, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or agreement as if such power had not expired.

2.6 If the Resolutions to be proposed at the General Meeting are passed, the Company will resolve that:

2.6.1 in substitution for any pre-existing power to allot or grant rights to subscribe for or to convert any security into Ordinary Shares, but without prejudice to the exercise of such authority prior to the date of the resolution, the Directors are generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal amount of £211,221.25, such authority to expire on 15 September 2014 unless renewed at a general meeting prior to such time, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require Ordinary Shares to be allotted, or rights to subscribe for or to convert securities into Ordinary Shares to be granted, after the expiry of such authority and the Directors may allot Ordinary Shares or grant such rights in pursuance of such an offer or agreement as if the authority conferred had not expired; and

2.6.2 in substitution for any existing power previously granted to the Directors to allot Ordinary Shares for cash and to sell Ordinary Shares from treasury for cash as if section 561 of the Companies Act did not apply to any such allotment or sale, the Directors are empowered pursuant to sections 570 to 573 of the Companies Act to allot Ordinary Shares for cash and to sell Ordinary Shares from treasury for cash pursuant to the authority referred to in paragraph 2.6.1 above as if section 561 of the Companies Act did not apply to any such allotment or sale provided that this power: (i) shall be limited to the allotment of Ordinary Shares and the sale of Ordinary Shares from treasury for cash up to an aggregate nominal amount of £211,221.25; and (ii) expires on 15 September 2014 unless renewed at a general meeting prior to such time, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or agreement as if such power had not expired.

2.7 The provisions of section 561(1) of the Companies Act (which, to the extent not disapplied pursuant to sections 570 and 573 of the Companies Act, confer on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to issues by the Company of equity securities save to the extent disapplied as mentioned in paragraphs 2.4, 2.5 and 2.6 above.

2.8 In accordance with the power granted to the Directors by the Articles, it is expected that the C Shares will be allotted (conditionally upon Admission) pursuant to a resolution of the Board to be passed shortly before Admission in accordance with the Companies Act.

2.9 In accordance with the power granted to the Directors by the Articles, it is expected that the new Ordinary Shares to be issued pursuant to the Placing Programme will be allotted (conditionally upon the relevant Admission) pursuant to resolutions of the Board to be passed shortly before the relevant Admission in accordance with the Companies Act.

2.10 Save as disclosed in this paragraph 2, no share or loan capital of the Company has since the date of incorporation of the Company been issued or been agreed to be issued, fully or partly paid, either for cash or for a consideration other than cash, and no such issue is now proposed.

- 2.11 The Company has not granted any options over its share or loan capital which remain outstanding and has not agreed, conditionally or unconditionally to grant any such options and no convertible securities, exchangeable securities or securities with warrants have been issued by the Company.

3. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

- 3.1 Insofar as is known to the Company, the interests of each Director (including any connected person, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director whether or not held through another party) in the share capital of the Company as at the date of this document are:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>% of issued Ordinary Share capital as at 16 September 2013</i>
Simon Miller	20,000	0.02
Christopher Casey	10,000	0.01
Andrew Irvine	20,000	0.02
Alice Ryder	–	–

- 3.2 The Directors have agreed to subscribe under the Issue for the number of C Shares, which they will hold beneficially, set out against their respective names below:

<i>Director</i>	<i>Number of C Shares</i>	<i>% of issued C Shares*</i>
Simon Miller	20,000	0.04
Christopher Casey	10,000	0.02
Andrew Irvine	20,000	0.04
Alice Ryder	10,000	0.02

* On the assumption that 50 million C Shares are issued pursuant to the Issue.

- 3.3 All Ordinary Shares and C Share allotted and issued to the Directors are, or will be, beneficially held by such Directors unless otherwise stated.

- 3.4 No Director has a service contract with the Company, nor are any such contracts proposed, each Director having been appointed pursuant to a letter of appointment entered into with the Company. The Directors' appointments can be terminated in accordance with the Articles and without compensation. The Directors are subject to retirement by rotation in accordance with the Articles. There is no notice period specified in the letters of appointment or Articles for the removal of Directors. The Articles provide that the office of Director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from board meetings for six consecutive months or more; or (iii) written request of all of the other Directors.

- 3.5 Each of the Directors receives a fee from the Company at such rate as may be determined in accordance with the Articles. Save for the Chairman of the Board and the Chairman of the Audit and Management Engagement Committee, the fee is currently £21,000 for each Director per annum. The Chairman's current fee is £30,000 per annum and the fee of the Chairman of the Audit and Management Engagement Committee is currently £25,000 per annum. The Directors are also entitled to out of pocket expenses incurred in the proper performance of their duties. The aggregate remuneration and benefits in kind of the Directors in respect of the Company's accounting period ending on 31 October 2013 which are payable out of the assets of the Company are not expected to exceed £100,000. The remuneration and benefits in kind receivable by each Director and paid by the Company in respect of the period from incorporation to 30 April 2013 were:

<i>Director</i>	<i>Remuneration and benefits in kind</i>
Simon Miller	£15,534
Christopher Casey	£12,945
Andrew Irvine	£10,874
Alice Ryder	–

- 3.6 No amount has been set aside or accrued by the Company to provide pensions, retirement or other similar benefits.
- 3.7 None of the Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or that has been effected by the Company since its incorporation.
- 3.8 The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively.
- 3.9 Over the five years preceding the date of this document, the Directors hold or have held the following directorships (apart from their directorships of the Company) or memberships of administrative, management or supervisory bodies and/or partnerships:

<i>Name</i>	<i>Current</i>	<i>Previous</i>
Simon Miller	Alpha Securities Trading Limited Artemis Alpha Trust PLC Brewin Dolphin Holdings PLC Brewin Dolphin Limited Dunedin Capital Partners Limited Dunedin Capital Group Holdco Limited Dunedin Saltire Limited Dunedin Capital Holdings Limited Dunedin Capital Group Limited Dunedin Capital Partners (G.P.) Limited Dunedin Founder Partners (G.P.) Limited Dunedin LLP JPMorgan Global Convertibles Income Fund Limited Scottish Friendly Assurance Society Limited Bruce Stevenson Limited Scoban PLC Lt. Dougie Dalzell MC Memorial Trust Weldex (International) Offshore Holdings PLC	Adam & Company PLC Adam & Company Group PLC Adam & Company Investment Management Limited Amati VCT PLC Practice Plan Holdings Limited Practice Plan Holdings 2007 Limited Bonhams UK Limited Capula Group Limited Wemyss Development Company Limited Dunedin Enterprise Investment Trust PLC Greenrock Energy Services Company Limited JP Morgan Elect PLC etc. Venues ESOP Trustee Limited etc. Venues Group Limited
Christopher Casey	TR European Growth Trust PLC Treg Finance Limited China Polymetallic Mining Limited	KPMG LLP
Andrew Irvine	British and Irish Lions Limited Celtic Rugby Fidelity Special Values PLC Montanaro European Smaller Companies Trust PLC Securities Trust of Scotland PLC Mesct Securities Limited The Bill McLaren Foundation Jones Lang LaSalle Limited Jones Lang LaSalle (Scotland) Service Company Jones Lang LaSalle (Scotland) Limited	South Shore Developments Limited Robertson Construction Group Limited Robertson Property Limited Robertson Group Limited The Edinburgh City Centre Management Company Limited
Alice Ryder	Great Bradley Farms Company	Jewson Associates Limited

3.10 The Directors in the five years before the date of this document:

3.10.1 do not have any convictions in relation to fraudulent offences; have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and

3.10.2 do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

3.11 As at the date of this document insofar as known to the Company, the following parties were known to be interested, directly or indirectly, in three per cent. or more of the Ordinary Shares:

<i>Ordinary Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>% of issued Ordinary Share capital</i>
Brewin Dolphin Limited	13,672,199	16.18
Quilter & Co. Ltd t/a Quilter	8,456,570	10.01
Investec Wealth & Investment Limited	8,919,785	10.56
Lloyds Banking Group plc	4,188,300	4.95
F&C Asset Management plc	4,100,000	4.85

3.12 All Shareholders have the same voting rights in respect of the share capital of the Company.

3.13 As at the date of this document, the Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

3.14 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

3.15 Save for the entry into the Management Agreement, the Company has not entered into any related party transaction at any time during the period from incorporation to 11 September 2013 (the latest practicable date prior to the publication of this document).

3.16 As at the date of this document, none of the Directors has any conflict of interest or potential conflict of interest between any duties to the Company and their private interests and/or other duties.

3.17 The Company maintains directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.

4. THE ARTICLES

In addition to the rights of the holders of the C Shares and Deferred Shares, which are summarised in Part 5 of this document, this paragraph 4 contains a summary of the provisions of the Articles.

4.1 Objects/purposes

The Articles do not provide for any objects of the Company and accordingly the Company's objects are unrestricted.

4.2 Voting rights

4.2.1 Subject to the provisions of the Companies Act, to any special terms as to voting on which any shares may have been issued or may from time-to-time be held and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting, every member who is present in person shall, on a show of hands, have one vote, every proxy who has been appointed by a member entitled to vote on the resolution shall, on a show of hands, have one vote and every member present in person or by proxy shall, on a poll, have one vote for each share of which he is a holder. A shareholder entitled to more than one vote need not, if he votes,

use all his votes or vest all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

- 4.2.2 Unless the Board otherwise determines, no member shall be entitled to receive any dividends or be present and vote at a general meeting or a separate general meeting of the holders of any class of shares, either in person or (save as proxy for another member) by proxy, or be reckoned in a quorum, or to exercise any other right or privilege as a member in respect of a share held by him, unless and until he shall have paid all calls for the time being due and payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) payable by such member to the Company or if he, or any other person whom the Company reasonably believes to be interested in such shares, has been issued with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares and has failed in relation to any such shares to give the Company the required information within 14 days.

4.3 Dividends

- 4.3.1 Subject to the provisions of the Companies Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.
- 4.3.2 Subject to the provisions of the Companies Act, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividends as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those preferential rights.
- 4.3.3 All dividends, interest or other sums payable and unclaimed for a period of 12 months after having become payable may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having become payable shall, if the Board so resolves, be forfeited and shall cease to remain owing by, and shall become the property of, the Company.
- 4.3.4 The Board may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.
- 4.3.5 The Board may also, with the prior authority of an ordinary resolution of the Company and subject to the Articles and such terms and conditions as the Board may determine, offer to holders of shares the right to elect to receive shares of the same class, credited as fully paid, instead of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.
- 4.3.6 Unless the Board otherwise determines, the payment of any dividend or other money that would otherwise be payable in respect of shares will be withheld by the Company if such shares represent at least 0.25 per cent. in nominal value of their class and the holder, or any other person whom the Company reasonably believes to be interested in those shares, has been duly served with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares and has failed to supply the required information within 14 days. Furthermore such a holder shall not be entitled to elect to receive shares instead of a dividend.

4.4 Winding up

If the Company is wound up the liquidator may, with the sanction of a special resolution and any other sanction required by law and subject to the Companies Act, divide among the shareholders in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the shareholders as he may with the like sanction determine, but no shareholder shall be compelled to accept any shares or other securities upon which there is a liability.

4.5 Transfer of shares

4.5.1 Subject to such of the restrictions in the Articles as may be applicable, each member may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register of members.

4.5.2 The Board may, in its absolute discretion, refuse to register any transfer of a share in certificated form (or renunciation of a renounceable letter of allotment) unless:

4.5.2.1 it is in respect of a share which is fully paid up;

4.5.2.2 it is in respect of only one class of shares;

4.5.2.3 it is in favour of a single transferee or not more than four joint transferees;

4.5.2.4 it is duly stamped (if so required); and

4.5.2.5 it is delivered for registration to the registered office for the time being of the Company or such other place as the Board may from time-to-time determine, accompanied (except in the case of: (a) a transfer by a recognised person where a certificate has not been issued; (b) a transfer of an uncertificated share; or (c) a renunciation) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so,

provided that the Board shall not refuse to register a transfer or renunciation of a partly paid share in certificated form on the grounds that it is partly paid in circumstances where such refusal would prevent dealings in such share from taking place on an open and proper basis on the market on which such share is admitted to trading. The Board may refuse to register a transfer of an uncertificated share in such other circumstances as may be permitted or required by the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) and the relevant electronic system.

4.5.3 Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person whom the Company reasonably believes to be interested in the transferor's shares has been duly served with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares, has failed to supply the required information within 14 days and the shares in respect of which such notice has been served represent at least 0.25 per cent. in nominal value of their class, unless the member is not himself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised investment exchange or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded or is in consequence of a *bona fide* sale to an unconnected party.

- 4.5.4 If the Board refuses to register a transfer of a share, it shall send the transferee notice of its refusal, together with its reasons for refusal, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company.
- 4.5.5 No fee shall be charged for the registration of any instrument of transfer or any other document relating to or affecting the title to any shares.
- 4.5.6 If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors (i) would cause the assets of the Company to be treated as “plan assets” of any benefit plan investor under section 3(42) of ERISA or the U.S. Code; or (ii) would or might result in the Company and/or its shares being required to register or qualify under the U.S. Investment Company Act and/or the U.S. Securities Act and/or the U.S. Securities Exchange Act 1934 and/or any laws of any state of the U.S. that regulate the offering and sale of securities; or (iii) may cause the Company not to be considered a “Foreign Private Issuer” under the U.S. Securities Exchange Act 1934; or (iv) may cause the Company to be a “controlled foreign corporation” for the purpose of the U.S. Code; or (v) creates a significant legal or regulatory issue for the Company under the U.S. Bank Holding Company Act of 1956 (as amended) or regulations or interpretations thereunder, then any shares which the Directors decide are shares which are so held or beneficially owned (“**Prohibited Shares**”) must be dealt with in accordance with paragraph 4.5.7 below. The Directors may at any time give notice in writing to the holder of a share requiring him to make a declaration as to whether or not the share is a Prohibited Share.
- 4.5.7 The Directors shall give written notice to the holder of any share which appears to them to be a Prohibited Share requiring him within 21 days (or such extended time as the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) such share to another person so that it will cease to be a Prohibited Share. From the date of such notice until registration for such a transfer or a transfer arranged by the Directors as referred to below, the share will not confer any right on the holder to receive notice of or to attend and vote at a general meeting of the Company and of any class of shareholder and those rights will vest in the Chairman of any such meeting, who may exercise or refrain from exercising them entirely at his discretion. If the notice is not complied with within 21 days to the satisfaction of the Directors, the Directors shall arrange for the Company to sell the share at the best price reasonably obtainable to any other person so that the share will cease to be a Prohibited Share. The net proceeds of sale (after payment of the Company’s costs of sale and together with interest at such rate as the Directors consider appropriate) shall be paid over by the Company to the former holder upon surrender by him of the relevant share certificate (if applicable).
- 4.5.8 Upon transfer of a share the transferee of such share shall be deemed to have represented and warranted to the Company that such transferee is acquiring shares in an offshore transaction meeting the requirements of Regulation S and is not, nor is acting on behalf of: (i) a benefit plan investor and no portion of the assets used by such transferee to acquire or hold an interest in such share constitutes or will be treated as “plan assets” of any benefit plan investor under Section 3(42) of ERISA; and/or (ii) a U.S. Person.

4.6 Variation of rights

- 4.6.1 If at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any shares (whether or not the Company may be or is about to be wound up) may from time-to-time be varied or abrogated in such manner (if any) as may be provided in the Articles by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the relevant 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 the class duly convened and held in accordance with the Companies Act.
- 4.6.2 The quorum at every such meeting shall be not less than two persons present (in person or by proxy) holding at least one-third of the nominal amount paid up on the issued shares of the relevant class (excluding any shares of that class held as treasury shares) and at an adjourned meeting not less than one person holding shares of the relevant class or his proxy.

4.7 Alteration of share capital

The Company may, from time-to-time, by ordinary resolution:

- 4.7.1 authorise the Directors to increase its share capital by allotting new shares;
- 4.7.2 consolidate and divide all or any of its share capital into shares of larger nominal amount than its existing shares;
- 4.7.3 subject to the provisions of the Companies Act, sub-divide its shares or any of them, into shares of smaller nominal amount and may by such resolution determine that, as between the shares resulting from such a sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions, as the Company has power to attach to new shares; and
- 4.7.4 redenominate its share capital by converting shares from having a fixed nominal value in one currency to having a fixed nominal value in another currency.

4.8 General meetings

- 4.8.1 The Board may convene a general meeting (which is not an annual general meeting) whenever it thinks fit.
- 4.8.2 A general meeting shall be convened by such notice as may be required by law from time-to-time.
- 4.8.3 The notice of any general meeting shall include such statements as are required by the Companies Act and shall in any event specify:
 - 4.8.3.1 whether the meeting is convened as an annual general meeting or any other general meeting;
 - 4.8.3.2 the place, the day, and the time of the meeting;
 - 4.8.3.3 the general nature of the business to be transacted at the meeting;
 - 4.8.3.4 if the meeting is convened to consider a special resolution, the text of the resolution and the intention to propose the resolution as such; and
 - 4.8.3.5 with reasonable prominence, that a member entitled to attend and vote is entitled to appoint one or (provided each proxy is appointed to exercise the rights attached to a different share held by the member) more proxies to attend and to speak and vote instead of the member and that a proxy need not also be a member.
- 4.8.4 The notice shall be given to the members (other than any who, under the provisions of the Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the Directors and the auditors and to any other person who may be entitled to receive it. The accidental omission to give or send notice of any meeting, or, in cases where it is intended that it be given or sent out with the notice, any other document relating to the meeting including an appointment of proxy to, or the non-receipt of either by, any person entitled to receive the same, shall not invalidate the proceedings at that meeting.
- 4.8.5 The right of a member to participate in the business of any general meeting shall include without limitation the right to speak, vote, be represented by a proxy or proxies and have access to all documents which are required by the Companies Act or the Articles to be made available at the meeting.
- 4.8.6 A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares of the Company. The Chairman of any general meeting may also invite any person to attend and speak at that meeting if he considers that this will assist in the deliberations of the meeting.

4.8.7 No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Subject to the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a member so entitled or a proxy for a member so entitled or a duly authorised representative of a corporation which is a member so entitled, shall be a quorum. If, at any time, there is only one person entitled to attend and to vote on the business to be transacted, such person being the sole member so entitled or a proxy for such sole member so entitled or a duly authorised representative of a corporation which is such sole member so entitled, shall be a quorum. The Chairman of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time-to-time (or indefinitely) and from place to place as the meeting shall determine. Where a meeting is adjourned indefinitely, the Board shall fix a time and place for the adjourned meeting. Whenever a meeting is adjourned for 30 days or more or indefinitely, seven clear days' notice at the least, specifying the place, the day and time of the adjourned meeting and the general nature of the business to be transacted, must be given in the same manner as in the case of the original meeting.

4.8.8 A resolution put to a vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result on a show of hands) a poll is duly demanded. Subject to the provisions of the Companies Act, a poll may be demanded by:

4.8.8.1 the chairman of the meeting;

4.8.8.2 at least five members having the right to vote on the resolution;

4.8.8.3 a member or members representing not less than five per cent. of the total voting rights of all the members having the right to vote on the resolution (excluding any voting rights attached to shares held as treasury shares); or

4.8.8.4 member or members holding shares conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than ten per cent. of the total sum paid up on all the shares conferring that right (excluding any voting rights attached to shares in the Company conferring a right to vote on the resolution held as treasury shares).

4.9 Borrowing powers

Subject to the provisions of the Companies Act and the Articles, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Directors shall restrict the borrowings of the Company so that the aggregate principal amount (including any premium payable on final repayment) outstanding of all money borrowed by the Company shall not, save with the previous sanction of an ordinary resolution of the Company, exceed an amount equal to 40 per cent. of the Company's net assets at the time of draw down.

4.10 Issue of shares

4.10.1 Subject to the provisions of the Companies Act and to any rights for the time being attached to any existing shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time-to-time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine and any share may be issued which is, or at the option of the Company or the holder of such share is liable to be, redeemed in accordance with the Articles or as the Directors may determine.

4.10.2 The business of the Company shall be managed by the Directors who, subject to the provisions of the Companies Act, the Articles and to any directions given by special resolution to take, or refrain from taking, specified action, may exercise all the powers of the Company, whether relating

to the management of the business or not. Any Director may appoint any other Director, or any other person approved by resolution of the Directors and willing to act and permitted by law to do so, to be an alternate Director.

4.11 Directors' fees

4.11.1 The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time-to-time determine (not exceeding in aggregate £300,000 per annum or such other sum as the Company in general meeting shall from time-to-time determine). Any such fees payable shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provision of the Articles or otherwise and shall accrue from day-to-day.

4.11.2 The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors.

4.12 Directors' interests

4.12.1 The Board may authorise any matter proposed to it in accordance with the Articles which would, if not so authorised, involve a breach by a Director of his duty to avoid conflicts of interest under the Companies Act, including any matter which relates to a situation in which a Director has or can have an interest which conflicts, or possibly may conflict, with the interest of the Company (including the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it but excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest). This does not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company. Any authorisation will only be effective if any quorum requirement at any meeting at which the matter was considered is met without counting the Director in question or any other interested Director and the matter was agreed to without their voting or would have been agreed to if their votes had not been counted. The Board may impose limits or conditions on any such authorisation or may vary or terminate it at any time.

4.12.2 Subject to having, where required, obtained authorisation of the conflict from the Board, a Director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a Director of the Company and in respect of which he has a duty of confidentiality to another person. In particular, a Director shall not be in breach of the general duties he owes to the Company under the Companies Act because he fails to disclose any such information to the Board or to use or apply any such information in performing his duties as a Director, or because he absents himself from meetings of the Board at which any matter relating to a conflict of interest, or possible conflict, of interest is discussed and/or makes arrangements not to receive documents or information relating to any matter which gives rise to a conflict of interest or possible conflict of interest and/or makes arrangements for such documents and information to be received and read by a professional adviser.

4.12.3 Provided that his interest is disclosed at a meeting of the Board, or in the case of a transaction or arrangement with the Company, in the manner set out in the Companies Act, a Director, notwithstanding his office:

4.12.3.1 may be a party to or otherwise be interested in any transaction or arrangement with the Company or in which the Company is otherwise interested;

4.12.3.2 may hold any other office or place of profit under the Company (except that of auditor of the Company or any of its subsidiaries);

4.12.3.3 may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange;

4.12.3.4 may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and

4.12.3.5 shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any office or employment or from any transaction or arrangement or from any interest in any body corporate. No such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such profit, remuneration or any other benefit constitute a breach of his duty not to accept benefits from third parties.

4.12.4 A Director need not declare an interest in the case of a transaction or arrangement with the Company if the other Directors are already aware, or ought reasonably to be aware, of the interest or it concerns the terms of his service contract that have been or are to be considered at a meeting of the Directors or if the interest consists of him being a director, officer or employee of a company in which the Company is interested.

4.12.5 The Board may cause the voting rights conferred by the shares in any other company held or owned by the Company or any power of appointment to be exercised in such manner in all respects as it thinks fit and a Director may vote on and be counted in the quorum in relation to any of these matters.

4.13 Restrictions on Directors voting

4.13.1 A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any transaction or arrangement in which he has an interest which is to his knowledge a material interest and, if he purports to do so, his vote shall not be counted, but this prohibition shall not apply in respect of any resolution concerning any one or more of the following matters:

4.13.1.1 any transaction or arrangement in which he is interested by means of an interest in shares, debentures or other securities or otherwise in or through the Company;

4.13.1.2 the giving of any guarantee, security or indemnity in respect of money lent to, or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;

4.13.1.3 the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

4.13.1.4 the giving of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;

4.13.1.5 any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

4.13.1.6 any proposal concerning any other body corporate in which he does not to his knowledge have an interest (as the term is used in Part 22 of the Companies Act) in one per cent. or more of the issued equity share capital of any class of such body corporate (calculated exclusively of any shares of that class in that company held as treasury shares) nor to his knowledge holds one per cent. or more of the voting rights which he holds as shareholder or through his direct or indirect holding of financial instruments (within the meaning of the Disclosure and Transparency Rules) in such body corporate;

4.13.1.7 any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;

4.13.1.8 any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors;

4.13.1.9 any proposal concerning the funding of expenditure by one or more Directors on defending proceedings against him or them, or doing anything to enable such Director or Directors to avoid incurring such expenditure; or

4.13.1.10 any transaction or arrangement in respect of which his interest, or the interest of Directors generally has been authorised by ordinary resolution.

4.13.2 A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

4.14 Number of Directors

Unless and until otherwise determined by an ordinary resolution of the Company, the number of Directors (other than alternate Directors) shall be not less than two and the number is not subject to a maximum.

4.15 Directors' appointment and retirement

4.15.1 Directors may be appointed by the Company by ordinary resolution or by the Board. If appointed by the Board, a Director shall hold office only until the next annual general meeting and shall not be taken into account in determining the number of Directors who are to retire by rotation.

4.15.2 At each annual general meeting of the Company, any Directors appointed by the Board since the last annual general meeting shall retire. In addition one-third of the remaining Directors or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third, shall retire from office by rotation. If there are fewer than three such Directors, one Director shall retire from office.

4.15.3 At each annual general meeting, any Director who was last elected or last re-elected at or before the annual general meeting held in the third calendar year before the current year shall retire by rotation. If the number of Directors so retiring is less than the minimum number of Directors who are required to retire by rotation, additional Directors up to that number shall retire (namely, those Directors who are subject to rotation but who wish to retire and not offer themselves for re-election and those Directors who have been Directors longest since their appointment or last reappointment (and, as between those who have been in office an equal length of time, those to retire shall, unless they otherwise agree, be determined by lot)).

4.15.4 Any Director who would not otherwise be required to retire shall also retire if he has been with the Company for a continuous period of nine years or more at the date of the meeting and shall not be taken into account when deciding which and how many Directors should retire by rotation at the annual general meeting.

4.16 Notice requiring disclosure of interest in shares

4.16.1 The Company may, by notice in writing, require a person whom the Company knows to be, or has reasonable cause to believe is, interested in any shares or at any time during the three years immediately preceding the date on which the notice is issued to have been interested in any shares, to confirm that fact or (as the case may be) to indicate whether or not this is the case and to give such further information as may be required by the Directors. Such information may include, without limitation, particulars of the person's identity, particulars of the person's own past or present interest in any shares and to disclose the identity of any other person who has a present interest in the shares held by him, where the interest is a present interest and any other interest, in any shares, which subsisted during that three year period at any time when his own interest subsisted to give (so far as is within his knowledge) such particulars with respect to that other interest as may be required and where a person's interest is a past interest to give (so far as is within his knowledge) like particulars for the person who held that interest immediately upon his ceasing to hold it.

4.16.2 If any shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 14 days after service of the notice), or such other reasonable period as the Directors may determine, the Directors in their absolute discretion may serve a direction notice on the shareholder. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the “**default shares**”) the shareholder shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25 per cent. in nominal value of the class of shares concerned, the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the default shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

4.17 Untraced shareholders

Subject to the Articles, the Company may sell any shares registered in the name of a member remaining untraced for 12 years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

4.18 Indemnity of officers

Subject to the provisions of the Companies Act, but without prejudice to any indemnity to which he may otherwise be entitled, every past or present Director (including an alternate Director) or officer of the Company or a director or officer of an associated company (except the auditors or the auditors of an associated company) may at the discretion of the Board be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company or of an associated company, or in connection with the activities of the Company, or of an associated company, or as a trustee of an occupational pension scheme (as defined in section 235(6) Companies Act). In addition the Board may purchase and maintain insurance at the expense of the Company for the benefit of any such person indemnifying him against any liability or expenditure incurred by him for acts or omissions as a Director or officer of the Company (or of an associated company).

5. CITY CODE ON TAKEOVERS AND MERGERS

5.1 Mandatory bid

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

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

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

5.2 Compulsory acquisition

Under sections 974 – 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which

would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

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

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises its rights, the offeror is bound to acquire those shares on the terms of the takeover offer or on such other terms as may be agreed.

6. INVESTMENT RESTRICTIONS

The Company will at all times invest and manage its assets with the objective of spreading risk and in accordance with its published investment policy as set out in Part 1 of this document. In order to comply with the current Listing Rules:

- (i) the Company will not conduct any trading activity which is significant in the context of its group as a whole;
- (ii) the Company will not invest more than 10 per cent. of its Gross Assets in other listed closed-ended investment funds, whether managed by the Manager or not, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other listed closed-ended investment funds; and
- (iii) the Company will not invest more than 15 per cent. of its Gross Assets in other listed closed-ended investment funds, notwithstanding whether or not such funds have stated policies to invest no more than 15 per cent. of their gross assets in other closed-ended investment funds.

In the event of a breach of the investment policy set out in Part 1 of this document and the investment restrictions set out therein, the Manager shall inform the Board upon becoming aware of the same and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service. The Company intends to conduct its affairs so as to qualify as an investment trust for the purposes of section 1158 of the CTA 2010, and its investment activities will therefore be subject to the restrictions set out under paragraph 1.8 of this Part 9 above.

7. MATERIAL CONTRACTS OF THE COMPANY

The following are all of the contracts, not being contracts entered into in the ordinary course of business, that have been entered into by the Company since its incorporation and are, or may be, material or contain any provision under which the Company has any obligation or entitlement which is or may be material to it as at the date of this document:

7.1 Placing and Share Issuance Agreement

The Placing and Share Issuance Agreement dated 16 September 2013 between the Company, the Manager and Cenkos pursuant to which Cenkos agreed to act as sponsor, financial adviser and placing agent in connection with the publication of this document, the Placing Programme and the Issue.

In consideration for the provision of its services under the Placing and Share Issuance Agreement, Cenkos shall be entitled to: (a) a commission in relation with the Issue; (b) a commission in respect of each issue of Ordinary Shares under the Placing Programme; and (c) a corporate finance and

sponsorship fee in relation to the Placing Programme. In addition, Cenkos is entitled to be reimbursed for its reasonable out-of-pocket expenses incurred in connection with the Placing and Share Issuance Agreement and its services thereunder.

Under the Placing and Share Issuance Agreement, the Manager shall be entitled to: (a) subject to the Initial Gross Proceeds being £40,000,000 or greater, a distribution fee of £100,000; or (b) subject to the Initial Gross Proceeds being less than £40,000,000, a distribution fee of 0.2499 per cent. of the Initial Gross Proceeds.

The Company and the Manager have given warranties to Cenkos concerning, *inter alia*, the accuracy of the information contained in this document. The Company has also given an indemnity to Cenkos. The warranties given by the Company and the Manager and the indemnities given by the Company are standard for an agreement of this nature.

The Placing and Share Issuance Agreement is governed by the laws of England and Wales.

7.2 Share issuance agreement

The share issuance agreement dated 27 February 2013 between the Company, the Manager and Cenkos pursuant to which Cenkos agreed to act as sponsor, financial adviser and corporate broker in connection with the publication of a prospectus dated 27 February 2013 in connection with a placing programme for Ordinary Shares.

In consideration for the provision of its services under the share issuance agreement, Cenkos was entitled to (a) a commission in respect of each placing based on the gross issue proceeds of each placing; and (b) a corporate finance and sponsorship fee in relation to such placing programme. In addition, Cenkos was entitled to be reimbursed for its reasonable out-of-pocket expenses incurred in connection with the share issuance agreement and its services thereunder.

The Company and the Manager gave warranties to Cenkos concerning, *inter alia*, the accuracy of the information contained in the prospectus of the Company dated 27 February 2013. The Company also gave an indemnity to Cenkos. The warranties given by the Company and the Manager and the indemnities given by the Company were standard for an agreement of this nature.

The share issuance agreement is governed by the laws of England and Wales.

7.3 Placing and offer agreement

The placing and offer agreement dated 14 September 2012 between the Company, the Manager and Cenkos, pursuant to which, subject to certain conditions, Cenkos agreed to use reasonable endeavours to procure subscribers for Ordinary Shares at the Company's launch. The Company appointed Cenkos as sponsor to the Company in connection with the Company's launch.

In consideration for its services, Cenkos was paid a commission equal to between 1 per cent. and 1.5 per cent. of the gross proceeds raised by the Company at its launch depending on the amount of such gross proceeds and the amount raised through the Manager's own retail platforms or from its discretionary investment clients.

The Company and the Manager gave warranties to Cenkos concerning, *inter alia*, the accuracy of the information contained in the Company's prospectus published in connection with its launch. The Company and the Manager also gave indemnities to Cenkos. The warranties and indemnities given by the Company and the Manager were standard for an agreement of this nature.

The placing and offer agreement is governed by the laws of England and Wales.

7.4 Management Agreement

The Management Agreement dated 14 September 2012 between the Company and the Manager under which the Manager is appointed to act as manager and administrator of the Company with the responsibility to manage and administer the assets of the Company and to advise the Company on a day-to-day basis in accordance with the investment policy of the Company and subject to the overall control and supervision of the Board.

Under the terms of the Management Agreement, the Manager has discretion to buy, sell, retain, exchange or otherwise deal in investments or other assets for the account of the Company. Further, the Manager is responsible for carrying out the day-to-day administration of the Company, general secretarial functions required by the Companies Act, the calculation and publication of the Net Asset Value and maintenance of the Company's accounting and statutory records. The Company has consented to the Manager delegating any of its functions (including its discretionary investment management powers and the power to sub-delegate any of its functions) under the Management Agreement to the Investment Adviser or any affiliate of the Investment Adviser.

The Manager is entitled to receive from the Company in respect of its services provided under the Management Agreement, a management fee payable quarterly in arrears calculated at the rate of one-quarter of 1 per cent. per quarter of the Market Capitalisation, together with reimbursement of reasonable expenses properly incurred by it in the performance of its duties. All sums are exclusive of VAT and where appropriate VAT will be added and payable at the then applicable rate. In accordance with the Directors' policy on the allocation of expenses between income and capital, in each financial year 75 per cent. of the management fee payable is expected to be charged to capital and the remaining 25 per cent. to income. Should any assets be invested in funds managed by the Manager or its associates which have their own management fees, these charges will be deducted from the management fee.

The Management Agreement may be terminated by the Company or the Manager giving the other party at least six months' notice in writing, such notice not to take effect prior to 24 October 2014. The Management Agreement may be terminated earlier by either party with immediate effect on the occurrence of certain events, including:

- (i) the other party commits any material breach of any of the terms of the Management Agreement and either such breach is incapable of remedy or the other party fails to remedy such breach within 30 days of being requested in writing by the innocent party to do so; or
- (ii) the other party goes into liquidation (apart from voluntary liquidation for the purposes of reconstruction or amalgamation on the terms previously agreed by the first party (such agreement not to be unreasonably withheld or delayed)) or if a receiver is appointed over the whole or any of the other party's assets or if any analogous event occurs; or
- (iii) such termination is required by any competent governmental or regulatory authority; or
- (iv) in the case of termination by the Company, the Investment Adviser Agreement is terminated or notice to terminate such agreement is served by any party thereto, except where the consent of the Company to the termination of the Investment Adviser Agreement has been obtained (such consent not to be unreasonably withheld), on the basis of the appointment of a suitable replacement investment adviser or other arrangement within an agreed timeframe.

The Management Agreement contains provisions for conflicts in accordance with the FCA rules. The FCA rules require the Manager to manage conflicts of interest fairly both between itself and its customers and between one customer and another.

The Company has given certain market standard indemnities in favour of the Manager in respect of the Manager's potential loss in carrying on its responsibilities under the Management Agreement.

The Management Agreement is governed by the laws of England and Wales.

7.5 Custody Agreement

The Custody Agreement dated 14 September 2012 between the Company and the Custodian pursuant to which the Company has appointed the Custodian to provide custody services to the Company, including setting up and maintaining securities records and cash accounts, keeping safe custody of the Company's investments, processing corporate actions and shareholder votes and collecting and processing the Company's income.

Under the terms of the Custody Agreement, the Custodian is entitled to an asset based safe keeping fee that varies with the location of the assets (being currently 0.4 basis points per annum in respect of the assets of the Company located in the U.S.), billed and payable monthly and a transaction charge for transaction settlement. The Custodian is entitled to reimbursement of all reasonable out-of-pocket expenses incurred in connection with its duties.

The Custody Agreement is terminable by either the Company or the Custodian giving to the other not less than 90 days' written notice. The Custody Agreement may be terminated with immediate effect by either the Company or the Custodian on the occurrence of certain events, including (i) if the other party has committed a material breach or is in persistent breach of the terms of the Custody Agreement; or (ii) in the case of insolvency of a party.

The Company has given certain market standard indemnities in favour of the Custodian in respect of the Custodian's potential losses in carrying on its responsibilities under the Custody Agreement.

The Custody Agreement is governed by the laws of England and Wales.

7.6 Registrar's Agreement

The Registrar's Agreement dated 14 September 2012 between the Company and Computershare Investor Services PLC pursuant to which the Registrar has agreed to act as registrar to the Company.

Under the agreement, the Registrar is entitled to a fee calculated on the basis of the number of Shareholders and the number of transfers processed (exclusive of any VAT). The Registrar is also entitled to reimbursement of all out of pocket costs, expenses and charges properly incurred on behalf of the Company.

The Registrar's Agreement may be terminated on six months' notice by either party, such notice not to expire prior to the end of the first year of appointment and is also terminable on shorter notice in the event of breach of the agreement or insolvency.

The Company has given certain market standard indemnities in favour of the Registrar in respect of the Registrar's potential losses in carrying on its responsibilities under the Registrar's Agreement. The Registrar's liabilities under the Registrar's Agreement are subject to a cap.

The Registrar's Agreement is governed by the laws of England and Wales.

7.7 Receiving agent agreement

A receiving agent agreement dated 14 September 2012 between the Company and Computershare Investor Services PLC pursuant to which the Receiving Agent acted as receiving agent in connection with an offer for subscription on the launch of the Company. Under the terms of the agreement, the Receiving Agent was entitled to a fee at an hourly rate, plus a processing fee per application. The Receiving Agent was also entitled to reimbursement of all out-of-pocket expenses reasonably incurred by it in connection with its duties.

The Company gave certain market standard indemnities in favour of the Receiving Agent in respect of the Receiving Agent's potential losses in carrying on its responsibilities under the agreement. The Receiving Agent's liabilities under the agreement are subject to a cap.

The agreement is governed by the laws of England and Wales.

7.8 Receiving Agent Agreement

The receiving agent agreement dated 16 September 2013 between the Company and Computershare Investor Services PLC pursuant to which the Receiving Agent will act as receiving agent in connection with the Open Offer and Offer for Subscription. Under the terms of the agreement, the Receiving Agent is entitled to a fee at an hourly rate, plus a processing fee per application. The Receiving Agent is also entitled to reimbursement of all out-of-pocket expenses reasonably incurred by it in connection with its duties.

The Company has given certain market standard indemnities in favour of the Receiving Agent in respect of the Receiving Agent's potential losses in carrying on its responsibilities under the Receiving Agent Agreement. The Receiving Agent's liabilities under the Receiving Agent Agreement are subject to a cap.

The Receiving Agent Agreement is governed by the laws of England and Wales.

7.9 Overdraft facility letter

An overdraft facility letter dated 18 October 2012 from the Custodian to the Company pursuant to which the Custodian has provided an uncommitted overdraft facility from time-to-time to the Company up to a maximum of the lower of either £20,000,000 or 20 per cent. of Net Asset Value.

Under the letter, the Company pays interest on any overdrawn amount at a rate per annum equal to LIBOR plus 1.00 per cent. The interest is calculated daily and is payable monthly.

The Company has given certain market standard indemnities in favour of the Custodian in respect of the Custodian's potential losses in carrying on its responsibilities under the overdraft facility letter.

The overdraft facility letter is governed by the laws of England and Wales.

8. LITIGATION

There have been no governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened, nor of any such proceedings having been pending or threatened at any time preceding the date of this document which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company.

9. GENERAL

- 9.1 No Director has any interest in the promotion of, or in any property acquired or proposed to be acquired by, the Company.
- 9.2 The C Shares being issued in connection with the Issue are being issued at 100 pence per C Share of which the amount in excess of £0.10 per C Share constitutes share premium.
- 9.3 The price at which Ordinary Shares are issued under the Placing Programme in excess of the nominal value of an Ordinary Share of one pence shall constitute share premium.
- 9.4 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by written instrument. The Articles permit the holding of C Shares and Ordinary Shares under the CREST system. The Directors intend to apply for all C Shares issued pursuant to the Issue and all new Ordinary Shares issued pursuant to the Placing Programme to be admitted to CREST with effect from Admission. Accordingly, it is intended that settlement of transactions in the C Shares issued pursuant to the Issue and new Ordinary Shares issued pursuant to the Placing Programme following Admission may take place within the CREST system if the relevant Shareholders so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so upon request from the Registrar.
- 9.5 The Administrator has delegated the day-to-day fund accounting administration of the Company to BNP Paribas Securities Services.
- 9.6 Cenkos is acting as sponsor, financial adviser and placing agent to the Issue and the Placing Programme. Cenkos has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.
- 9.7 The Manager has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear. The Manager accepts responsibility for the content of Part 2 of this document. To the best of the knowledge of the

Manager, who has taken all reasonable care to ensure such is the case, the information contained in Part 2 of this document is in accordance with the facts and contains no omission likely to affect its import.

- 9.8 Where third party information has been referenced in this document, the source of that third party information has been disclosed. All information in this document that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 9.9 The auditors of the Company are Ernst & Young LLP of 1 More London Place, London SE1 2AF and have been the only auditors of the Company since its incorporation. Ernst & Young LLP is a member of the Institute of Chartered Accountants in England and Wales.

10. AVAILABILITY OF THIS DOCUMENT

Copies of this document are available, for inspection only, from the date of this document from the National Storage Mechanism (www.hemscott.com/nsm.do) and may be obtained from the date of this document until the closing of the Placing Programme from BlackRock Investment Management (UK) Limited, 12 Throgmorton Avenue, London EC2N 2DL.

11. DOCUMENTS AVAILABLE FOR INSPECTION

- 11.1 Copies of the following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until 15 September 2014:

11.1.1 the Memorandum of the Company and the Articles;

11.1.2 the prospectus published by the Company dated 27 February 2013;

11.1.3 the interim report and unaudited financial statements of the Company for the financial period from the Company's incorporation to 30 April 2013; and

11.1.4 this document.

Dated: 16 September 2013

PART 10

TERMS AND CONDITIONS OF THE OPEN OFFER

1. INTRODUCTION

Existing Shareholders must hold Existing Ordinary Shares at the Record Date to be eligible to partake in the Open Offer. Open Offer Application Forms are expected to be posted to Existing Non-CREST Shareholders on or around 17 September 2013 and Open Offer Entitlements are expected to be credited to stock accounts of Existing CREST Shareholders in CREST on 17 September 2013. The latest time and date for receipt of completed Open Offer Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is expected to be 11.00 a.m. on 3 October 2013 with Admission and commencement of dealings in C Shares expected to take place at 8.00 a.m. on 16 October 2013.

This document and, for Existing Non-CREST Shareholders only, the Open Offer Application Form contain the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 4 of these Terms and Conditions which gives details of the procedure for application and payment for the C Shares available under the Open Offer. The attention of Overseas Shareholders is drawn to paragraph 6 of these Terms and Conditions.

The Open Offer is an opportunity for Existing Shareholders to apply for C Shares *pro rata* to their current holdings at the Issue Price of 100 pence per C Share in accordance with these Terms and Conditions.

The Excess Application Facility is an opportunity for Existing Shareholders who have applied for all of their Open Offer Entitlements to apply for additional C Shares. The Excess Application Facility will be comprised of C Shares that are not taken up by Existing Shareholders under the Open Offer pursuant to their Open Offer Entitlements under the Open Offer and any C Shares that the Directors determine should be reallocated from the Offer for Subscription and/or the Placing to satisfy demand from Existing Shareholders in preference to prospective new investors under the Offer for Subscription and/or the Placing. There is no limit on the amount of C Shares that can be applied for by C Shareholders under the Excess Application Facility, save that the maximum amount of C Shares to be allotted under the Excess Application Facility shall be limited by the maximum size of the Issue less C Shares issued under the Placing, the Offer for Subscription and the Open Offer pursuant to Existing Shareholders' Open Offer Entitlements. Allotments under the Excess Application Facility shall be allocated in such manner as the Directors may determine in their absolute discretion, and no assurance can be given that applications by Existing Shareholders will be met in part or at all. In the event of oversubscription under the Excess Application Facility the Directors intend to limit applications by Existing Shareholders *pro rata* to their aggregate holdings of Existing Ordinary Shares. However, the Directors also have the discretion (but are not obliged) to scale back the Placing and/or Offer for Subscription in favour of the Excess Application Facility by reallocating C Shares that would otherwise be available under the Placing and/or Offer for Subscription to Existing Shareholders through the Excess Application Facility.

Any Existing Shareholder who has sold or transferred all or part of his/her registered holding(s) of Existing Ordinary Shares prior to 8.00 a.m. on 16 September 2013 when the Existing Ordinary Shares were marked "ex" the entitlement to the Open Offer is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for C Shares under the Open Offer may be a benefit which may be claimed from him/her by the purchasers under the rules of the London Stock Exchange.

2. THE OPEN OFFER

Subject to the terms and conditions set out below (and, in the case of Existing Non-CREST Shareholders, in the Open Offer Application Form), Existing Shareholders are being given the opportunity to apply for any number of C Shares at the Issue Price (payable in full on application and free of all expenses) up to a maximum of their Open Offer Entitlement which shall be calculated on the basis of:

1 C Share for every 1 Existing Ordinary Share held at the Record Date (being close of business on 13 September 2013)

Subject to the terms and conditions set out below, applications by Existing Shareholders will be satisfied in full up to the amount of their individual Open Offer Entitlement.

Existing Shareholders may apply to acquire less than their Open Offer Entitlement should they so wish. In addition, Existing Shareholders may apply to acquire excess C Shares using the Excess Application Facility. Please refer to paragraphs 4.1.3 and 4.2.3 of these Terms and Conditions for further details of the Excess Application Facility.

If you are an Existing Non-CREST Shareholder, the Open Offer Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date (in Box A).

Existing Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their Open Offer Entitlements, as will holdings under different designations and in different accounts.

Existing CREST Shareholders will have C Shares representing their Open Offer Entitlement credited to their stock accounts in CREST and should refer to paragraph 4.2 of these Terms and Conditions and also to the CREST Manual for further information on the relevant CREST procedures.

The Open Offer Entitlement, in the case of Existing Non-CREST Shareholders, is equal to the number of C Shares shown in Box B on the Open Offer Application Form or, in the case of Existing CREST Shareholders, is equal to the number of their C Shares representing Open Offer Entitlement standing to the credit of their stock account in CREST.

The Excess Application Facility enables Existing Shareholders to apply for any whole number of excess C Shares in excess of their Open Offer Entitlement. Existing Non-CREST Shareholders who wish to apply to subscribe for more than their Open Offer Entitlement should complete Boxes D, E, F and G on the Open Offer Application Form. Excess applications may be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that applications by Existing Shareholders will be met in full or in part or at all.

Existing Shareholders should be aware that the Open Offer is not a rights issue. Existing Non-CREST Shareholders should also note that their respective Open Offer Application Forms are not negotiable documents and cannot be traded. Existing CREST Shareholders should note that, although the C Shares representing their Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Existing Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. C Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Existing Shareholders who do not apply to take up C Shares available under the Open Offer will have no rights under the Open Offer. Any C Shares which are not applied for in respect of the Open Offer may be allotted to Existing Shareholders to meet any valid applications under the Excess Application Facility or may be issued to the subscribers under the Placing and/or the Offer for Subscription, with the proceeds retained for the benefit of the Company.

3. CONDITIONS AND FURTHER TERMS OF THE OPEN OFFER

The Open Offer is conditional on:

- (a) the Placing and Share Issuance Agreement becoming unconditional in all respects; and
- (b) Admission of the C Shares to the Official List becoming effective by not later than 8.00 a.m. on 16 October 2013 (or such later time and/or date as the Company and Cenkos may determine, not being later than 8.00 a.m. on 15 November 2013).

Accordingly, if these conditions are not satisfied or waived (where capable of waiver) the Issue will not proceed and any applications made by Existing Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter.

No temporary documents of title will be issued in respect of C Shares under the Open Offer held in uncertificated form. Definitive certificates in respect of C Shares taken up are expected to be posted to those Existing Shareholders who have validly elected to hold their C Shares in certificated form during the week commencing 21 October 2013. In respect of those Existing Shareholders who have validly elected to hold their C Shares in uncertificated form, the C Shares are expected to be credited to their stock accounts maintained in CREST on 16 October 2013.

All monies received by the Receiving Agent in respect of C Shares to be issued under the Open Offer will be held in a separate non-interest bearing bank account opened solely for the Open Offer.

The Company reserves the right to shorten or extend the closing time of the Open Offer from 11.00 a.m. on 3 October 2013 (provided that if the closing time is extended the Prospectus remains valid at the closing time as extended) by giving notice to the UK Listing Authority. In this event, the revised closing time will be published in such manner as Cenkos, in consultation with the Company, determines subject and having regard to the Listing Rules, the Prospectus Rules and any other requirements of the UK Listing Authority.

4. PROCEDURE FOR APPLICATION AND PAYMENT

The action to be taken by you in respect of the Open Offer depends on whether, at the relevant time, you have an Open Offer Application Form in respect of your entitlement under the Open Offer or you have C Shares representing your Open Offer Entitlement and Excess CREST Open Offer Entitlement credited to your CREST stock account in respect of such entitlement.

Existing Shareholders who hold their Existing Ordinary Shares in certificated form will be issued C Shares in certificated form. Existing Shareholders who hold part of their Existing Ordinary Shares in uncertificated form will be issued C Shares in uncertificated form to the extent that their entitlement to C Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Existing Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 4.2.7 of these Terms and Conditions.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Existing Shareholders who do not want to apply for the C Shares under the Open Offer should take no action and should not complete or return the Open Offer Application Form.

4.1 If you have an Open Offer Application Form in respect of your entitlement under the Open Offer:

4.1.1 General

Subject as provided in paragraph 6 of these Terms and Conditions in relation to Overseas Shareholders, Existing Non-CREST Shareholders will receive an Open Offer Application Form. The Open Offer Application Form shows the number of Existing Ordinary Shares registered in their name on the Record Date in Box A. It also shows the maximum number of C Shares for which they are entitled to apply under the Open Offer set out in Box B. Box C shows how much they would need to pay if they wish to take up their Open Offer Entitlements in full. Any Existing Non-CREST Shareholders with fewer than 3 Existing Ordinary Shares will not receive an Open Offer Entitlement but may apply for Excess Shares pursuant to the Excess Application Facility (see paragraph 4.1.3 of these Terms and Conditions). Existing Non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Existing Non-CREST Shareholders may also hold such an Open Offer Application Form by virtue of a *bona fide* market claim. Existing Non-CREST Shareholders may also apply for Excess Shares under the Excess Application Facility by completing Boxes D, E, F and G in the Open Offer Application Form.

The instructions and other terms set out in the Open Offer Application Form form part of the terms of the Open Offer in relation to Existing Non-CREST Shareholders.

4.1.2 Bona fide market claims

Applications to acquire C Shares may only be made on the Open Offer Application Form and may only be made by the Existing Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer. Open Offer Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 1 October 2013. The Open Offer Application Form is not a negotiable document and cannot be separately traded. An Existing Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire C Shares under the Open Offer may be a benefit which may be claimed by the transferee. Existing Non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box J on the Open Offer Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Open Offer Application Form should not, however be forwarded to or transmitted to any “**Excluded Overseas Shareholders**” (being a holder of Ordinary Shares with a registered mailing address in the United States, Canada, Australia, Japan or the Republic of South Africa or any other jurisdiction in which an offer to sell or issue, or the solicitation of an offer to purchase or subscribe for, C Shares is unlawful). If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Open Offer Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedure set out in paragraph 4.2.2 below.

4.1.3 Excess Application Facility

Existing Shareholders who have taken up their Open Offer Entitlement may apply to acquire Excess Shares using the Excess Application Facility, should they wish. Existing Non-CREST Shareholders wishing to apply for Excess Shares, may do so by completing Boxes D, E, F and G of the Open Offer Application Form. The maximum number of C Shares to be issued under the Excess Application Facility (the “**Maximum Excess Application Number**”) shall be limited to: (a) the maximum size of Issue; less (b) C Shares issued under the Placing, the Offer for Subscription and the Open Offer pursuant to Existing Shareholders’ Open Offer Entitlements. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Existing Shareholders will be met in full or in part or at all. Excess monies in

respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

All enquiries in connection with the procedure for application of Excess CREST Open Offer Entitlements should be made to Computershare on 0870 873 5879 or, if calling from outside the United Kingdom, +44 (0) 870 873 5879. Calls from outside the UK will be charged at the applicable international rates. Different charges may apply to calls from mobile telephones. Calls may be recorded or randomly monitored for security and training purposes. Lines are open from 9.00 a.m. to 5.00 p.m. on Monday to Friday. Please note Computershare cannot provide financial advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlement or apply for Excess Shares.

4.1.4 Application procedures

Existing Non-CREST Shareholders wishing to apply to acquire all or any of the C Shares to which they are entitled should complete the Open Offer Application Form in accordance with the instructions printed on it. Completed Open Offer Application Forms should be posted in the accompanying pre-paid envelope for use within the UK only or returned by post to Computershare, Corporate Actions Projects, Bristol, BS99 6AH, or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE, United Kingdom (who will act as Receiving Agent in relation to the Open Offer) so as to be received by Computershare by no later than 11.00 a.m. on 3 October 2013, after which time Open Offer Application Forms will not be valid. Existing Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. If an Open Offer Application Form is being sent by first-class post in the UK, Existing Shareholders are recommended to allow at least four working days for delivery.

All payments must be in Sterling and made by cheque or banker's draft made payable to "Computershare Investor Services PLC re BRNA plc Open Offer A/C" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner and must be for the full amount payable on application. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Existing Shareholder has title to the underlying funds by printing the Existing Shareholder's name on the back of the draft and adding the branch stamp) will be subject to the Money Laundering Regulations which will delay Shareholders receiving their C Shares (please see paragraph 5 below).

Cheques or banker's drafts will be presented for payment upon receipt. Funds will be held in a non-interest bearing account and no interest will be paid on payments. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

- 4.1.5 If cheques or banker's drafts are presented for payment before the conditions to the Issue are fulfilled, the application monies will be kept in a separate non-interest bearing bank account. If the Open Offer does not become unconditional, no C Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Open Offer.

Subject to the provisions of the Placing and Share Issuance Agreement, the Company may in its sole discretion, but shall not be obliged to, treat an Open Offer Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Open Offer Application Forms received after 11.00 a.m. on 3 October 2013; or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 3 October 2013 from authorised persons (as defined in FSMA) specifying the C Shares applied for and undertaking to lodge the Open Offer Application Form in due course but, in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

4.1.6 Effect of application

By completing and delivering an Open Offer Application Form the applicant:

- (i) represents and warrants to the Company and Cenkos that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer or the Excess Application Facility, as the case may be, and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for C Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company and Cenkos that all applications under the Open Offer and the Excess Application Facility and contracts resulting therefrom shall be governed by and construed in accordance with the laws of England and Wales;
- (iii) confirms to the Company and Cenkos that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information in relation to the Company and the C Shares contained in this document;
- (iv) confirms that in making the application he is not relying and has not relied on Cenkos or any other person affiliated with Cenkos in connection with any investigation of the accuracy of any information contained in this document or his investment decision;
- (v) confirms that no person has been authorised to give any information or to make any representation concerning the Company or the C Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or Cenkos;
- (vi) represents and warrants to the Company and Cenkos that he is the Existing Shareholder originally entitled to the Open Offer Entitlement or that he received such Open Offer Entitlement by virtue of a *bona fide* market claim;
- (vii) represents and warrants to the Company and Cenkos that if he has received some or all of his Open Offer Entitlement from a person other than the Company he is entitled to apply under the Open Offer in relation to such Open Offer Entitlement by virtue of a *bona fide* market claim;

- (viii) requests that the C Shares, to which he will become entitled be issued to him on the terms set out in this document and the Open Offer Application Form, subject to the Memorandum and Articles;
- (ix) represents and warrants to the Company and Cenkos that he is not, nor is he applying on behalf of an Excluded Overseas Shareholder or a person in any jurisdiction in which the application for C Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the C Shares which are the subject of his application in the United States or to an Excluded Overseas Shareholder or a person in any jurisdiction in which the application for C Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for C Shares under the Open Offer or the Excess Application Facility;
- (x) represents and warrants to the Company and Cenkos that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and
- (xi) confirms that in making the application he is not relying and has not relied on Cenkos or any person affiliated with Cenkos in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

All enquiries in connection with the procedure for application and completion of the Open Offer Application Form should be addressed to the Receiving Agent, at Computershare, Corporate Actions Projects, Bristol BS99 6AH or by calling Computershare on 0870 873 5879 from within the UK or on + 44 (0) 870 873 5879 if calling from outside the UK. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls from outside the UK will be charged at the applicable international rates. Different charges may apply to calls from mobile telephones. Calls may be recorded or randomly monitored for security and training purposes. Please note Computershare cannot provide financial advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlement or apply for Excess Shares.

Existing Non-CREST Shareholders who do not want to take up or apply for the C Shares under the Open Offer should take no action and should not complete or return the Open Offer Application Form.

4.2 If you have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer:

4.2.1 General

Subject as provided in paragraph 6 of these Terms and Conditions in relation to certain Overseas Shareholders, each Existing CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements equal to the maximum number of C Shares for which he is entitled to apply to acquire under the Open Offer.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Existing CREST Shareholder in respect of which the Open Offer Entitlement and Excess CREST Open Offer Entitlement have been allocated.

If for any reason the Open Offer Entitlements and/or Excess CREST Open Offer Entitlements cannot be admitted to CREST, or the stock accounts of Existing CREST Shareholders cannot be credited by 17 September 2013, or such later time and/or date as the Company may decide, an Open Offer Application Form will be sent to each Existing CREST Shareholder in substitution for the Open Offer Entitlement and Excess CREST Open Offer Entitlement which should have

been credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Existing Non-CREST Shareholders with Open Offer Application Forms will apply to Existing CREST Shareholders who receive such Open Offer Application Forms.

CREST members who wish to apply to acquire some or all of their entitlements to C Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact Computershare on 0870 873 5879 from within the UK or on + 44 (0) 870 873 5879 if calling from outside the UK. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls from outside the UK will be charged at the applicable international rates. Different charges may apply to calls from mobile telephones. Calls may be recorded or randomly monitored for security and training purposes.

Please note Computershare cannot provide financial advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements or Excess CREST Open Offer Entitlements. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for C Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

4.2.2 Market claim

Each of the Open Offer Entitlements and the Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST and will have a separate ISIN. Although Open Offer Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and the Excess CREST Open Offer Entitlements may only be made by the Existing Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by Euroclear's Claims Processing Unit as "cum" the Open Offer Entitlement and the Excess CREST Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess CREST Open Offer Entitlement(s) will thereafter be transferred accordingly.

4.2.3 Excess Application Facility

Existing Shareholders may apply to acquire Excess Shares using the Excess Application Facility, should they wish. The Excess Application Facility enables Existing CREST Shareholders to apply for Excess Shares in excess of their Open Offer Entitlement.

An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred.

Subject as provided in paragraph 6 of these Terms and Conditions in relation to Overseas Shareholders, the CREST accounts of Existing CREST Shareholders will be credited with an Excess CREST Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST.

Existing CREST Shareholders should note that, although the Open Offer Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only). Neither the Open Offer Entitlements nor the Excess CREST Open Offer Entitlements will be tradable or listed and applications in respect of the Open Offer may only be made by the Existing Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

To apply for Excess Shares pursuant to the Excess Application Facility, Existing CREST Shareholders should follow the instructions in paragraph 4.2.6 below and must not return a paper form and cheque.

Should a transaction be identified by Euroclear's Claims Processing Unit as "cum" the Open Offer Entitlement and the relevant Open Offer Entitlement be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Open Offer Entitlement claim, but will be transferred as a separate claim. Should an Existing CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess CREST

Open Offer Entitlement credited to CREST and allocated to the relevant Existing Shareholder will be transferred to the purchaser. Please note that a separate USE Instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

All enquiries in connection with the procedure for applications in respect of Excess CREST Open Offer Entitlements should be made to Computershare on 0870 873 5879 from within the UK or on + 44 (0) 870 873 5879 if calling from outside the UK. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls from outside the UK will be charged at the applicable international rates. Different charges may apply to calls from mobile telephones. Calls may be recorded or randomly monitored for security and training purposes.

A credit of Excess CREST Open Offer Entitlements will be made to each Qualifying CREST Shareholder at a notional rate of 10 Excess CREST Open Offer Entitlements for each Ordinary Share held on the Record Date; if a Qualifying CREST Shareholder would like to apply for a larger Excess CREST Open Offer Entitlement, such Qualifying CREST Shareholder should contact Computershare to arrange for a further credit of Excess CREST Open Offer Entitlements, subject at all times to the maximum number of C Shares available.

4.2.4 USE instructions

Existing CREST Shareholders who are CREST members and who want to apply for C Shares in respect of all or some of their Open Offer Entitlements and/or Excess CREST Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE Instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements and Excess CREST Open Offer Entitlements corresponding to the number of C Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of C Shares referred to in (i) above.

4.2.5 Content of USE Instruction in respect of Open Offer Entitlements

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

- (i) the number of C Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Open Offer Entitlement. This is GB00BD02RC79;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 3RA30;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is BLKROCK1;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of C Shares referred to in 4.2.5(i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 3 October 2013; and

- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 3 October 2013. In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 3 October 2013 in order to be valid is 11.00 a.m. on that day. If the Open Offer does not become unconditional by 8.00 a.m. on 16 October 2013 or such later time and date as the Company and Cenkos determine (being no later than 15 November 2013), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by an Existing CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies will be retained for the benefit of the Company.

4.2.6 Content of USE instruction in respect of Excess CREST Open Offer Entitlements

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Excess Shares for which the application is being made (and hence the number of the Excess CREST Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement. This is GB00BD02RD86;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as Receiving Agent. This is 3RA30;
- (vi) the member account ID of the Receiving Agent in its capacity as Receiving Agent. This is BLKROCK1;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of C Shares referred to in paragraph 4.2.6(i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 3 October 2013; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for the application in respect of an Excess CREST Open Offer Entitlement under the Excess Application Facility to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 3 October 2013.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 3 October 2013 in order to be valid is 11.00 a.m. on that day. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlement security.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 16 October 2013 or such later time and date as the Company and Cenkos determine (being no later than 8.00 a.m. on 15 November 2013), the Open Offer and the Excess Application Facility will lapse, the Open Offer Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by an Existing CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies will be retained for the benefit of the Company.

4.2.7 Deposit of Open Offer Entitlements into, and withdrawal from, CREST

An Existing Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Open Offer Application Form may be deposited into CREST (either into the account of the Existing Shareholder named in the Open Offer Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Open Offer Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Open Offer Application Form.

A holder of an Open Offer Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlement and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 3 October 2013. After depositing their Open Offer Entitlement into their CREST account, CREST holders will, shortly after that, receive a credit for their Excess CREST Open Offer Entitlement, which will be managed by Computershare.

In particular, having regard to normal processing times in CREST and on the part of Computershare, the recommended latest time for depositing an Open Offer Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Open Offer Application Form as an Open Offer Entitlement and Excess CREST Open Offer Entitlements in CREST, is 3.00 p.m. on 30 September 2013 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST is 4.30 p.m. on 27 September 2013 in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and Excess CREST Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Open Offer Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlements prior to 11.00 a.m. on 3 October 2013. CREST holders inputting the withdrawal of their Open Offer Entitlement from their CREST account must ensure that they withdraw both their Open Offer Entitlement and the Excess CREST Open Offer Entitlement.

Delivery of an Open Offer Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Existing Shareholder named in the Open Offer Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Receiving Agent by the relevant CREST member(s) that it/they

is/are not in breach of the provisions of the notes under the paragraph headed “Instructions for depositing entitlements under the Open Offer into CREST” on page 2 of the Open Offer Application Form, and a declaration to the Company and the Registrar from the relevant CREST member(s) that it/they is/are not an Excluded Overseas Shareholder or a person in any jurisdiction in which the application for C Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer or the Excess Application Facility by virtue of a *bona fide* market claim.

4.2.8 Validity of application

A USE Instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 3 October 2013 will constitute a valid application under the Open Offer.

4.2.9 CREST procedures and timings

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE Instruction and its settlement in connection with the Open Offer and the Excess Application Facility. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 3 October 2013. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

4.2.10 Incorrect or incomplete applications

If a USE Instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question (without interest);
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of C Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest); and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the C Shares referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest).

4.2.11 Effect of valid application

A CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby:

- (i) represents and warrants to the Company, Receiving Agent and Cenkos that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer or the Excess Application Facility, as the case may be, and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for C Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);

- (iii) agrees that all applications and any contracts or non-contractual obligations resulting therefrom under the Open Offer and the Excess Application Facility shall be governed by, and construed in accordance with, the laws of England and Wales;
- (iv) confirms that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information in relation to the Company and the C Shares contained in this document;
- (v) represents and warrants to the Company, the Receiving Agent and Cenkos that he is the Existing Shareholder originally entitled to the Open Offer Entitlement and Excess CREST Open Offer Entitlement or that he has received such Open Offer Entitlement and Excess CREST Open Offer Entitlement by virtue of a *bona fide* market claim;
- (vi) represents and warrants to the Company, the Receiving Agent and Cenkos that if he has received some or all of his Open Offer Entitlement and Excess CREST Open Offer Entitlement from a person other than the Company, he is entitled to apply under the Open Offer and the Excess Application Facility in relation to such Open Offer Entitlement and Excess CREST Open Offer Entitlement by virtue of a *bona fide* market claim;
- (vii) subject to certain limited exceptions, requests that the C Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the Articles;
- (viii) represents and warrants to the Company, the Receiving Agent and Cenkos that he is not, nor is he applying on behalf of any Shareholder who is an Excluded Overseas Shareholder or a person in any jurisdiction in which the application for C Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the C Shares which are the subject of his application in the United States or to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any other Excluded Territory or any jurisdiction in which the application for C Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for C Shares under the Open Offer or the Excess Application Facility;
- (ix) represents and warrants to the Company, the Receiving Agent and Cenkos that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986;
- (x) confirms that in making the application he is not relying and has not relied on Cenkos or any person affiliated with Cenkos in connection with any investigation of the accuracy of any information contained in this document or his investment decision; and
- (xi) confirms that no person has been authorised to give any information or to make any representation concerning the Company or the C Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or Cenkos.

4.2.12 Company's discretion as to the rejection and validity of applications

Subject to the provisions of the Placing and Share Issuance Agreement, the Company may in its sole discretion:

- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in these Terms and Conditions;
- (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE Instruction and subject to such further terms and conditions as the Company may determine;
- (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the “**first instruction**”) as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE Instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for C Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

4.2.13 Lapse of the Open Offer

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 16 October 2013 or such later time and date as the Company and Cenkos may agree being no later than 15 November 2013, the Open Offer and the Excess Application Facility will lapse, the Open Offer Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by an Existing CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies, if any, will be retained for the benefit of the Company.

5. ANTI-MONEY LAUNDERING REGULATIONS

5.1 Holders of Open Offer Application Forms

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Open Offer Application Form is lodged with payment (which requirements are referred to below as the “**verification of identity requirements**”). If the Open Offer Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Registrar or Receiving Agent. In such case, the lodging agent’s stamp should be inserted on the Open Offer Application Form.

The person lodging the Open Offer Application Form with payment and in accordance with the other terms as described above (the “**acceptor**”), including any person who appears to the Registrar to be acting on behalf of some other person, accepts the Open Offer in respect of such number of C Shares as is referred to therein (for the purposes of this paragraph 5 the “**relevant C Shares**”) shall thereby be deemed to agree to provide the Registrar with such information and other evidence as the Registrar may require to satisfy the verification of identity requirements.

If the Receiving Agent determines that the verification of identity requirements apply to any acceptor or application, the relevant C Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements

have been satisfied in respect of that acceptor or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Receiving Agent nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer or under the Excess Application Facility will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

Submission of an Open Offer Application Form with the appropriate remittance will constitute a warranty to each of the Company, the Receiving Agent, and Cenkos from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

- (i) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering (no. 91/308/EEC));
- (ii) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (iii) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- (iv) if the aggregate subscription price for the C Shares is less than €15,000 (approximately £12,750).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (a) if payment is made by cheque or banker's draft in sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques, should be made payable to "Computershare Investor Services PLC re BRNA plc Open Offer A/C" and crossed "A/C Payee Only". Third party cheques will not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/bankers' draft to such effect. The account name should be the same as that shown on the Open Offer Application Form; or
- (b) if the Open Offer Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Open Offer Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to Computershare. If the agent is not such an organisation, it should contact Computershare.

To confirm the acceptability of any written assurance referred to in (b) above, or in any other case, the acceptor should contact Computershare on 0870 873 5879 from within the UK or on + 44 (0) 870 879 5879 if calling from outside the UK. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls from outside the UK will be charged at the applicable international rates. Different charges may apply to calls from mobile telephones. Calls may be recorded or randomly monitored for security and training purposes. Please note Computershare cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

If the Open Offer Application Form(s) is/are in respect of C Shares with an aggregate subscription price of €15,000 (approximately £12,750) or more and is/are lodged by hand by the acceptor in person, or if the Open Offer Application Form(s) in respect of C Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 3 October 2013, Computershare has not received evidence satisfactory to it as aforesaid, Computershare may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

5.2 Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST

If you hold your Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST and apply for C Shares in respect of all or some of your Open Offer Entitlements and Excess CREST Open Offer Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE Instruction (which on its settlement constitutes a valid application as described above) constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the C Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the C Shares represented by the USE Instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

6. OVERSEAS SHAREHOLDERS

This document has been approved by the FCA, being the competent authority in the United Kingdom.

Accordingly, the making of the Open Offer to persons resident in, or who are citizens of, or who have a registered address in, countries other than the United Kingdom may be affected by the law or regulatory requirements of the relevant jurisdiction. The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

6.1 General

The distribution of this document and the Open Offer Application Form and the making of the Open Offer to Overseas Shareholders may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to

whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for C Shares under the Open Offer or the Excess Application Facility.

No action has been or will be taken by the Company, Cenkos, or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or Open Offer Application Form(s) relating to the C Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

Receipt of this document and/or an Open Offer Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Open Offer Application Form must be treated as sent for information only and should not be copied or redistributed. Open Offer Application Forms will not be sent to, and Open Offer Entitlements nor Excess CREST Open Offer Entitlements will not be credited to stock accounts in CREST of, Excluded Overseas Shareholders or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Open Offer Application Form in any territory other than the United Kingdom and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Open Offer Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory in which the Open Offer Application Form is received or in which the person is resident or located, such an invitation or offer could lawfully be made to him or her and such Open Offer Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Open Offer Application Form must be treated as sent for information only and should not be copied or redistributed. It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for C Shares under the Open Offer or the Excess Application Facility to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company, Cenkos, nor any of their respective representatives, is making any representation to any offeree or purchaser of the C Shares regarding the legality of an investment in the C Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Open Offer Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Open Offer Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for C Shares in respect of the Open Offer or the Excess Application Facility unless the Company and Cenkos determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Open Offer Application Form and/or transfers Open Offer Entitlements or Excess CREST Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal

obligation or otherwise, should draw the attention of the recipient to the contents of these Terms and Conditions and specifically the contents of this paragraph 6.

Any person (including, without limitation, custodians, agents, nominees and trustees) outside of the United Kingdom wishing to apply for C Shares in respect of the Open Offer must satisfy himself or herself as to the full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The Company reserves the right to treat as invalid any application or purported application for C Shares that appears to the Company or its agents to have been executed, effected or dispatched from the United States or another Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of C Shares or in the case of a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, to a CREST member who is an Excluded Overseas Shareholder or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

Existing Shareholders in jurisdictions outside the United Kingdom other than the United States, Canada, Australia, Japan or the Republic of South Africa may, subject to the laws of their relevant jurisdiction, take up C Shares in accordance with the instructions set out in this document and the Open Offer Application Form. Such Existing Shareholders who have registered addresses in, or who are resident in, or who are citizens of, countries other than the United Kingdom should, however, consult their appropriate professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their C Shares. Notwithstanding any other provision of this document or the Open Offer Application Form, the Company reserves the right to permit any person to apply for C Shares in respect of the Open Offer or under the Excess Application Facility if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Notwithstanding any other provision of this document or the Open Offer Application Form, the Company reserves the right to permit any Existing Shareholder who is an Excluded Overseas Shareholder to apply for C Shares if the Company and Cenkos, in their sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for C Shares should note that payment must be made in sterling denominated cheques or bankers' drafts or where such Overseas Shareholder is an Existing CREST Shareholder, through CREST.

7. CONTACT TELEPHONE NUMBER

Insert in section 9 of the Application Form a daytime contact telephone number, including STD, (and, if different, from the person named in section 2 of the Application Form, the name of the person to contact) in the case of any queries regarding your application.

8. INSTRUCTIONS FOR DELIVERY OF COMPLETED APPLICATION FORMS

Completed Application Forms should be returned, by post to Computershare, Corporate Actions Projects, Bristol, BS99 6AH, or by hand (during normal business hours), to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received by no later than 11.00 a.m. on 3 October 2013. If you post your Application Form, you are recommended to use first class post and to allow at least four working days for delivery. Application Forms received after 11.00 a.m. on 3 October 2013 may be rejected and returned to the first named applicant.

9. ADMISSION, SETTLEMENT AND DEALINGS

The result of the Open Offer is expected to be announced on 11 October 2013. Applications will be made to the UK Listing Authority for the C Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the C Shares to be admitted to trading on the main market for listed securities. It is expected that Admission will become effective and that dealings in the C Shares, fully paid, will commence at 8.00 a.m. on 16 October 2013.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the Ordinary Shares arising on the conversion of the C Shares of the relevant tranche. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 3 October 2013 (the latest date for applications under the Open Offer). If the condition(s) to the Open Offer described above are satisfied, C Shares will be issued in uncertificated form to those persons who submitted a valid application for C Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Existing CREST Shareholders an Open Offer Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess CREST Open Offer Entitlements, and to allot and/or issue any C Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

For Existing Non-CREST Shareholders who have applied by using an Open Offer Application Form, share certificates in respect of the C Shares validly applied for are expected to be despatched by post during the week commencing 21 October 2013. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the share register of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Existing Non-CREST Shareholders are referred to paragraph 4.1 above and their respective Open Offer Application Form.

10. TIMES AND DATES

The Company shall, in agreement with Cenkos and after consultation with its financial and legal advisers, be entitled to amend the dates that Open Offer Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall notify the UK Listing Authority, and make an announcement on a Regulatory Information Service and, if appropriate, by Shareholders but Existing Shareholders may not receive any further written communication. If a supplementary prospectus is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this document, the latest date for acceptance under the Open Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

11. GOVERNING LAW AND JURISDICTION

The terms and conditions of the Open Offer and the Excess Application Facility as set out in this document, the Open Offer Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer and the Excess Application Facility, this document or the Open Offer Application Form. By taking up C Shares in accordance with the instructions set out in this document and, where applicable, the Open Offer Application Form, Existing

Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

12. FURTHER INFORMATION

Your attention is drawn to the further information set out in this document and also, in the case of Existing Non-CREST Shareholders and other Existing Shareholders to whom the Company has sent Open Offer Application Forms, to the terms, conditions and other information printed on the accompanying Open Offer Application Form.

An investment in the C Shares (and the Ordinary Shares arising on Conversion) under the Issue is only suitable for institutional investors and professionally advised or financially sophisticated non-advised private investors (including retail investors) who understand and are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in the Issue. Furthermore, an investment in the C Shares (and the Ordinary Shares arising on Conversion) should constitute part of a diversified investment portfolio. It should be remembered that the price of securities and the income from them can go down as well as up.

PART 11

TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION

1. INTRODUCTION

C Shares are available under the Offer for Subscription at a price of 100 pence per C Share.

Applications must be made on the application form (the “**Application Form**”) attached at the end of this document (the “**Prospectus**”) or otherwise published by the Company. If you apply for C Shares under the Offer for Subscription, you will be agreeing with the Company, Cenkos, the Registrar and the Receiving Agent to the Terms and Conditions set out below.

2. EFFECT OF APPLICATION

Applications under the Offer for Subscription must be for C Shares with a minimum subscription amount of £100 and thereafter in multiples of £10. Multiple applications will be accepted.

2.1 Offer to acquire C Shares under the Offer for Subscription

By completing and delivering an Application Form, you, as the applicant, and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:

- (a) offer to subscribe for such number of C Shares at 100 pence per C Share as may be purchased by the subscription amount specified in Box 1 on your Application Form (being a minimum of 100 C Shares); or such smaller number for which such application is accepted, on the terms, and subject to the conditions, set out in the Prospectus, including these Terms and Conditions of Application and the articles of association of the Company in force from time-to-time;
- (b) agree that in respect of any C Shares for which you wish to subscribe under the Offer for Subscription you will submit payment in Sterling;
- (c) agree that, in consideration of the Company agreeing that it will not, prior to the date of Admission, offer for subscription any C Shares to any person other than by means of the procedures referred to in the Prospectus, your application may not be revoked (subject to any legal right to withdraw your application which arises as a result of the publication of a supplementary prospectus) and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to or, in the case of delivery by hand, on receipt by, the Receiving Agent of your Application Form;
- (d) undertake to pay the subscription amount specified in Box 1 on your Application Form in full on application and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive a share certificate for the C Shares applied for in certificated form or be entitled to commence dealing in C Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such C Shares unless and until you make payment in cleared funds for such C Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent, the Company and Cenkos against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) avoid the agreement to allot the C Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by way of a cheque in your favour at your risk, for an amount equal to the proceeds of the remittance which accompanied your Application Form, without interest);
- (e) agree, that where on your Application Form a request is made for C Shares to be deposited into a CREST account (a “**CREST Account**”), (i) the Company may in its absolute discretion amend the form so that such C Shares may be issued in certificated form registered in the

name(s) of the holder(s) specified in your Application Form (and recognise that the Receiving Agent will so amend the form if there is any delay in satisfying the identity of the applicant or the owner of the CREST Account or in receiving your remittance in cleared funds) and (ii) the Receiving Agent, the Company or Cenkos may authorise your financial adviser or whoever he or she may direct to send a document of title for or credit your CREST Account in respect of the number of C Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address set out on your Application Form;

- (f) agree that the crediting to a CREST Account of any C Shares in uncertificated form to which you may become entitled may be delayed by and, in respect of applications for C Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 2.1(e) above to issue C Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled or pursuant to paragraph 2.1(e) above (and any monies returnable to you) may be retained by the Receiving Agent:
- (i) pending clearance of your remittance;
 - (ii) pending investigation of any suspected breach of the warranties contained in paragraphs 2.5(a), (b), (f), (h), (m), (o) or (p) below or any other suspected breach of these Terms and Conditions of Application; or
 - (iii) pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purpose of the UK Money Laundering Regulations and any other regulations applicable thereto,

and any interest accruing on such retained monies shall accrue to and for the benefit of the Company;

- (g) agree, on the request of the Company and/or Receiving Agent to disclose promptly in writing to them such information as the Company and/or Receiving Agent may request in connection with your application and authorise the Company and/or Receiving Agent to disclose any information relating to your application which they may consider appropriate;
- (h) agree that if evidence of identity satisfactory to the Company and/or Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Receiving Agent) following a request therefor, the Receiving Agent or the Company may terminate the agreement with you to allot C Shares and, in such case, the C Shares which would otherwise have been allotted to you may be re-allotted or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned by a cheque drawn on a branch of a UK clearing bank to the bank account on which the payment accompanying the application was first drawn without interest and at your risk;
- (i) agree that you are not applying on behalf of a person engaged in money laundering;
- (j) undertake to ensure that, in the case of an application signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is enclosed with your Application Form together with full identity documents for the person so signing;
- (k) undertake to pay interest at the rate described in paragraph 2.2 below if the remittance accompanying your Application Form is not honoured on first presentation;
- (l) authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of C Shares for which your application is accepted or if you have completed section 2B on your Application Form, but subject to paragraph 2.1(e) above, to deliver the number of C Shares for which your application is accepted into CREST, and/or

- to return any monies returnable by a cheque drawn on a branch of a UK clearing house to the bank account name from which such monies were received without interest and at your risk;
- (m) confirm that you have read and complied with paragraph 2.7 below;
 - (n) agree that all subscription cheques and payments will be processed through a bank account (the “**Acceptance Account**”) in the name of “Computershare Investor Services PLC a/c BRNA plc Offer for Subscription” and crossed “A/C Payee Only” opened by the Receiving Agent;
 - (o) agree that your Application Form is addressed to the Company and the Receiving Agent; and
 - (p) agree that if a fractional entitlement to a C Share arises on your application, the number of C Shares issued to you will be rounded down to the nearest whole number and any fractions shall be retained by the Company for its benefit;
 - (q) acknowledge that the offer to the public of C Shares is being made only in the United Kingdom and represent that you are a United Kingdom resident (unless you are able to provide such evidence as the Company may, in its absolute discretion, require that you are entitled to apply for C Shares); and
 - (r) agree that any application may be rejected in whole or in part at the sole discretion of the Company.

2.2 Acceptance of your offer

The Receiving Agent may, on behalf of the Company, accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected) by notifying the UK Listing Authority through a Regulatory Information Service of the basis of allocation (in which case the acceptance will be on that basis).

The basis of allocation will be determined by Cenkos in consultation the Company. The right is reserved notwithstanding the basis as so determined to reject in whole or in part and/or scale back any application. The right is reserved to treat as valid any application not complying fully with these Terms and Conditions of Application or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed with the Company in some other manner to apply in accordance with these Terms and Conditions of Application.

The Receiving Agent will present all cheques and banker’s drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful applicants’ payments.

The Receiving Agent may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Receiving Agent to be the interest on the amount of the payment from the date on which all payments in cleared funds are due to be received until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Receiving Agent plus 4 per cent. per annum. The right is also reserved to reject in whole or in part, or to scale down or limit, any application.

Payments must be made by cheque or banker’s draft in pounds Sterling drawn on a branch in the United Kingdom of a bank or building society that is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or that has arranged for its cheques or bankers’ drafts to be cleared through the facilities provided for members of either of those companies. Such cheques or bankers’ drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of an individual Applicant where they have sole or joint title to the funds, should be made payable to “Computershare Investor Services PLC a/c BRNA plc Offer for Subscription” and crossed “A/C

Payee Only". Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping/endorsing the cheque or banker's draft to that effect. The account name should be the same as that shown on the Application Form.

2.3 Conditions

The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:

- (a) Admission occurring by 8.00 a.m. (London time) on 16 October 2013 (or such later time or date, not being later than 8.00 a.m. on 15 November 2013, as the Company and Cenkos may agree); and
- (b) the Placing and Share Issuance Agreement becoming otherwise unconditional in all respects, and not being terminated in accordance with its terms before Admission.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

2.4 Return of application monies

Where application monies have been banked and/or received, if any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto, without interest. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

2.5 Warranties

By completing an Application Form, you:

- (a) undertake and warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions of Application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- (b) warrant, if the laws of any territory or jurisdiction outside the UK are applicable to your application, that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company or the Receiving Agent or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside of the UK in connection with the Offer for Subscription in respect of your application;
- (c) confirm that (save for advice received from your financial adviser (if any)) in making an application you are not relying on any information or representations in relation to the Company other than those contained in the Prospectus (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for the Prospectus or any part thereof shall have any liability for any such other information or representation;
- (d) agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and representations contained therein;

- (e) acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in the Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, Cenkos or the Receiving Agent;
- (f) warrant that you are not under the age of 18 on the date of your application;
- (g) agree that all documents and monies sent by post to, by, from or on behalf of the Company or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint holders, the address of the first named holder) as set out in your Application Form;
- (h) confirm that you have reviewed the restrictions contained in paragraph 2.7 below and warrant that you (and any person on whose behalf you apply) comply with the provisions therein;
- (i) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription shall be governed by and construed in accordance with the laws of England and Wales and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (j) irrevocably authorise the Company, Cenkos or the Receiving Agent or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any C Shares subscribed by or issued to you into your name and authorise any representatives of the Company and/or Cenkos and/or the Receiving Agent to execute any documents required therefor and to enter your name on the Register;
- (k) agree to provide the Company with any information which it, Cenkos or the Receiving Agent may request in connection with your application or to comply with any other relevant legislation (as the same may be amended from time-to-time) including without limitation satisfactory evidence of identity to ensure compliance with the UK Money Laundering Regulations;
- (l) warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, Cenkos or the Receiving Agent acting in breach of the regulatory or legal requirements of any territory in connection with the Offer for Subscription or your application;
- (m) represent and warrant to the Company that (i) you are not a U.S. Person, are not located within the United States and are not acquiring the C Shares for the account or benefit of a U.S. Person; (ii) you are acquiring the C Shares in an offshore transaction meeting the requirements of Regulation S; (iii) you understand and acknowledge that the C Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, into or within the United States or to, or for the account or benefit of, U.S. Persons; and (iv) you understand and acknowledge that the Company has not registered and will not register as an investment company under the U.S. Investment Company Act;
- (n) represent and warrant to the Company that if in the future you decide to offer, sell, transfer, assign or otherwise dispose of the C Shares, you will do so only (i) in an offshore transaction complying with the provisions of Regulation S under the U.S. Securities Act to a person outside the United States and not known by the transferor to be a U.S. Person, by pre-arrangement or otherwise, or (ii) to the Company or a subsidiary thereof. You understand and acknowledge that any sale, transfer, assignment, pledge or other disposal made other than in compliance with the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;

- (o) agree that the Receiving Agent is acting for the Company in connection with the Offer for Subscription and for no-one else and that it will not treat you as its customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the C Shares or concerning the suitability of the C Shares for you or be responsible to you for the protections afforded to their customers;
- (p) warrant that you are not subscribing for the C Shares using a loan which would not have been given to you or any associate or not given to you on such favourable terms, if you had not been proposing to subscribe for the C Shares;
- (q) warrant that the information contained in the Application Form is true and accurate; and
- (r) agree that if you request that C Shares are issued to you on a date other than Admission and such C Shares are not issued on such date that the Company and its agents and Directors will have no liability to you arising from the issue of such C Shares on a different date.

2.6 Money Laundering

You agree that, in order to ensure compliance with the UK Money Laundering Regulations, the Proceeds of Crime Act 2002 and any other applicable regulations, the Receiving Agent may at its absolute discretion require verification of identity of you the (the “**holder(s)**”) as the applicant lodging an Application Form and further may request from you and you will assist in providing identification of:

- (a) the owner(s) and/or controller(s) (the “**payor**”) of any bank account not in the name of the holder(s) on which is drawn a payment by way of banker’s draft or cheque; or
- (b) where it appears to the Receiving Agent that a holder or the payor is acting on behalf of some other person or persons.

Failure to provide the necessary evidence of identity may result in your application being rejected or delays in the despatch of documents.

Without prejudice to the generality of this paragraph 2.6, verification of the identity of holders and payors will be required if the value of the C Shares applied for, whether in one or more applications considered to be connected, exceeds €15,000 (or the Sterling equivalent). If, in such circumstances, you use a building society cheque or banker’s draft you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the cheque or banker’s draft and adds its stamp. If, in such circumstances, the person whose account is being debited is not a holder you will be required to provide for both the holder and the payor an original or a copy of that person’s passport or driving licence certified by a solicitor and an original or certified copy of the following no more than 3 months old, a gas, electricity, water or telephone (not mobile) bill, a recent bank statement or a council tax bill, in their name and showing their current address (which originals will be returned by post at the addressees’ risk) together with a signed declaration as to the relationship between the payor and you the holder.

For the purpose of the UK Money Laundering Regulations a person making an application for C Shares will not be considered as forming a business relationship with the Company or the Receiving Agent but will be considered as effecting a one-off transaction with either the Company or with the Receiving Agent.

The person(s) submitting an application for C Shares will ordinarily be considered to be acting as principal in the transaction unless the Receiving Agent determines otherwise, whereupon you may be required to provide the necessary evidence of identity of the underlying beneficial owner(s).

If the amount being subscribed exceeds €15,000 (or the Sterling equivalent) you should endeavour to have the declaration contained in section 5 of the Application Form signed by an appropriate firm as described in that section. If you cannot have that declaration signed and the amount being

subscribed exceeds €15,000 (or the Sterling equivalent) then you must provide with the Application Form the identity documentation detailed in section 6 of the Application Form for each underlying beneficial owner.

2.7 Non-United Kingdom investors

If you receive a copy of the Prospectus or an Application Form in any territory other than the United Kingdom you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the UK and wish to make an application for C Shares under the Offer for Subscription, to satisfy yourself as to full observance of the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

None of the C Shares have been or will be registered under the laws of Canada, Japan, Australia, the Republic of South Africa or under the U.S. Securities Act or with any securities regulatory authority of any state or other political subdivision of the United States, Canada, Japan, Australia or the Republic of South Africa. If you subscribe for C Shares you will, unless the Company and the Receiving Agent agree otherwise in writing, be deemed to represent and warrant to the Company that you are not a U.S. Person or a resident of Canada, Japan, Australia, the Republic of South Africa or a corporation, partnership or other entity organised under the laws of the U.S. or Canada (or any political subdivision of either) or Japan or Australia or the Republic of South Africa and that you are not subscribing for such C Shares for the account of any U.S. Person or resident of Canada, Japan, Australia or the Republic of South Africa and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the C Shares in or into the United States, Canada, Japan, Australia or the Republic of South Africa or to any U.S. Person or person resident in Canada, Japan, Australia or the Republic of South Africa. No application will be accepted if it shows the applicant, payor or a holder having an address in the United States, Canada, Japan, Australia or the Republic of South Africa.

Persons (including, without limitation, nominees and trustees) receiving this document should not distribute or send it to any U.S. Person or in or into the United States, Canada, Australia, Japan or the Republic of South Africa their respective territories or possessions or any other jurisdiction where to do so would or might contravene local securities law or regulations.

The Company reserves the right to treat as invalid any agreement to subscribe for C Shares pursuant to the Offer for Subscription if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

2.8 The Data Protection Act 1998

Pursuant to The Data Protection Act 1998 (the “**DP Act**”) the Company and/or the Registrar, may hold personal data (as defined in the DP Act) relating to past and present shareholders.

Such personal data held is used by the Registrar to maintain the Register and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned below when (a) effecting the payment of dividends and other distributions to Shareholders and (b) filing returns of Shareholders and their respective transactions in Shares with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used.

By becoming registered as a holder of C Shares a person becomes a data subject (as defined in the DP Act) and is deemed to have consented to the processing by the Company or its Registrar of any personal data relating to them in the manner described above.

2.9 Miscellaneous

To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the C Shares and the Offer for Subscription.

The rights and remedies of the Company, Cenkos and the Receiving Agent under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.

The Company reserves the right to extend the closing time and/or date of the Offer for Subscription from 12 noon on 10 October 2013. In that event, the new closing time and/or date will be notified to applicants.

The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned as indicated without interest.

You agree that Cenkos and the Receiving Agent are acting for the Company in connection with the Issue and for no-one else, and that neither Cenkos nor the Receiving Agent will treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of the C Shares or concerning the suitability of the C Shares for you or otherwise in relation to the Issue or for providing the protections afforded to their customers.

Save where the context requires otherwise, terms used in these Terms and Conditions of Application bear the same meaning as where used in the Prospectus.

PART 12

DEFINITIONS

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

Administrator	BlackRock Investment Management (UK) Limited in its capacity as the Company's administrator
Admission	means: (a) in respect of the Issue, the admission of the C Shares to the premium listing segment of the Official List of the UKLA and admission of the C Shares to trading on the main market for listed securities of the London Stock Exchange; and/or (b) in respect of the Placing Programme, the admission of the new Ordinary Shares to be issued pursuant to the Placing Programme to the premium listing segment of the Official List of the UKLA and admission of the new Ordinary Shares to trading on the main market for listed securities of the London Stock Exchange
AIC	the Association of Investment Companies
AIC Code	the AIC Code of Corporate Governance published by the AIC from time-to-time
AIF	an alternative investment fund
AIFM	an alternative investment fund manager
AIFM Directive	the EU Directive on Alternative Investment Fund Managers
Articles	the articles of association of the Company
BlackRock Group	the BlackRock group of companies, the ultimate holding company of which is BlackRock, Inc.
Business Day	any day which is not a Saturday or Sunday, Christmas Day, Good Friday or a bank holiday in the City of London
C Shareholder	holders of C Shares
Calculation Date	has the meaning given to it in Part 5 of this document
Capital gains tax or CGT	UK taxation of capital gains or corporation tax on chargeable gains, as the context may require
Cenkos	Cenkos Securities plc
certificated or in certificated form	not in uncertificated form
COB Rules	the Conduct of Business Rules contained in the FCA Handbook
Companies Act or Act	the Companies Act 2006 and any statutory modification or re-enactment thereof for the time being in force
Company	BlackRock North American Income Trust plc
Conversion	the conversion of C Shares into Ordinary Shares in accordance with paragraph 8 of Part 5 of this document
Conversion Date	has the meaning given to it in Part 5 of this document

Conversion Ratio	has the meaning given to it in Part 5 of this document
CREST	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
C Shares	C Shares of £0.10 each in the capital of the Company which will convert to Ordinary Shares on Conversion
CTA 2009	Corporation Tax Act 2009 and any statutory modification or re-enactment thereof for the time being in force
CTA 2010	Corporation Tax Act 2010 and any statutory modification or re-enactment thereof for the time being in force
Custodian	The Bank of New York Mellon (International) Limited
Custody Agreement	the custody agreement dated 14 September 2012 between the Company and the Custodian, a summary of which is set out in paragraph 7.5 of Part 9 of this document
Deferred Shares	has the meaning given to it in Part 5 of this document
Directors or Board	the board of directors of the Company
Disclosure and Transparency Rules	the disclosure rules and transparency rules made by the Financial Conduct Authority under section 73A of FSMA
ERISA	U.S. Employee Retirement Income Security Act of 1976, as amended
EU	the European Union
Euro	the lawful currency of the EU
Euroclear	Euroclear UK & Ireland Limited, being the operator of CREST
Excess Application Facility	the arrangement pursuant to which Existing Shareholders may apply for additional C Shares in excess of their Open Offer Entitlement in accordance with the terms and conditions of the Open Offer
Excess CREST Open Offer Entitlement	in respect of each Existing CREST Shareholder, the entitlement (in addition to their Open Offer Entitlement) to apply for C Shares pursuant to the Excess Application Facility
Excess Shares	C Shares under the Open Offer which are not being taken up by Existing Shareholders pursuant to their Open Offer Entitlements, and any C Shares that the Directors determine, in their absolute discretion, should be reallocated from the Placing and/or Offer for Subscription to satisfy demand from existing investors in preference to prospective new investors under the Placing and/or Offer for Subscription
Excess Shares Entitlement	the entitlement of Existing Shareholders to apply for Excess Shares under the Excess Application Facility as set out in Part 3 of this document
Excluded Overseas Shareholder	an Overseas Shareholder who is resident in, or who is outside or who has a registered address in an Excluded Territory

Excluded Territory	United States, Canada, Australia, Japan or the Republic of South Africa
Existing CREST Shareholder	an Existing Shareholder holding Ordinary Shares in uncertificated form and Existing CREST Shareholders shall be construed accordingly
Existing Non-CREST Shareholder	an Existing Shareholder holding Ordinary Shares in certificated form and Existing Non-CREST Shareholders shall be construed accordingly
Existing Ordinary Shares	Ordinary Shares in issue at the Record Date
Existing Shareholder	means a holder of Ordinary Shares as at the Record Date who is not restricted from acquiring C Shares as set out in the section entitled “Overseas Shareholders” in Part 10 of this document or otherwise and Existing Shareholders shall be construed accordingly
FCA	the Financial Conduct Authority or any successor authority
FHC	a financial holding company
FSL	the Financial Services (Jersey) Law 1998, as amended
FSMA	the Financial Services and Markets Act 2000 and any statutory modification or re-enactment thereof for the time being in force
General Meeting	the general meeting of the Company, convened for 12 noon on 10 October 2013 at the offices of Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU or any adjournment thereof
Gross Assets	the aggregate value of the total assets of the Company as determined in accordance with the accounting principles adopted by the Company from time-to-time
HMRC	Her Majesty’s Revenue and Customs
IFRS	international financial reporting standards
Initial Gross Proceeds	the aggregate value of the C Shares issued under the Issue
Investment Adviser	BlackRock Investment Management, LLC
Investment Adviser Agreement	the investment adviser agreement between, <i>inter alia</i> , the Manager and the Investment Adviser
Issue	the Placing, Open Offer and Offer for Subscription
Issue Price	100 pence per C Share
IRS	U.S. Internal Revenue Service
ISA	UK individual savings account
ITA	the Income Tax Act 2007 and any statutory modification or re-enactment thereof for the time being in force
Listing Rules	the listing rules made by the UKLA under section 73A of FSMA

London Stock Exchange	London Stock Exchange plc
Management Agreement	the investment management and secretarial agreement dated 14 September 2012 between the Company and the Manager, a summary of which is set out in paragraph 7.4 of Part 9 of this document
Management Shares	redeemable management shares of 100 pence each
Manager or BlackRock	BlackRock Investment Management (UK) Limited
Market Capitalisation	<p>the sum of:</p> <p>(a) the aggregate of the closing mid-market prices for an Ordinary Share as derived from the Daily Official List of the London Stock Exchange on each Business Day in the relevant quarter multiplied by the number of Ordinary Shares in issue on such Business Day (excluding any Ordinary Shares held by the Company in treasury on that Business Day) divided by the number of Business Days in the relevant quarter; and</p> <p>(b) for each tranche of C Shares in issue during the relevant quarter, the aggregate of the closing mid-market prices for a C Share of the relevant tranche as derived from the Daily Official List of the London Stock Exchange on each Business Day in the relevant quarter the C Shares of that tranche are in issue multiplied by the number of C Shares of the relevant tranche in issue on such Business Day divided by the number of Business Days the C Shares of that tranche are in issue in the relevant quarter</p>
member account ID	the identification code or number attached to any member account in CREST
Minimum Proceeds	the minimum gross proceeds of the Issue, being £15 million or such lesser amount as shall be agreed between the Company, Cenkos and the Manager
Model Code	the Model Code for directors' dealings contained in the Listing Rules
Net Assets	total assets minus total liabilities
Net Asset Value or NAV	at any time the net asset value of the Company (being the value, as at any date, of the assets of the Company after deduction of all liabilities calculated in accordance with the Company's accounting policies) in total or (as the context requires) attributed to the Ordinary Shares in issue (other than the Ordinary Shares held in treasury) or C Shares of the relevant tranche
Net Asset Value per C Share	at any time the Net Asset Value attributable to the C Shares of the relevant tranche divided by the number of C Shares of the relevant tranche in issue at the date of calculation and calculated in accordance with the Company's accounting policies
Net Asset Value per Ordinary Share	at any time the Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue (other than Ordinary Shares held in treasury) at the date of calculation and calculated in accordance with the Company's accounting policies

Net Asset Value per Share	at any time, as the context requires, the Net Asset Value per Ordinary Share or Net Asset Value per C Share
Net Proceeds	the aggregate net cash proceeds of the issue of C Shares pursuant to the Issue (after the deduction of all expenses and commissions relating to the Issue and payable by the Company)
Offer for Subscription	the offer for subscription of C Shares at the Issue Price on the terms set out in this document
Official List	the official list maintained by the UKLA pursuant to Part VI of FSMA
Open Offer	means the offer to Existing Shareholders, constituting an invitation to apply for C Shares under the Open Offer, on the terms and subject to the conditions set out in this document and, in the case of Existing Non-CREST Shareholders only, the Open Offer Application Form
Open Offer Application Form	means the personalised application form on which Existing Shareholders may apply for C Shares under the Open Offer
Open Offer Entitlement	the entitlement of Existing Shareholders to apply for C Shares under the Open Offer as set out in Part 3 of this document
Ordinary Shareholders	a holder of Ordinary Shares
Ordinary Shares	ordinary shares of £0.01 each in the capital of the Company
Overseas Persons	a potential investor who is not resident in, or who is not a citizen of, the UK
Overseas Shareholder	a person who is not resident in, or who is outside or who has a registered address outside, the United Kingdom
PD Regulation	the EU Prospectus Directive Regulation 2004/809/EC
Placees	the subscribers of C Shares pursuant to the Placing
Placing	the proposed placing of C Shares at the Issue Price, as described in this document
Placing and Share Issuance Agreement	the placing and share issuance agreement dated 16 September 2013 between the Company, the Manager and Cenkos, a summary of which is set out in paragraph 7.1 of Part 9 of this document
Placing Price	the price at which new Ordinary Shares will be issued pursuant to the Placing Programme to Placing Programme Placees, being such price, not less than the aggregate of the prevailing Net Asset Value per Ordinary Share (cum-income) and a premium to cover, <i>inter alia</i> , the costs and expenses of the issue of Ordinary Shares (including, without limitation, any placing commissions) subject to the requirements of the Listing Rules
Placing Programme	the proposed programme of placings of up to 45,000,000 Ordinary Shares as described in this document
Placing Programme Placees	the subscribers of new Ordinary Shares pursuant to the Placing Programme

PNC Group	the group of companies, the ultimate holding company of which is The PNC Financial Services Corporation, Inc.
POI Law	the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended
Prospectus Directive	the EU Prospectus Directive 2003/71/EC
Prospectus Rules	the prospectus rules made by the Financial Conduct Authority under section 73A of FSMA
Receiving Agent or Registrar	Computershare Investor Services PLC
Receiving Agent Agreement	the receiving agent agreement dated 16 September 2013 between the Company and the Receiving Agent, a summary of which is set out in paragraph 7.8 of Part 9 of this document
Record Date	close of business on 13 September 2013
Register	the register of members of the Company
Registrar's Agreement	the agreement between the Company and the Registrar dated 14 September 2012, a summary of which is set out in paragraph 7.6 of Part 9 of this document
Regulation S	Regulation S promulgated under the U.S. Securities Act
Regulatory Information Service	a service authorised by the UKLA to release regulatory announcements to the London Stock Exchange
Relevant Member State	a member state of the European Economic Area which has implemented the Prospectus Directive
Resolutions	the Shareholder resolutions to be proposed at the General Meeting
Russell 1000 Value Index	the Russell 1000 value index measuring the performance of the large-cap segment of the U.S. equity universe
S&P 500 Index	the Standard and Poor's 500 index measuring the performance of 500 leading companies in leading industries of the U.S. economy
S&P Global BMI Index	the Standard and Poor's Global (Broad Market) index measuring global stock market performance
Secretary	BlackRock Investment Management (UK) Limited in its capacity as the Company's secretary
SEC	the U.S. Securities and Exchange Commission
Shareholder	a holder of Shares
Shares	Ordinary Shares and/or C Shares (as the case may be)
SIPP	a self-invested personal pension as defined in Regulation 3 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001 of the UK

SSAS	a small self-administered scheme as defined in Regulation 2 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Small Self-Administered Schemes) Regulations 1991 of the UK
Sterling or £	the lawful currency of the United Kingdom
Takeover Code	the UK City Code on Takeovers and Mergers
Treaty	the income tax treaty between the UK and the U.S.
UK Corporate Governance Code	the UK Corporate Governance Code as published by the Financial Reporting Council from time-to-time
UKLA	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
United States of America, United States or U.S.	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
U.S. BHC Act	U.S. Bank Holding Company Act of 1956, as amended
U.S. Code	U.S. Internal Revenue Code, as amended
U.S. Investment Company Act	U.S. Investment Company Act of 1940, as amended
U.S. Person	any person who is a U.S. person within the meaning of Regulation S adopted under the U.S. Securities Act
U.S. Securities Act	U.S. Securities Act of 1933, as amended
U.S.\$ or \$	the lawful currency of the United States of America
VAT	value added tax

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Applications should be returned so as to be received no later than 12 noon (London time) on 10 October 2013.

HELP DESK: If you have a query concerning completion of this Application Form please call the Receiving Agent on 0800 923 1518 or from outside the UK on +44 (0870) 707 4040.

1. APPLICATION

Fill in (in figures) in Box 1 the amount of money being subscribed for C Shares. The amount being subscribed must be a minimum of £100 and thereafter in multiples of £10. Financial intermediaries who are investing on behalf of clients should make separate applications or, if making a single application for more than one client, provide details of all clients in respect of whom application is made in order to benefit most favourably from any scaling back should this be required or to benefit most favourably from any commission arrangements.

2A. HOLDER DETAILS

Fill in (in block capitals) the full name and address of each holder. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference and the address given for the first named will be entered as the registered address for the holding on the share register and used for all future correspondence. A maximum of four joint holders is permitted. All holders named must sign the Application Form at section 3.

2B. CREST

If you wish your C Shares to be deposited in a CREST Account in the name of the holders given in section 2A enter in section 2B the details of that CREST Account. Where it is requested that C Shares be deposited into a CREST Account please note that payment for such C Shares must be made prior to the day such C Shares might be allotted and issued. It is not possible for an applicant to request that C Shares be deposited in their CREST Account on an against payment basis. Any Application Form received containing such a request will be rejected.

3. SIGNATURE

All holders named in section 2A must sign section 3 and insert the date. The Application Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which originals will be returned by post at the addressee's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

4. CHEQUE/BANKER'S DRAFT, PAYMENT

Payments must be made by cheque or banker's draft in Sterling drawn on a branch in the United Kingdom of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for members of any of these companies. Such cheques or banker's drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have a sole or joint title to the funds, should be made payable to "Computershare Investor Services PLC a/c BRNA plc Offer for Subscription" and crossed "A/C Payee Only". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping and endorsing the cheque/banker's draft to such effect.

The account name should be the same as that shown on the application.

5. RELIABLE INTRODUCER DECLARATION

Applications will be subject to the UK's verification of identity requirements. This will involve you providing the verification of identity documents listed in section 6 of the Application Form UNLESS you can have the declaration provided at section 5 of the Application Form given and signed by a firm acceptable to the Receiving Agent. In order to ensure your application is processed timely and efficiently all applicants are strongly advised to have the declaration provided in section 5 of the Application Form completed and signed by a suitable firm.

6. IDENTITY INFORMATION

Applicants need only consider section 6 of the Application Form if the declaration in section 5 cannot be completed. Notwithstanding that the declaration in section 5 has been completed and signed the Receiving Agent reserves the right to request of you the identity documents listed in section 6 and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time your application might be rejected or revoked. Where certified copies of documents are provided such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

7. CONTACT DETAILS

To ensure the efficient and timely processing of your Application Form, please provide contact details of a person the Receiving Agent may contact with all enquiries concerning your application. Ordinarily this contact person should be the person signing in section 3 on behalf of the first named holder. If no details are provided here but a regulated person is identified in section 5, the Receiving Agent will contact the regulated person. If no details are entered here and no regulated person is named in section 5 and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

INSTRUCTIONS FOR DELIVERY OF COMPLETED APPLICATION FORMS – Completed Application Forms should be returned, by post to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS99 6AH or by hand (during normal business hours), to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received no later than 12 noon (London time) on 10 October 2013, together in each case with payment in full in respect of the application. If you post your Application Form, you are recommended to use first class post and to allow at least four days for delivery. Application Forms received after this date may be returned.

APPENDIX – APPLICATION FORM

Please send this completed form by post to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS99 6AH or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received no later than 12 noon (London time) on 10 October 2013.

The Directors may, with the prior approval of Cenkos, alter such date and thereby shorten or lengthen the offer period. In the event that the offer period is altered, the Company will notify investors of such change.

Important: Before completing this form, you should read the Prospectus dated 16 September 2013 and the Terms and Conditions of the Offer for Subscription set out in the Prospectus and accompanying notes to this form.

To: BlackRock North American Income Trust plc and the Receiving Agent

FOR OFFICIAL USE ONLY
Log No.

Box 1 (minimum of £100 and in multiples of £10 thereafter)
£

1. APPLICATION

I/We the person(s) detailed in section 2A below offer to subscribe the amount shown in Box 1 for C Shares subject to the Terms and Conditions of the Offer for Subscription set out in the Prospectus dated 16 September 2013 and subject to the articles of association of the Company in force from time-to-time.

2A. DETAILS OF HOLDER(S) IN WHOSE NAME(S) C SHARES WILL BE ISSUED

(BLOCK CAPITALS)

1:	Mr, Mrs, Ms or Title:	Forenames (in full):
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Surname/Company name:

Address (in full):

	Postcode:
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Designation (if any):

2:	Mr, Mrs, Ms or Title:	Forenames (in full):
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Surname/Company name:

Address (in full):

	Postcode:
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Designation (if any):

3:	Mr, Mrs, Ms or Title:	Forenames (in full):
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Surname/Company name:

Address (in full):

	Postcode:
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Designation (if any):

4:	Mr, Mrs, Ms or Title:	Forenames (in full):
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Surname/Company name:

Address (in full):

	Postcode:
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Designation (if any):

2B. CREST ACCOUNT DETAILS INTO WHICH C SHARES ARE TO BE DEPOSITED (IF APPLICABLE)

Only complete this section if C Shares allotted are to be deposited in a CREST Account which must be in the same name as the holder(s) given in Section 2A.

(BLOCK CAPITALS)

CREST Participant ID:

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CREST Member Account ID:

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3. SIGNATURE(S): ALL HOLDERS MUST SIGN

By completing box 3 below you are deemed to have read the Prospectus and agreed to the terms and conditions in Part 11 of the Prospectus (Terms and Conditions of Application under the Offer for Subscription) and to have given the warranties, representations and undertakings set out therein.

First Applicant Signature:		Date	
Second Applicant Signature:		Date	
Third Applicant Signature:		Date	
Fourth Applicant Signature:		Date	

Execution by a Company

Executed by (Name of Company):		Date	
Name of Director:		Signature:	Date
Name of Director/Secretary:		Signature:	Date
If you are affixing a company seal, please mark a cross		Affix Company Seal here:	

4. CHEQUES/BANKER'S DRAFT DETAILS

Pin or staple to this form your cheque or banker's draft for the exact amount shown in Box 1 made payable to "Computershare Investor Services PLC a/c BRNA plc Offer for Subscription" and crossed "A/C Payee Only". Cheques and banker's payments must be drawn in Sterling on an account at a bank branch in the United Kingdom and must bear a United Kingdom bank sort code number in the top right hand corner. If you use a banker's draft or a building society cheque you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the banker's draft or cheque and adds its stamp.

5. RELIABLE INTRODUCER DECLARATION

Completion and signing of this declaration by a suitable person or institution may avoid presentation being requested of the identity documents detailed in section 6 of this form.

The declaration below may only be signed by a person or institution (such as a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the "firm") which is itself subject in its own country to operation of 'know your customer' and anti-money laundering regulations no less stringent than those which prevail in the United Kingdom.

DECLARATION:

To the Company and the Receiving Agent

With reference to the holder(s) detailed in section 2A, all persons signing at section 3 and the payor identified in section 6 if not also a holder (collectively the "subjects") WE HEREBY DECLARE:

1. we operate in the United Kingdom, or in a country where money laundering regulations under the laws of that country are, to the best of our knowledge, no less stringent than those which prevail in the United Kingdom and our firm is subject to such regulations;
2. we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;

3. each of the subjects is known to us in a business capacity and we hold valid identity documentation on each of them and we undertake to immediately provide to you copies thereof on demand;
4. we confirm the accuracy of the names and residential business address(es) of the holder(s) given at section 2A and if a CREST Account is cited at section 2B that the owner thereof is named in section 2A;
5. having regard to all local money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the C Shares mentioned; and
6. where the payor and holder(s) are different persons we are satisfied as to the relationship between them and reason for the payor being different to the holder(s).

The above information is given in strict confidence for your own use only and without any guarantee, responsibility or liability on the part of this firm or its officials.

Signed:	Name:	Position:
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Name of regulatory authority:	Firm's licence number:
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Website address or telephone number of regulatory authority:
STAMP of firm giving full name and business address:

6. IDENTITY INFORMATION

If the declaration in section 5 cannot be signed and the value of your application is greater than €15,000 (or the Sterling equivalent), please enclose with that Application Form the documents mentioned below, as appropriate. Please also tick the relevant box to indicate which documents you have enclosed, all of which will be returned by the Receiving Agent to the first named Applicant.

Holders				Payor
Tick here for documents provided				

In accordance with internationally recognised standards for the prevention of money laundering, the documents and information set out below must be provided:

A. For each holder being an individual enclose:

- (1) an original or a certified clear photocopy of one of the following identification documents which bear both a photograph and the signature of the person: current passport – Government or Armed Forces identity card – driving licence; and

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(2) an original or certified copies of at least two of the following documents no more than 3 months old which purport to confirm that the address given in section 2A is that person's residential address: a recent gas, electricity, water or telephone (not mobile) bill – a recent bank statement – a council rates bill – or similar document issued by a recognised authority; and

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(3) if none of the above documents show their date and place of birth, enclose a note of such information; and

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(4) details of the name and address of their personal bankers from which the Receiving Agent may request a reference, if necessary.

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B. For each holder being a company (a "holder company") enclose:

(1) a certified copy of the certificate of incorporation of the holder company; and

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(2) the name and address of the holder company's principal bankers from which the Receiving Agent may request a reference, if necessary; and

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(3) a statement as to the nature of the holder company's business, signed by a director; and

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(4) a list of the names and residential addresses of each director of the holder company; and

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(5) for each director provide documents and information similar to that mentioned in A above; and

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(6) a copy of the authorised signatory list for the holder company; and

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(7) a list of the names and residential/registered address of each ultimate beneficial owner interested in more than 5 per cent. of the issued share capital of the holder company and, where a person is named, also complete C below and, if another company is named (hereinafter a "beneficiary company"), also complete D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.

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C. For each person named in B(7) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(1) to (4).

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D. For each beneficiary company named in B(7) as a beneficial owner of a holder company enclose:

(1) a certified copy of the certificate of incorporation of that beneficiary company; and

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(2) a statement as to the nature of that beneficiary company's business signed by a director; and

--	--	--	--	--

(3) the name and address of that beneficiary company's principal bankers from which the Receiving Agent may request a reference, if necessary; and

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(4) a list of the names and residential/registered address of each beneficial owner owning more than 5 per cent. of the issued share capital of that beneficiary company.

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E. If the payor is not a holder and is not a bank providing its own cheque or banker's payment on the reverse of which is shown details of the account being debited with such payment (see note 5 on how to complete this form) enclose:

(1) if the payor is a person, for that person the documents mentioned in A(1) to (4); or

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(2) if the payor is a company, for that company the documents mentioned in B(1) to (7); and

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(3) an explanation of the relationship between the payor and the holder(s).

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The Receiving Agent reserves the right to ask for additional documents and information.

7. CONTACT DETAILS

To ensure the efficient and timely processing of this application please enter below the contact details of a person the Receiving Agent may contact with all enquiries concerning this application. Ordinarily this contact person should be the person signing in section 3 on behalf of the first named holder. If no details are provided here but a regulated person is identified in section 5, the Receiving Agent will contact the regulated person. If no details are entered here and no regulated person is named in section 5 and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

Contact name:

E-mail address:

Contact address:

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Postcode:

Telephone No:

Fax No:
