

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. When considering what action you should take, you are recommended immediately to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriately qualified independent financial adviser authorised under the Financial Services and Markets Act 2000.

This document comprises a prospectus relating to JPMorgan Smaller Companies Investment Trust plc prepared in accordance with the Prospectus Rules made under section 84 of the Financial Services and Markets Act 2000 in order to make an offer of transferable securities to the public and to admit the transferable securities to trading on the London Stock Exchange. This document has been approved by and filed with the Financial Conduct Authority in accordance with the Prospectus Rules. This document and the information herein relates expressly to the Subscription Shares.

If you sell or have sold or otherwise transferred all your Ordinary Shares, please send this document, together with the accompanying Form of Proxy and/or Voting Instruction Form, at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom or by whom the sale or transfer was made, for delivery to the purchaser or transferee. The distribution of this document and/or the accompanying documents in jurisdictions other than the UK, including the United States, Australia, Canada, Japan, New Zealand, the Republic of South Africa or any EEA State (other than the UK) may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

Application will be made to the Financial Conduct Authority for the Subscription Shares to be admitted to the standard segment of the Official List before they are issued. Application will also be made to the London Stock Exchange for all such Subscription Shares to be admitted to trading on the London Stock Exchange's main market for listed securities before they are issued.

Winterflood Securities Limited (**Winterflood**), which is authorised and regulated by the Financial Conduct Authority, is acting through its division, Winterflood Investment Trusts, for the Company in connection with the Bonus Issue and the contents of this document and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Winterflood or for advising any such person in connection with the Bonus Issue and the contents of this document. Winterflood is not responsible for the contents of this document. Nothing in this paragraph shall serve to exclude or limit any responsibilities which Winterflood may have under the Financial Services and Markets Act 2000 or the regulatory regime established thereunder.

JPMORGAN SMALLER COMPANIES INVESTMENT TRUST PLC

(Incorporated in England and Wales under the Companies Act 1985 (No. 2515996 and registered as an investment company under section 833 of the Companies Act 2006)

PROSPECTUS AND CIRCULAR TO SHAREHOLDERS BONUS ISSUE OF SUBSCRIPTION SHARES

AND

NOTICE OF GENERAL MEETING TO CONSIDER PROPOSALS FOR THE BONUS ISSUE OF SUBSCRIPTION SHARES

Sponsor

Winterflood Securities Limited

Portfolio Manager

JPMorgan Asset Management (UK) Limited

It is expected that Admission will become effective and that dealings in the Subscription Shares on the London Stock Exchange's main market for listed securities will commence on or around 25 February 2015.

Notice of a General Meeting of the Company to be held at J.P. Morgan's offices, 60 Victoria Embankment, London EC4Y 0JP on 23 February 2015 at 3.00 p.m. is set out at the end of this document. The Bonus Issue described in this document is conditional upon Shareholder approval of the Resolution at the General Meeting. Shareholders are requested to complete and return their Form(s) of Proxy and/or Voting Instruction Form(s).

To be valid, Forms of Proxy for use at the General Meeting must be completed and returned in accordance with the instructions printed thereon to the Company's Registrars, or delivered by hand during office hours only to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA as soon as possible and in any event so as to arrive by not later than 3.00 p.m. on 19 February 2015.

Voting Instruction Forms are enclosed for use by individuals who hold some or all of their Ordinary Shares through the Plans. To be valid, Voting Instruction Forms must be completed and returned in accordance with the instructions printed thereon to the appropriate plan manager as soon as possible and in any event so as to arrive by not later than 3.00 p.m. on 16 February 2015.

The Ordinary Shares are not, and the Subscription Shares will not be, registered under the Securities Act or under the relevant laws of any State of the United States or any state, province or territory of Australia, Canada, Japan, New Zealand, the Republic of South Africa or any EEA State (other than the UK). Subject to certain exceptions, the Subscription Shares issued under the Bonus Issue may not, directly or indirectly, be offered, sold, taken up, delivered or transferred in or into the United States, Australia, Canada, Japan, New Zealand, the Republic of South Africa, any EEA State (other than the UK) or to, or for the account or benefit of, US Persons (as defined in Regulation S of the Securities Act). The Subscription Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Bonus Issue or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States. The attention of Restricted Shareholders and other recipients of this document who are residents or citizens of any country outside the UK is drawn to the section entitled "Restricted Shareholders" in Part I of this document.

The whole text of this document should be read. The attention of potential investors is drawn in particular to the section of this document entitled "Risk Factors".

Prospective investors should inform themselves as to: (a) the possible tax consequences; (b) the legal requirements; and (c) any foreign exchange restrictions or exchange control requirements, which they might encounter under the laws of the countries of their citizenship, residence or domicile, and which might be relevant to the subscription, holding or disposal of Subscription Shares or the exercise of the Subscription Share Rights.

23 January 2015

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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 security and issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of security 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

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
A.1	Warning	This summary section should be read as an introduction to this document. Any decision to invest in the securities should be based on a consideration of this document as a whole by the investor. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under national legislation of the EEA States, have to bear the costs of translating this document 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 document or it does not provide, when read together with the other parts of the document, key information in order to aid investors when considering whether to invest in such securities.
A.2	Financial intermediaries	Not applicable. The Company has not given its consent to the use of this document for subsequent resale or final placement of securities by financial intermediaries.

Section B – Issuer

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
B.1	Legal and Commercial Name	The issuer’s legal and commercial name is JPMorgan Smaller Companies Investment Trust plc.
B.2	Domicile/Legal Form/Legislation/ Country of Incorporation	The Company was incorporated in England and Wales on 26 June 1990 with registered number 2515996 as a public company with an unlimited life. The Company is registered as an investment company under section 833 of the Companies Act 2006.
B.5	Group structure	Not applicable. The Company is not part of a group.

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>																																												
B.6	Major shareholders	<p>As at 21 January 2015 (being the latest practicable date before the publication of this document), the Company was aware of the following notifiable interests in the issued share capital of the Company:</p> <table border="1"> <thead> <tr> <th><i>Shareholder</i></th> <th><i>Number of Ordinary Shares</i></th> <th><i>% of voting rights</i></th> </tr> </thead> <tbody> <tr> <td>JPMorgan Asset Management Limited¹</td> <td>3,269,672</td> <td>18.33</td> </tr> <tr> <td>East Riding of Yorkshire Council</td> <td>1,271,816</td> <td>7.13</td> </tr> <tr> <td>Royal London Asset Management Limited</td> <td>799,082</td> <td>4.48</td> </tr> <tr> <td>Legal & General Group plc</td> <td>782,158</td> <td>4.38</td> </tr> <tr> <td>City of Bradford Metropolitan District Council</td> <td>755,000</td> <td>4.23</td> </tr> <tr> <td>Investec Wealth & Investment Limited</td> <td>730,144</td> <td>4.09</td> </tr> <tr> <td>Rensburg Sheppards Investment Management Limited</td> <td>566,548</td> <td>3.18</td> </tr> </tbody> </table> <p>¹ Includes holdings by JPMorgan Elect plc of 1,068,494 Ordinary Shares (5.99 per cent.)</p> <p>The Directors are not aware of any person or persons who, following the Bonus Issue, will or could, directly or indirectly, jointly or severally, exercise control over the Company.</p> <p>None of the Company's shareholders have different voting rights.</p>	<i>Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>% of voting rights</i>	JPMorgan Asset Management Limited ¹	3,269,672	18.33	East Riding of Yorkshire Council	1,271,816	7.13	Royal London Asset Management Limited	799,082	4.48	Legal & General Group plc	782,158	4.38	City of Bradford Metropolitan District Council	755,000	4.23	Investec Wealth & Investment Limited	730,144	4.09	Rensburg Sheppards Investment Management Limited	566,548	3.18																				
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B.7	Historical financial information	<p>The key figures that summarise the Company's financial condition for the financial years ended 31 July 2012, 2013 and 2014 are set out below:</p> <table border="1"> <thead> <tr> <th></th> <th><i>12 months to 31 July 2012</i></th> <th><i>12 months to 31 July 2013</i></th> <th><i>12 months to 31 July 2014</i></th> </tr> </thead> <tbody> <tr> <td>Net assets (£'000)</td> <td>107,282</td> <td>154,116</td> <td>165,229</td> </tr> <tr> <td>Net asset value per share (pence)</td> <td>586.8</td> <td>845.9</td> <td>908.0</td> </tr> <tr> <td>Revenue</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total income (£'000)</td> <td>2,594</td> <td>2,937</td> <td>3,151</td> </tr> <tr> <td>Net profit (£'000)</td> <td>1,666</td> <td>1,892</td> <td>1,824</td> </tr> <tr> <td>Earnings per share (pence)</td> <td>9.01</td> <td>10.38</td> <td>10.01</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total (loss)/income (£'000)</td> <td>(8,192)</td> <td>50,470</td> <td>15,224</td> </tr> <tr> <td>Net (loss)/profit (£'000)</td> <td>(9,699)</td> <td>48,781</td> <td>13,017</td> </tr> <tr> <td>(Loss)/earnings per share (pence)</td> <td>(52.46)</td> <td>267.64</td> <td>71.45</td> </tr> </tbody> </table>		<i>12 months to 31 July 2012</i>	<i>12 months to 31 July 2013</i>	<i>12 months to 31 July 2014</i>	Net assets (£'000)	107,282	154,116	165,229	Net asset value per share (pence)	586.8	845.9	908.0	Revenue				Total income (£'000)	2,594	2,937	3,151	Net profit (£'000)	1,666	1,892	1,824	Earnings per share (pence)	9.01	10.38	10.01	Total				Total (loss)/income (£'000)	(8,192)	50,470	15,224	Net (loss)/profit (£'000)	(9,699)	48,781	13,017	(Loss)/earnings per share (pence)	(52.46)	267.64	71.45
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B.8	Pro forma financial information	Not applicable. No <i>pro forma</i> financial information included.																																												
B.9	Profit forecast	Not applicable. No profit forecast or estimate made.																																												
B.10	Qualifications in the audit report	Not applicable. There are no qualifications in the audit report on the historical financial information.																																												

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
B.11	Working capital insufficiency	Not applicable. In the Company's opinion, the Company has sufficient working capital for its present requirements, which is for at least the next 12 months from the date of this document.
B.34	Investment policy Investment objective	<p>The Company's objective is to achieve capital growth from UK listed smaller companies by out-performance of the Company's benchmark index, the FTSE Small Cap Index (excluding investment trusts) and a rising share price over the longer term by taking carefully controlled risks.</p> <p><i>Investment policy</i></p> <p>In order to achieve its investment objective, the Company invests in a diversified portfolio of small companies, emphasising capital rather than income growth, with the likely result that the level of dividend will fluctuate.</p> <p>Investment risks are managed by investing in a diversified portfolio of UK listed smaller companies. The number of investments in the portfolio will normally range between 70 and 150. The Company seeks to manage its risk relative to its benchmark index by limiting the active portfolio exposure to stocks and sectors. The maximum exposure to an investment will normally range between +/-3 per cent. relative to the benchmark index. The maximum exposure to a sector will normally range between +/-10 per cent. relative to the benchmark index.</p> <p>Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Company makes use of borrowings to increase returns.</p> <p>The Company does not invest more than 15 per cent. of its gross assets in other UK listed investment companies (including investment trusts).</p> <p><i>Investment restrictions and guidelines</i></p> <p>The Board seeks to manage the Company's risk by imposing various investment limits and restrictions.</p> <ul style="list-style-type: none"> • No investment in the portfolio will be greater than 10 per cent. of the Company's gross assets. • The Company will not normally invest in unlisted securities. • The Company will not normally invest in derivative instruments. • The Company will not normally invest greater than 20 per cent. of its gross assets in AIM stocks. • The Company's gearing policy is to operate within a range of -10 per cent. to +15 per cent. relative to a base of 100 per cent. invested in normal markets. • No investments in new companies with a capitalisation greater than £1 billion will be made without consultation with the Board. <p>Compliance with the Board's investment restrictions and guidelines is monitored continuously by the Manager and is reported to the Board on a monthly basis.</p>

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
B.35	Borrowing limits	<p>The Board sets the overall gearing policy.</p> <p>The Company's gearing policy is to operate within a range of -10 per cent. to + 15 per cent. relative to a base of 100 per cent. invested in normal markets.</p>
B.36	Regulatory status	<p>As an investment trust, the Company is not regulated as a collective investment scheme by the Financial Conduct Authority. However, as a company listed on the Official List, it is subject to the Listing Rules of the UK Listing Authority, the Prospectus Rules and the Disclosure and Transparency Rules.</p> <p>The Company is a UK plc and has been approved as an investment trust and, accordingly, the Shares are excluded securities for the purposes of the FCA's restrictions which apply to non-mainstream investment products since they are shares in an investment trust.</p> <p>The Company is an alternative investment fund for the purposes of the Alternative Investment Fund Managers Directive. The Company has appointed JPMorgan Funds Limited as its alternative investment fund manager. JPMorgan Funds Limited is authorised and regulated in the United Kingdom by the FCA (FCA registration number 119346) as an alternative investment fund manager.</p>
B.37	Typical investor	<p>Typical investors in the Company are expected to be professionally advised private investors, or institutional investors, seeking long-term capital growth from investment in UK listed smaller companies.</p> <p>An investment in the Company may also be suitable for financially sophisticated private investors who are not professionally advised but are capable of evaluating the risks and merits of an investment in the Company and who have sufficient resources to bear any loss that may result from such an investment. However, such investors should consider consulting an independent financial adviser authorised under FSMA before investing.</p>
B.38	Investment of more than 20 per cent. in single underlying asset or investment company	Not applicable. No single investment has or will represent more than 20 per cent. of the NAV of the Company at the time of investment.
B.39	Investment of more than 40 per cent. in single underlying asset or investment company	Not applicable. No single investment has or will represent more than 40 per cent. of the NAV of the Company at the time of investment.
B.40	Service providers Manager	<p>The Company's manager is JPMorgan Funds Limited.</p> <p>Under the terms of the Investment Management Agreement, dated 1 July 2014, the Manager is responsible for the investment management of the Company's portfolio of assets on a discretionary basis, subject, <i>inter alia</i>, to the Company's investment objectives and policies as determined by the Directors. In addition, under the Investment Management Agreement, the Secretary is responsible for the provision of all services of a secretarial, accounting and administrative nature (excluding registration services) to the Company (including the provision of periodic statements to the Company, setting out the value and composition of the Company).</p>

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
		<p>The Investment Management Agreement provides for the Manager to receive a management fee at the annual rate of 0.8 per cent. of the Company's gross assets up to £200 million and 0.7 per cent. of the Company's gross assets above £200 million. The management fee is calculated and paid monthly in arrears. Funds and similar schemes, both closed and open-ended, managed or advised by the Manager or any of its associated companies, on which a fee is already charged by the Manager or any of its associated companies, are excluded from the calculation and therefore attract no direct management fee.</p> <p>The Secretary's fees for the provision of its services to the Company are paid by the Manager out of its management fee.</p> <p>The Investment Management Agreement may be terminated by either party giving to the other at least three months' notice in writing.</p> <p>The Company may terminate the Investment Management Agreement immediately without penalty by notice in writing in circumstances where, <i>inter alia</i>, the Manager goes into liquidation or is guilty of an unremedied material breach.</p> <p>The Investment Management Agreement contains an indemnity in favour of the Manager and the Secretary against claims by third parties, except insofar as the same may result from the negligence, wilful default or fraud of the Manager, the Secretary or their respective employees, or any party to whom the Manager or the Secretary has delegated any of its functions.</p> <p>The Manager and any associate may effect transactions, in which it or an associate has directly, or indirectly, a material interest or a relationship with another party, which may involve a potential conflict with its duty to the Company. The Manager will ensure that such transactions are effected on terms which are not materially less favourable to the Company than if the potential conflict had not existed. The Manager will normally act as the agent of the Company. Nevertheless none of the services to be provided to the Company will give rise to fiduciary or equitable duties which would prevent or hinder the Manager, or any associate, in transactions with or for the Company, from acting as both market maker and broker or principal and agent, or generally effecting transactions to which the Company consents accordingly.</p> <p>The Manager has delegated the management of the Company's investment portfolio to JPMorgan Asset Management (UK) Limited.</p> <p><i>Custodian</i> JPMorgan Chase Bank, National Association is entrusted with the safe custody of the assets of the Company. In particular, it carries out all usual duties relating to cash and securities and, in addition, may delegate such duties to sub-custodians. The Custodian will use reasonable care in the selection and appointment of sub-custodians.</p> <p>The fees of the Custodian vary depending on the value of assets under custody and the countries in which those assets are located. In the year to 31 July 2014 the fees of the Custodian were £3,000.</p>

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
		<p><i>Depositary</i></p> <p>With effect from 1 July 2014, BNY Mellon Trust & Depositary (UK) Limited (the Depositary) has been appointed as the depositary of the Company. The Depositary is a company incorporated in England and Wales on 25 June 1998 as a private company with registered number 03588038.</p> <p>The Depositary is entitled to an annual fee equal to 0.017 per cent. of the gross asset value of the Company for providing the depositary services, subject to a minimum fee of £10,000 per annum. Based on the gross asset value of the Company as at 21 January 2015 (being the latest practicable date prior to the publication of this document), this corresponds to a fee of £29,800.</p> <p><i>Registrar</i></p> <p>The Company utilises the services of Equiniti Limited of Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA as registrar in the relation to the transfer and settlement of Shares held in uncertificated form.</p> <p>Given that the fees payable by the Company to the Registrar under the Registrar Agreement are calculated as a multiple of the number of Shareholders admitted to the register each year plus a multiple of the number of share transfers made each year, there is no maximum amount payable under the Registrar Agreement.</p>
B.41	Regulatory status of investment manager	<p>The Manager is authorised and regulated in the United Kingdom by the FCA as an alternative investment fund manager.</p> <p>The Custodian and the Depositary are authorised in the United Kingdom by the Prudential Regulation Authority. The Custodian and the Depositary are subject to regulation in the United Kingdom by the FCA.</p>
B.42	Calculation of Net Asset Value	<p>The Company publishes its NAV per Ordinary Share each Business Day through a Regulatory Information Service. The NAV per Ordinary Share is calculated by the Manager, acting on behalf of the Company. For the purposes of calculating the NAV per Ordinary Share, the Company's listed investments are valued at bid prices.</p> <p>Where trading in the securities of an investee company is suspended, the investment is valued at the Manager's estimate of its net realisable value. Where premiums are payable by foreign investors, the market value, for the purpose of the accounts, includes the premium. In making its valuations the Manager takes into account, where appropriate, latest dealing prices, valuations from reliable sources, asset values and other relevant factors.</p> <p>The calculation of the NAV per Ordinary 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. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.</p>
B.43	Cross liability	<p>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.</p>

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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.																																																																																																																								
B.45	Portfolio	<p>As at the close of business on 21 January 2015 (being the latest practicable date prior to the publication of this document) the top 25 investments of the Company by value and the industrial sector were as follows:</p> <p><i>Top 25 investments</i></p> <table border="1"> <thead> <tr> <th><i>Issuer</i></th> <th><i>Industrial Sector¹</i></th> <th><i>Valuation (£'000)</i></th> <th><i>% of total assets (unaudited)²</i></th> </tr> </thead> <tbody> <tr> <td>Trinity Mirror</td> <td>Consumer Services</td> <td>6,381</td> <td>4.1</td> </tr> <tr> <td>Quintain Estates & Development</td> <td>Financials</td> <td>5,455</td> <td>3.5</td> </tr> <tr> <td>Avon Rubber</td> <td>Industrials</td> <td>5,454</td> <td>3.5</td> </tr> <tr> <td>Plus500</td> <td>Financials</td> <td>4,835</td> <td>3.1</td> </tr> <tr> <td>Lookers</td> <td>Consumer Services</td> <td>4,774</td> <td>3.0</td> </tr> <tr> <td>STV Group</td> <td>Consumer Services</td> <td>4,431</td> <td>2.8</td> </tr> <tr> <td>Tyman</td> <td>Industrials</td> <td>4,094</td> <td>2.6</td> </tr> <tr> <td>4Imprint Group</td> <td>Consumer Services</td> <td>3,918</td> <td>2.5</td> </tr> <tr> <td>NCC</td> <td>Technology</td> <td>3,744</td> <td>2.4</td> </tr> <tr> <td>Hill & Smith</td> <td>Industrials</td> <td>3,636</td> <td>2.3</td> </tr> <tr> <td>Safestore Holdings</td> <td>Financials</td> <td>3,589</td> <td>2.3</td> </tr> <tr> <td>Tribal</td> <td>Industrials</td> <td>3,505</td> <td>2.2</td> </tr> <tr> <td>Vectura</td> <td>Health Care</td> <td>3,437</td> <td>2.2</td> </tr> <tr> <td>Marshalls</td> <td>Industrials</td> <td>3,178</td> <td>2.0</td> </tr> <tr> <td>Telit Communications</td> <td>Technology</td> <td>3,152</td> <td>2.0</td> </tr> <tr> <td>Novae</td> <td>Financials</td> <td>3,066</td> <td>2.0</td> </tr> <tr> <td>St Ives</td> <td>Industrials</td> <td>2,985</td> <td>1.9</td> </tr> <tr> <td>E2V Technologies</td> <td>Industrials</td> <td>2,897</td> <td>1.9</td> </tr> <tr> <td>Pendragon</td> <td>Consumer Services</td> <td>2,857</td> <td>1.8</td> </tr> <tr> <td>Brammer</td> <td>Industrials</td> <td>2,775</td> <td>1.8</td> </tr> <tr> <td>Utilitywise</td> <td>Industrials</td> <td>2,750</td> <td>1.8</td> </tr> <tr> <td>OneSavings Bank</td> <td>Financials</td> <td>2,698</td> <td>1.7</td> </tr> <tr> <td>Topps Tiles</td> <td>Consumer Services</td> <td>2,500</td> <td>1.6</td> </tr> <tr> <td>FDM Group</td> <td>Technology</td> <td>2,460</td> <td>1.6</td> </tr> <tr> <td>Ricardo</td> <td>Industrials</td> <td>2,405</td> <td>1.5</td> </tr> <tr> <td colspan="2">Top 25 investments total</td> <td>90,976</td> <td>58.1</td> </tr> <tr> <td colspan="2">Balance (77 investments)</td> <td>82,073</td> <td>52.5</td> </tr> <tr> <td colspan="2">Net current liabilities and loan balances²</td> <td>(16,539)</td> <td>(10.6)</td> </tr> <tr> <td colspan="2">Total assets</td> <td>156,510</td> <td>100.0</td> </tr> </tbody> </table> <p>1. Business descriptions sourced from Bloomberg. 2. Based on total assets of £156.5 million</p> <p>The Company's investments are all denominated in Sterling.</p>	<i>Issuer</i>	<i>Industrial Sector¹</i>	<i>Valuation (£'000)</i>	<i>% of total assets (unaudited)²</i>	Trinity Mirror	Consumer Services	6,381	4.1	Quintain Estates & Development	Financials	5,455	3.5	Avon Rubber	Industrials	5,454	3.5	Plus500	Financials	4,835	3.1	Lookers	Consumer Services	4,774	3.0	STV Group	Consumer Services	4,431	2.8	Tyman	Industrials	4,094	2.6	4Imprint Group	Consumer Services	3,918	2.5	NCC	Technology	3,744	2.4	Hill & Smith	Industrials	3,636	2.3	Safestore Holdings	Financials	3,589	2.3	Tribal	Industrials	3,505	2.2	Vectura	Health Care	3,437	2.2	Marshalls	Industrials	3,178	2.0	Telit Communications	Technology	3,152	2.0	Novae	Financials	3,066	2.0	St Ives	Industrials	2,985	1.9	E2V Technologies	Industrials	2,897	1.9	Pendragon	Consumer Services	2,857	1.8	Brammer	Industrials	2,775	1.8	Utilitywise	Industrials	2,750	1.8	OneSavings Bank	Financials	2,698	1.7	Topps Tiles	Consumer Services	2,500	1.6	FDM Group	Technology	2,460	1.6	Ricardo	Industrials	2,405	1.5	Top 25 investments total		90,976	58.1	Balance (77 investments)		82,073	52.5	Net current liabilities and loan balances ²		(16,539)	(10.6)	Total assets		156,510	100.0
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B.46	Net Asset Value	As at 21 January 2015 (being the latest practicable date prior to the publication of this document), the cum income NAV per Ordinary Share with debt valued at par was 877.39 pence per Ordinary Share and the unaudited NAV of the Company was £156.5 million (as provided by the Manager).																																																																																																																								

Section C – Securities

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
C.1	Type and class of securities being offered and/or admitted to trading	<p>The Company is proposing to issue Subscription Shares of 0.1 pence each in the capital of the Company by way of a bonus issue to Qualifying Shareholders on the basis of one Subscription Share for every five Existing Ordinary Shares held on the Record Date, subject to the passing of the Resolution set out in the Notice of General Meeting.</p> <p>The ISIN number for the Subscription Shares will be GB00BV7L8Z35 and the SEDOL will be BV7L8Z3. The ticker will be JMIS.</p>
C.2	Currency of the securities issue	The Subscription Shares will be denominated in Sterling.
C.3	Number of Ordinary Shares issued	<p>As at 21 January 2015 (being the latest practicable date prior to the publication of this document), the Company had 17,838,248 Ordinary Shares in issue, all of which are fully paid.</p> <p>The nominal value of each Ordinary Share is 25 pence.</p>
C.4	Description of the rights attaching to the securities	<p>The Subscription Shares carry no right to any dividend or other distribution by the Company and (save to the extent that the Directors elect in connection with an exercise of Subscription Share Rights) no right to be redeemed (although the Company may elect to purchase Subscription Shares).</p> <p>Subscription Shareholders are not entitled to attend or vote at meetings of Shareholders and have no right to share in any surplus in the event of liquidation beyond the right to be repaid the sum of 0.1 pence per Subscription Share, being the nominal value of each Subscription Share (in respect of which Subscription Share Rights have not been exercised) held (which rights rank immediately after the rights of the Ordinary Shareholders to be repaid the nominal value of 25 pence for each Ordinary Share).</p>
C.5	Restrictions on the free transferability of the securities	There are no restrictions on the free transferability of the Subscription Shares as a class.
C.6	Admission	<p>Applications will be made to the UK Listing Authority for the Subscription Shares to be admitted to the standard segment of the Official List and to the London Stock Exchange for such shares to be admitted to trading on its main market for listed securities.</p> <p>It is expected that Admission will occur, and that dealings in the Subscription Shares will commence at 8.00 a.m. on 25 February 2015.</p>
C.7	Dividend policy	The Company's objective is to provide capital growth and not to provide any particular level of dividend. The Company may only pay dividends to the extent that it has profits available for that purpose. Under the Articles, the Company may not pay a dividend out of its capital reserves. As an investment trust the Company is required by the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 to retain no more than 15 per cent. of all income in order to maintain investment trust status.

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
		<p>The level of income received each year varies according to the Company's gearing, its investment stance and economic conditions. It is the Company's policy to distribute substantially all the available income each year, and Shareholders should note that the Company's dividends may vary accordingly.</p>
C.22	Information about the underlying Ordinary Shares	<p>Each Subscription Share will confer the right (but not the obligation) to subscribe for one Ordinary Share upon exercise of the Subscription Share Rights and upon payment of the Subscription Price. The Ordinary Shares shall be denominated in Sterling. The ISIN of the Ordinary Shares is GB0007416000 and the SEDOL is 0741600.</p> <p>The Subscription Share Rights may be exercised on the last Business Day of each month commencing in March 2015 and finishing on the last business day in June 2017 after which the Subscription Share Rights will lapse. The Ordinary Shares arising on exercise will be allotted within ten Business Days of the relevant Subscription Date. To be exercised, a notice of exercise must be received by the Registrar no later than 5.00 p.m. on the relevant Subscription Date.</p> <p>Applications will be made to the UK Listing Authority for the Ordinary Shares resulting from the exercise of the Subscription Share Rights to be admitted to the premium segment of the Official List and to the London Stock Exchange for such shares to be admitted to trading on the London Stock Exchange's main market for listed securities. Such Ordinary 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 allotment of the Ordinary Shares arising on exercise of the Subscription Share Rights). There are no restrictions on the free transferability of the Ordinary Shares as a class.</p>

Section D – Risks

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
D.1	Key information on the key risks that are specific to the issuer or its industry	<p>The key risks relating to the Company and its investment strategy and portfolio are:</p> <ul style="list-style-type: none"> • there can be no guarantee that any appreciation in the value of the Company’s investments will occur or that the investment objective of the Company will be achieved, meaning that the investors may not get back the full amount invested; • the Company’s investment strategy means that it invests predominantly in small UK listed equities and a fall in the value of UK equities would have an adverse impact on the value of the Shares; • smaller companies are generally likely to be subject to higher valuation uncertainties and liquidity risks than larger companies and their share price may be more volatile than those in larger companies; • interest rate movements may affect the level of income receivable on cash deposits and the interest payable on the Company’s variable rate cash borrowings; • high reliance on third party service providers (principally the Manager (and its delegates), Registrar, Depositary and Custodian) for control systems and security of the Company’s assets means that any poor governance, compliance and operational administration could lead to serious financial and reputational consequences; • the Manager may be involved in other financial, investment or professional activities, which may on occasion give rise to a conflict of interest with the Company; • any factor which would make it more difficult to buy or sell investments on the UK stock markets may have an adverse effect on the profitability of the Company; • the departure of a key individual, for example, a portfolio manager, may have an adverse effect on the performance of the Company; • there can be no guarantee that the due diligence investigations will accurately predict price movements of securities and other investments the portfolio manager selects, and the Company’s investment programme depends to a great extent on correct assessment of such price movements; • the use by the Company of gearing may amplify movements in the value of investments in the Company’s portfolio, so that if the Company is geared in poorly performing stocks, the impact would be detrimental; • any change in the Company’s tax or financial regulation status could affect the returns to Shareholders;

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
		<ul style="list-style-type: none"> • any change in tax legislation could affect the market value of the investments held by the Company and/or the returns to Shareholders; and • any failure by the Company to comply with applicable laws and regulations could cause it to lose its investment trust status.
D.3	Key information on the key risks specific to the securities	<p>The key risks relating to the Ordinary Shares are:</p> <ul style="list-style-type: none"> • the market price of the Ordinary Shares is likely to fluctuate and may represent either a discount or premium to the NAV per Share; • it is possible that there may not be a liquid market in the Ordinary Shares, as market liquidity in the shares of investment trusts is frequently inferior to that of shares issued by larger companies traded on the London Stock Exchange; • the NAV per Ordinary Share will be diluted if Subscription Share Rights are exercised at a time when the NAV per Ordinary Share is greater than the prevailing Subscription Price; • on each occasion the Subscription Share Rights are exercised, this may dilute the holdings of Ordinary Shareholders; and • in the event of a winding-up of the Company prior to the exercise of Subscription Share Rights, Subscription Shareholders may receive a payment out of the assets which would otherwise be available for distribution amongst the Ordinary Shareholders. <p>All risks relating to the Ordinary Shares, including those summarised above, will also apply to the Subscription Shares (insofar as they give an entitlement to subscribe for Ordinary Shares).</p> <p>Other key risks relating to the Subscription Shares are:</p> <ul style="list-style-type: none"> • Subscription Shares represent a geared investment, so a relatively small movement in the market price of the Ordinary Shares may result in a disproportionately large movement in the market price of the Subscription Shares; • there is no guarantee that the Subscription Shares will have a positive market value, or that the realisable value of the Subscription Shares will reflect their published market price; • in the case of any Subscription Shares whose Subscription Share Rights have not been exercised on or before the final date for exercising such rights, such Subscription Shares may cease to have any value; and • market liquidity of Subscription Shares may be less than the market liquidity of Ordinary Shares.

Section E – Offer

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
E.1	Net proceeds and costs of the Offer	<p>Although there can be no certainty as to whether any or all of the Subscription Share Rights will be exercised, if all of the Subscription Share Rights were exercised on or prior to the last Business Day in June 2017 the net proceeds that could arise on such exercise would be approximately £31.3 million, based on a cumulative Net Asset Value per Ordinary Share with debt valued at par of 877.39 pence on 21 January 2015, being the latest practicable date prior to the publication of this document, and assuming 3,567,649 Subscription Shares are issued pursuant to the Bonus Issue. It should be noted, however, that the Subscription Price will be calculated as at the close of business on 23 February 2015 and therefore the above figure is illustrative only.</p> <p>The Company's expenses in connection with the Bonus Issue are estimated to amount to approximately £230,000 (inclusive of VAT) and will be borne by the Company.</p>
E.2a	Reason for offer and use of proceeds	<p>The reasons for the Bonus Issue are:</p> <ul style="list-style-type: none"> • to allow Qualifying Shareholders to benefit from any future growth in the Company; • following the exercise of any Subscription Share Rights, to increase the number of Ordinary Shares in issue, which may improve the liquidity in the market for the Company's Ordinary Shares; • to increase potentially the capital base of the Company, allowing the Company's fixed operating costs to be spread across a larger number of Ordinary Shares; and • to the extent that the Subscription Shares are traded in the secondary market, potentially to broaden the Company's shareholder base. <p>In due course, upon the Subscription Share Rights being exercised, the Directors intend to invest the net proceeds of such subscriptions in accordance with the Company's investment objective and published investment policy.</p>
E.3	Terms and conditions of the offer	The Bonus Issue is conditional on the Resolution at the General Meeting being passed and Admission becoming effective at 8.00 a.m. on 25 February 2015 (or such later time and date as the Company and the Manager may agree).
E.4	Material interests	Not applicable. No interest is material to the Bonus Issue.
E.5	Name of person selling Securities/ lock up agreements	Not applicable. No person or entity is offering to sell Shares as part of the Bonus Issue.

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
E.6	Dilution	<p>Pursuant to the Bonus Issue, each Qualifying Shareholder will be issued with one Subscription Share for every five Existing Ordinary Shares held by such Qualifying Shareholder on the Record Date.</p> <p>If a Qualifying Shareholder exercises all of his Subscription Share Rights before the Final Subscription Date, his percentage interest in the ordinary share capital of the Company as at the Final Subscription Date should not be reduced below his percentage interest in the ordinary share capital of the Company immediately prior to the Bonus Issue.</p> <p>A Qualifying Shareholder's shareholding may, however, be diluted during the period ending on the Final Subscription Date, depending on how many Subscription Share Rights that Shareholder chooses to exercise on each Subscription Date, and the difference between the Subscription Price and the Net Asset Value per Ordinary Share prevailing at the time the new Ordinary Shares are issued pursuant to each exercise of Subscription Share Rights.</p> <p>As Restricted Shareholders will not receive Subscription Shares pursuant to the Bonus Issue, such Shareholders may be diluted by up to 20 per cent., of their respective shareholdings, depending on the aggregate number of Subscription Share Rights which are exercised on or before the Final Subscription Date.</p>
E.7	Expenses charged to the investor.	Not applicable. There are no direct costs charged to the investor.

RISK FACTORS

The Directors consider the factors set out below to be those which are material at the date of this document. A shareholding in the Company is suitable only for investors capable of evaluating the risks and merits of such a shareholding and who have sufficient resources to bear any loss (including total loss) which may result from the shareholding. Prospective shareholders, therefore, should consult an independent financial adviser authorised under FSMA before investing. Furthermore, if Shareholders are in doubt as to the consequences of acquiring, holding or disposing of the Subscription Shares or exercising the Subscription Share Rights they should consult an independent financial adviser authorised under the FSMA.

Shareholders should note that the risks relating to the Company, its investments, the Subscription Shares and the Ordinary Shares summarised in the section of this document headed “Summary” are the risks that the Company believes to be the most essential to an informed assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed “Summary” but also, among other things, the risks and uncertainties described below.

The following risks are those material risks of which the Directors are aware. Additional risks which are not currently known to the Directors, or that the Directors currently deem immaterial, may also have an effect on the Company.

Risks relating to the Company

The Company is an investment trust. Investment trusts aim to generate returns for shareholders by investing in other companies or assets. As an investment trust may invest in a range of different companies, sectors and geographic regions, it may represent a method for investors to gain a diversified investment exposure. However, Shareholders should be aware of certain factors which apply to the Company and to investment trusts generally, as set out below.

Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company’s assets will occur or that the investment objective of the Company will be achieved. Investors may not get back the full amount invested. The price of Ordinary Shares and the income from Ordinary Shares may go down as well as up.

Risk of investing in a single country

The Company’s portfolio is invested in UK smaller companies. This gives rise to a risk of geographic concentration whereby changes in economic conditions in the UK (for example, interest rates and rates of inflation, industry conditions, competition, political and diplomatic events, the outbreak of war which impacts the UK and other factors) could substantially and adversely affect the Company’s profitability, Net Asset Value and Share price.

Risks of investing in smaller companies

The Company invests in companies with small market capitalisations. Such investments are generally more likely to be subject to higher valuation uncertainties and liquidity risks than companies with larger capitalisations and tend to have higher volatility. They therefore represent a higher risk investment than companies with a larger market capitalisation.

The Manager intends to invest mainly in equities listed, traded or quoted on a UK stock exchange but may also, subject to the approval of the Board, invest in unquoted equities from time to time. Unquoted equities are generally subject to higher valuation uncertainties and liquidity risks.

Political and country risks

Changes in economic conditions in the UK (for example, rates of deflation, inflation, rates of tax, industry conditions, regulatory protection, competition, political and diplomatic events and other factors) or adverse economic conditions in the UK could substantially and adversely affect the Company's prospects and returns.

UK securities markets

The value of the UK equities in which the Company invests may fluctuate and there is no guarantee that the amounts invested by the Company will be returned in whole or in part. UK and other stock markets may experience short-term volatility and investment in the Company should be regarded as long-term in nature.

Interest rates

Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on the Company's variable rate cash borrowings.

Reliance on performance of service providers

The Company has no employees and the Directors have all been appointed on a non-executive basis. The Company must therefore rely upon the performance of third party service providers to perform its executive functions. In particular, the Manager, the Registrar, the Depositary and their respective delegates, if any, will 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.

Conflicts of interest

JPMorgan Chase & Co., the ultimate parent company of the Manager, is a multi-service banking group, providing its clients with all forms of banking and investment services. As a result, there may be conflicts of interest between the various activities of these companies and their duties and obligations to the Company.

The Manager, under the rules of conduct applicable to it, must try to avoid conflicts of interest and, when they cannot be avoided, ensure that its clients (including the Company) are fairly treated.

The Manager and other delegates may from time to time act as manager, authorised corporate director, investment adviser, administrator, registrar, custodian, trustee or sales agent in relation to other funds or other clients. It is therefore possible that any of them may, in the course of their business, have potential conflicts of interest with the Company. In such event, each will at all times have regard to its obligations in relation to the Company. In particular where conflicts of interest may arise, each will endeavour to ensure that clients are fairly treated.

The portfolio management and advisory services provided by JPMAM (UK) are not exclusive. JPMAM (UK) is free to and does provide similar portfolio management and/or advisory services to others. This may result in the Company being unable to make a desired investment or having to pay a higher price for such investment.

Furthermore, JPMorgan Chase & Co. may give advice, and take action, with respect to any of its clients or proprietary accounts that may differ from the advice given, or may involve a different timing or nature of action taken, with respect to the Company with the result that the Company receives different returns than other investors may receive on the same investment.

In addition, there are no specific contractual obligations concerning the allocation of investment opportunities to the Company or any restrictions on the nature or timing of investments for the account of the Company.

Employees of the Manager and JPMAM (UK) will work for other clients and conflicts of interest may arise in allocating management time, services, or functions among such clients.

The Manager and JPMorgan Chase & Co. may enter into transactions in which they have, directly or indirectly, an interest which may involve a potential conflict with the Manager's duty to the Company. Neither the Manager nor JPMorgan Chase & Co. shall be liable to account to the Company for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions nor will the Manager's fees, unless otherwise stated or agreed, be reduced as a result. The Manager will ensure that such transactions are effected on terms that are at least as favourable to the Company as if the potential conflict had not existed.

The Manager and/or JPMAM (UK) may come into possession of material, non-public information concerning one or more of the companies in which an investment has been or may be made. The Manager and/or JPMAM (UK) have implemented compliance procedures that seek to ensure that material, non-public information is not used for making investment decisions on the Company's behalf. Under these procedures, if the Manager and/or JPMAM (UK) possess material, non-public information concerning a company, there may be restrictions on their ability to make, dispose of, increase the amount of, or otherwise take action with respect to, an investment in that company. Such restrictions could limit the Company's ability to make potentially profitable investments or to liquidate an investment when it would be in its best interests to do so. Due to the foregoing, the Company's relationship with the Manager and/or JPMAM (UK) could create a conflict of interest to the extent that the Manager and/or JPMAM (UK) become aware of material, non-public information concerning a company in the course of its other business activities.

There is no prohibition on the Company entering into any transactions with the Manager, JPMAM (UK), the Custodian, where applicable, the sales agents, or with any of their affiliates, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length. In such case, in addition to the fees the Manager and/or JPMAM (UK) earn for managing the Company, they may also have an arrangement with the issuer, dealer and/or distributor of any products entitling them to a share in the revenue from such products that they purchase on behalf of the Company. In addition, there is no prohibition on the Manager and/or JPMAM (UK) purchasing any products on behalf of the Company where the issuer, dealer and/or distributor of such products are their affiliates provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length and on terms that are at least as favourable to the Company than if the potential conflict had not existed.

JPMorgan Chase & Co. may make substantial investments in the Company for various purposes including, but not limited to, facilitating the growth of a company, for facilitating the portfolio management or tax reporting of a fund or share class, or for meeting future remuneration payment obligations to certain employees. As a result potential conflicts of interests may arise. JPMorgan Chase & Co. is under no obligation to make or maintain its investments and may reduce or dispose of any of these in a company at any time. As part of its financial planning, JPMorgan Chase & Co. may also hedge the risk of its investments in any company with the intention of reducing all or part of its exposure to such investments. JPMorgan Chase & Co. acting in a fiduciary capacity with respect to client accounts may recommend to or direct clients to buy and sell shares of the Company. If a client defaults on its obligation to repay indebtedness to JPMorgan Chase & Co. that is secured by shares in the Company, and JPMorgan Chase & Co. forecloses on such interest, JPMorgan Chase & Co. would become a shareholder of the Company.

Employees (including but not limited to portfolio managers) and Directors of JPMorgan Chase & Co. and Directors of the Company may hold shares in the Company. Employees of JPMorgan Chase & Co. are bound by the terms of JPMorgan Chase & Co. policy on personal account dealings and remuneration, which manage conflicts of interest.

Manager's information technology systems

The Manager depends on information technology systems in order to assess investment opportunities, strategies and markets and to monitor and control risks for the Company. It is possible that a failure of some kind which causes disruptions to these information technology systems could materially limit the ability of the Manager to adequately assess and adjust investments, formulate strategies and provide adequate risk control.

Key individuals

There can be no guarantee that any individuals referred to in this Prospectus will remain with the Manager. The departure of any or all of the current portfolio managers, namely Georgina Brittain and Katen Patel may have an adverse effect on the performance of the Company.

Manager's due diligence

Before making investments, the Manager 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 Manager 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, NAV and Share price.

Calculation of NAV

In calculating the Company's daily unaudited NAV, the Manager may rely on estimates of the values of companies or their securities in which the Company invests. Such estimates may be unaudited or may be subject to little verification or other due diligence and may not comply with UK GAAP or other valuation principles.

Gearing

The Company employs gearing to enhance returns to shareholders. Consequently, the Company's net asset value and price performance would be expected to represent an amplification of any upward or downward movement in the Company's portfolio which may be detrimental to the value of a Shareholder's investment.

Risks relating to Ordinary Shares

Discounts

The price of shares in an investment trust is determined by the interaction of supply and demand for such shares in the market as well as the net asset value per share. The price of shares can therefore fluctuate and may represent a discount or premium to the net asset value per share. This discount or premium is itself variable as conditions for supply and demand for a company's shares change. This can mean that the share price can fall when the net asset value per share rises, or *vice versa*.

The Company may seek to limit the level and volatility of the discount to NAV at which the Ordinary Shares trade by repurchasing and issuing Ordinary Shares when it is considered in the best interests of Shareholders to do so. However, there can be no guarantee that this strategy will always be successful or capable of being implemented.

Fluctuations in the share price could also result from a change in national and/or global economic and financial conditions, the actions of governments in relation to changes in the national and global financial climate or taxation and various other factors and events, including variations in the Company's operating results, business developments of the Company and/or its competitors. Stock markets have experienced significant price and volume fluctuations in the past that have affected market prices for securities.

The price of an Ordinary Share may also be affected by speculation in the press or investment community regarding the business or investments of the Company or factors or events that may directly or indirectly affect its investments.

Liquidity

The Company is a closed-ended vehicle. Accordingly, Shareholders have no right to have their Ordinary Shares or Subscription Shares repurchased by the Company at any time. Shareholders wishing to realise their investment in the Company will therefore be required to dispose of their Ordinary Shares or Subscription Shares on the stock market.

Market liquidity in the shares of investment trusts is sometimes less than market liquidity in shares issued by larger companies traded on the London Stock Exchange. There can be no guarantee that a liquid market in the Ordinary Shares will be maintained or will exist for the Subscription Shares. Accordingly, Shareholders may be unable to realise their Ordinary Shares at the quoted market price (or at the prevailing Net Asset Value per Ordinary Share) or their Subscription Shares at the quoted market price or, in either case, at all.

Dilution

The allotment of the Subscription Shares will mean that the equivalent of 20 per cent. of the Company's issued ordinary share capital is under option immediately following the Bonus Issue. On each occasion the Subscription Share Rights are exercised this will dilute the ordinary shareholding of any Ordinary Shareholders who do not exercise a corresponding proportion of the Subscription Share Rights attaching to their Subscription Shares or who have sold their Subscription Shares. However, if a Shareholder continues to hold the Subscription Shares issued to him pursuant to the Bonus Issue and exercises his Subscription Share Rights before their expiry, that Shareholder's percentage interest in the ordinary share capital of the Company will not ultimately be reduced below his percentage interest in the ordinary share capital of the Company immediately prior to the Bonus Issue. If, as is likely, the NAV per Ordinary Share at the time of exercise of the Subscription Share Rights exceeds the applicable Subscription Price, the issue of the Ordinary Shares upon such exercise will also have a dilutive effect on the NAV per Ordinary Share. The extent of such dilution will depend on the number of Subscription Shares which are converted on each occasion and the difference between the Subscription Price and the NAV per Ordinary Share prevailing at the time the new Ordinary Shares are issued pursuant to the exercise of the Subscription Share Rights.

Rights of Subscription Shares on Liquidation

In the event of the winding-up of the Company prior to the exercise of the Subscription Share Rights, Subscription Shareholders may receive a payment out of the assets which would otherwise be available for distribution amongst the holders of the Ordinary Shares.

Risks relating to Subscription Shares

Unsuitability as a short term investment

Investment in the Subscription Shares is not suitable as a short-term investment. The value of a Subscription Share may go down as well as up.

Price volatility

Subscription Shares represent a geared investment, so a relatively small movement in the market price of the Ordinary Shares may result in a disproportionately large movement, unfavourable or favourable, in the market price of the Subscription Shares. The market price of the Subscription Shares may therefore be volatile.

Realisable value

The market price of the Subscription Shares will be determined by market forces (including the NAV and market price of an Ordinary Share) and there is no guarantee that they will have a positive market value.

The published market price of the Subscription Shares will typically be their mid-market price. Due to the potential difference between the mid-market price of the Subscription Shares and the price at which Subscription Shares can be sold, there is no guarantee that the realisable value of the Subscription Shares will reflect their published market price.

In the event of the winding-up of the Company prior to the exercise of the Subscription Share Rights, Subscription Shareholders may receive a payment out of the assets which would otherwise be available for distribution amongst the Shareholders. This payment to Subscription Shareholders may not necessarily be an amount equal to the market value of their Subscription Shares.

In the case of any Subscription Shares whose Subscription Share Rights have not been exercised on or before the final date for exercising such rights, such Subscription Shares will cease to have any value unless a trustee appointed by the Company determines that the net proceeds of sale of the Ordinary Shares

that would arise on the exercise of such rights after deduction of all the costs and expenses of sale would exceed the costs of exercise of such rights. In such circumstances, the trustee will either exercise all or some of the outstanding Subscription Share Rights and sell the Ordinary Shares issued on such exercise in the market, or if it appears to the trustee that doing so is likely to raise greater net proceeds, it may accept any offer available to the Subscription Shareholders for the purchase of the outstanding Subscription Shares. The net proceeds of any such sale (after deducting the costs of exercising the Subscription Share Rights, if applicable, (including payment of the Subscription Share Price) and any other costs and expenses incurred in relation to such sale) will be remitted to the Subscription Shareholders unless the amount to which a Subscription Shareholder is entitled is less than £5.00 per Subscription Shareholder in which case such sum shall be retained for the benefit of the Company.

Liquidity

Although Subscription Shares are tradable securities, market liquidity of Subscription Shares may be less than the market liquidity of Ordinary Shares. It is possible that there may not be a liquid market in the Subscription Shares and investors may have difficulty in selling such securities.

Suspension of trading

The Company has applied for the Subscription Shares to be admitted to trading on the main market for listed securities of the London Stock Exchange and to listing on the standard segment of the Official List of the UK Listing Authority. The London Stock Exchange has the right to suspend or limit trading in a company's securities. Any suspension or limitation on trading in the Subscription Shares may affect the ability of the Shareholders to realise their investments.

Ordinary Share risks

The Subscription Shares, insofar as they give an entitlement to subscribe for Ordinary Shares, are affected by the same risk factors as the Ordinary Shares as set out in this section headed "Risks relating to the Ordinary Shares".

However, although the price of the Subscription Shares is linked to the price of the Ordinary Shares, the price of a Subscription Share may not follow that of an Ordinary Share because of other factors contributing to their respective prices, for example supply and demand. Further, the price of a Subscription Share is affected by factors that do not affect the Ordinary Share price, such as the remaining duration of the Subscription Share Rights.

Taxation

Chapter 4 of Part 24 of the Corporation Tax Act 2010

In order to qualify as an investment trust, the Company must comply with Chapter 4 of Part 24 of the Corporation Tax Act 2010 (Chapter 4). Were the Company to breach Chapter 4, it might lose investment trust status and, as a consequence, capital gains within the Company's portfolio might be subject to tax.

General taxation risks

Representations in this document concerning the taxation of Shareholders and the Company are based on current law and practice. These are, in principle, subject to change and Shareholders should be aware that such changes may affect the Company's ability to generate returns for Shareholders and/or the taxation of such returns to Shareholders. **If you are in any doubt as to your tax position you should consult an appropriate independent professional adviser.**

Any change in the taxation legislation or taxation regime applicable to the Company (including failure by the Company to satisfy the conditions of Chapter 4) could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders.

Legal and Regulatory

General

The Company must comply with the provisions of the Companies Act and, as its Ordinary Shares are admitted to the premium segment of the Official List and are traded on the main market for listed securities on the London Stock Exchange, the UKLA Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules. A breach of the Companies Act could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules could result in the Company's shares being suspended from listing, which in turn would breach Chapter 4.

Were the Company to breach Chapter 4, it might lose investment trust status and, as a consequence, capital gains within the Company's portfolio might be subject to tax. If the percentage of Ordinary Shares or Subscription Shares in public hands falls below 25 per cent. or such lower percentage as the FCA may permit, the FCA may cancel the listing of the Ordinary Shares or the Subscription Shares.

Shares in public hands

If Subscription Share Rights are exercised the number of Subscription Shares in issue will be reduced. This could lead to the outstanding Subscription Shares being concentrated in the hands of a small number of Subscription Shareholders over time. The continued listing on the standard segment of the Official List of each share class is dependent on at least 25 per cent. of the Shares in that class being held in public hands (as defined in the Listing Rules). This means that if more than 75 per cent. of the Shares in any class are held by, amongst others, the Directors, persons connected with the Directors, or persons interested in 5 per cent. or more of the relevant Shares, the listing of that class of Shares may be suspended or cancelled. The Listing Rules state that the UK Listing Authority may allow a reasonable period of time for the Company to restore the appropriate percentage if this rule is breached once the Shares are listed, unless this is precluded by the need to maintain the smooth operation of the market or to protect investors. If the listing were cancelled, the Company would lose its investment trust status. Having considered the current number of Ordinary Shareholders and the likely number of Subscription Shareholders following the Bonus Issue, the Company expects that the public hands test will be satisfied for the duration of the period in which the Subscription Share Rights are exercisable.

The Alternative Investment Fund Managers Directive

The Alternative Investment Fund Managers Directive (**AIFMD**), which was transposed by EU member states into national law on 22 July 2013, seeks to regulate alternative investment fund managers (**AIFMs**) and prohibits such AIFMs from managing any alternative investment fund (**AIF**) or marketing shares in such AIFs to investors in the EU unless, in respect of AIFMs based in the EU, authorisation under the AIFMD is granted to the AIFM or, in respect of AIFMs based outside the EU, notification that the non-EU AIFM is marketing an AIF is made to the FCA or other relevant regulatory body. The Company's Manager, JPMorgan Funds Limited, is authorised as an AIFM by the FCA. However, any future regulatory changes arise in relation to the AIFMD that impair the ability of the Manager to manage the investments of the Company, or limit the ability of the Company to market future issues of its Shares, may materially adversely affect the Company's ability to carry out its investment policy successfully and to achieve its investment objective, which in turn may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Ordinary Shares.

United States (U.S.) Tax Withholding and Reporting under the Foreign Account Tax Compliance Act (FATCA)

Under the FATCA provisions of the U.S. Hiring Incentives to Restore Employment (**HIRE**) Act, where the Company invests directly or indirectly in U.S. assets, payments to the Company of U.S.-source income after 30 June 2014, gross proceeds of sales of U.S. property by the Company after 31 December 2016 and certain other payments received by the Company after 31 December 2016 will be potentially subject to 30 per cent. U.S. withholding tax unless the Company complies with FATCA. The UK has entered into an intergovernmental agreement with the U.S. Treasury which seeks to enable UK institutions to comply with FATCA by requiring them to report information to HMRC pursuant to legislation introduced by the Finance Act 2013. The Company intends to comply with FATCA. As the Shares are regularly traded on the London Stock Exchange, it is not envisaged that the Company will have "financial accounts" such as would give rise to disclosure obligations. However, if this is not the case the Company may request information concerning Shareholders. The Company may incur costs in ensuring that it complies with FATCA.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Voting Instruction Forms from Plan Participants	3.00 p.m. on 16 February 2015
Latest time and date for receipt of Forms of Proxy	3.00 p.m. on 19 February 2015
General Meeting to approve the Bonus Issue	3.00 p.m. on 23 February 2015
Subscription Price calculated	Close of business on 23 February 2015
Record Date for the Bonus Issue	5.00 p.m. on 23 February 2015
Announcement of the Subscription Price	24 February 2015
Admission of the Subscription Shares to the standard segment of the Official List and dealings in the Subscription Shares commence	25 February 2015
Crediting of CREST stock accounts in respect of the Subscription Shares	25 February 2015
Share certificates despatched in respect of Subscription Shares	the week commencing 2 March 2015
First date on which Subscription Share Rights can be exercised	31 March 2015
Final date on which Subscription Share Rights can be exercised	30 June 2017

Note:

The times and dates set out in the Expected Timetable of Principal Events above and mentioned throughout this document (save for the time and date of the General Meeting) may be adjusted by the Company, in which event details of the new times and dates will be notified, as required, to the UK Listing Authority and the London Stock Exchange, and, where appropriate, to Shareholders.

All references to time in this document are reference to London time.

DEALING CODES

The dealing codes for the Subscription Shares will be as follows:

ISIN	GB00BV7L8Z35
SEDOL	BV7L8Z3
Ticker	JMIS

The dealing codes for the Ordinary Shares are as follows:

ISIN	GB0007416000
SEDOL	0741600
Ticker	JMI

IMPORTANT NOTICES

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

Statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

Forward-looking statements

This Prospectus 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 future results, performance or achievements expressed or implied by such forward-looking statements.

Given these uncertainties, Shareholders are cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements apply only as at the date of this Prospectus.

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 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 4 of Part III of this document.

DIRECTORS, MANAGER AND ADVISERS

Directors	Michael Quicke OBE (<i>Chairman</i>) Ivo Coulson Frances Davies Richard Fitzalan Howard Andrew Robson
Registered Office	all of: 60 Victoria Embankment London EC4Y 0JP
Manager and Secretary	JPMorgan Funds Limited 3 Lochside View Edinburgh Park Edinburgh EH12 9DH
Portfolio Manager	JPMorgan Asset Management (UK) Limited 25 Bank Street Canary Wharf London E14 5JP
Financial Adviser and Sponsor	Winterflood Securities Limited The Atrium Building Cannon Bridge 25 Dowgate Hill London EC4R 2GA
Legal Advisers to the Company	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ
Auditors	Deloitte LLP 2 New Street Square London EC4A 3BZ
Registrar	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA
Depositary	BNY Mellon Trust & Depositary (UK) Limited 160 Queen Victoria Street London EC4V 4LA
Custodian and Principal Banker	JPMorgan Chase Bank, National Association London Branch 25 Bank Street Canary Wharf London E14 5JP

PART I

LETTER FROM THE CHAIRMAN

JPMORGAN SMALLER COMPANIES INVESTMENT TRUST PLC

(Registered in England and Wales under the Companies Act 1985 with registered no. 2515996.

An investment company within the meaning of Section 833 of the Companies Act 2006.)

Directors:

Michael Quicke OBE (*Chairman*)
Ivo Coulson
Frances Davies
Richard Fitzalan Howard
Andrew Robson

Registered Office:

60 Victoria Embankment
London
EC4Y 0JP

23 January 2015

To Shareholders and Plan Participants

Dear Sir or Madam

Introduction

Further to the announcement in the Company's annual report for the year ended 31 July 2014 stating that the Board was considering a bonus issue of Subscription Shares to existing Shareholders, the Board has today announced details of the Bonus Issue. The purpose of this document is to provide you with details and to explain the benefits of the Bonus Issue and to set out the reasons why the Directors are recommending that you vote in favour of the Resolution to be proposed at the General Meeting of the Company to be held at 3.00 p.m. on 23 February 2015.

The Bonus Issue

The Company is proposing to issue Subscription Shares to Qualifying Shareholders on the basis of one Subscription Share for every five Existing Ordinary Shares held on the Record Date, subject to the passing of the Resolution set out in the Notice of General Meeting. The Subscription Shares will be issued by way of a bonus issue to Qualifying Shareholders.

Each Subscription Share will confer the right (but not the obligation) to subscribe for one Ordinary Share on exercise of the rights under the Subscription Shares (the **Subscription Share Rights**) and on payment of the Subscription Price, as set out below.

Notice of the exercise of the Subscription Share Rights may be given on the last Business Day of each month commencing in March 2015 and finishing on the last Business Day in June 2017, after which the Subscription Share Rights will lapse. The Ordinary Shares arising on exercise of the Subscription Share Rights will be allotted within ten Business Days of the first Business Day of the calendar month following the month of the relevant Subscription Date.

Qualifying Shareholders' entitlements will be assessed against the register of members on the Record Date, which is expected to be 5.00 p.m. on 23 February 2015.

Subscription Shares will rank equally with each other and will not carry the right to receive any dividends from the Company or to attend and/or vote at general meetings of the Company (although the holders of the Subscription Shares have the right to vote in certain circumstances where there is a variation of the rights attached to the Subscription Shares).

The Subscription Price will be equal to the average of the unaudited published NAV per Ordinary Share as at the close of business on the five dealing days ending on 23 February 2015 rounded up to the nearest whole pence.

The NAV for the purpose of calculating the Subscription Price will be the unaudited value of the Company's assets calculated in accordance with the Company's accounting policies (including revenue items for the current financial year) less all prior charges and other creditors at their par value (including the costs of the Bonus Issue). Prior charges include all loans and overdrafts that are to be used for investment purposes.

The New Articles provide that the Subscription Price is subject to adjustment upon the occurrence of certain corporate events affecting the Company before the last Business Day in June 2017. The relevant corporate events include consolidations or sub-divisions of share capital, pre-emptive offers of securities to Ordinary Shareholders, takeover offers and the liquidation of the Company. Such adjustments serve to protect either the intrinsic value or the time value of the Subscription Shares, or both.

The Subscription Price reflects the Board's confidence in the Company's medium to long-term prospects and its hope that Qualifying Shareholders will be able to exercise their Subscription Share Rights and acquire Ordinary Shares on favourable terms in the future.

Fractions of Subscription Shares will not be allotted or issued and entitlements will be rounded down to the nearest whole number of Subscription Shares.

It is expected that an announcement setting out the Subscription Price will be made on 24 February 2015.

Benefits of the Bonus Issue

The Directors believe the Bonus Issue will have the following advantages:

- Qualifying Shareholders will receive securities which they may convert into Ordinary Shares at a predetermined price in order to benefit from any future growth in the Company;
- Qualifying Shareholders will receive securities which may be traded in a similar fashion to their existing Ordinary Shares;
- Qualifying Shareholders will receive securities which are qualifying investments for the purposes of a stocks and shares ISA and permitted investments for the purposes of a SIPP;
- the ongoing charges per Ordinary Share may fall on the exercise of the Subscription Share Rights as the capital base of the Company will increase and the Company's fixed costs will be spread across a larger number of Ordinary Shares; and
- liquidity in the market for the Company's Ordinary Shares may improve on exercise of the Subscription Share Rights as the number of Ordinary Shares in issue will increase.

Implementation of the Bonus Issue

The implementation of the Bonus Issue will require Shareholders to approve the Resolution which is to be proposed at the General Meeting as a special resolution. If passed, the Resolution will:

- (a) approve the adoption of the New Articles containing the rights attaching to the Subscription Shares;
- (b) authorise the Directors to allot the Subscription Shares pursuant to the Bonus Issue;
- (c) waive statutory pre-emption rights in relation to the issue of the Subscription Shares and the allotment of Ordinary Shares pursuant to the exercise of the Subscription Share Rights;
- (d) authorise the capitalisation of sums standing to the credit of the Company's capital redemption reserve, other reserve and any other available reserves (excluding the profit and loss account) in paying up in full at par the Subscription Shares to be issued pursuant to the Bonus Issue;
- (e) authorise the consolidation, sub-division or redemption of any share capital in connection with the exercise of the Subscription Share Rights so as to enable conversion of the Subscription Shares into Ordinary Shares in accordance with the Subscription Share Rights; and
- (f) authorise the purchase by the Company of Subscription Shares representing up to 14.99 per cent. of the Company's issued Subscription Share capital following Admission (subject to certain conditions), as more fully described under the heading "Authority to repurchase shares" below.

Authority to repurchase shares

In order to allow the Company to repurchase Subscription Shares, the Company is seeking authority at the General Meeting to buy back up to 14.99 per cent. of the issued Subscription Share capital. This authority to purchase Subscription Shares is contained within the Resolution, which needs to be approved as a special resolution in order to authorise the Company to implement the Bonus Issue.

Shareholder resolutions were passed at the AGM on 28 November 2014 granting the Company authority to make market purchases of Ordinary Shares representing (subject to certain conditions) up to 14.99 per cent. of the Company's then issued ordinary share capital. The Company's authority to repurchase Ordinary Shares is due to expire on 27 May 2016 unless previously renewed. This authority does not take into account the potential allotment of Ordinary Shares arising on the exercise of Subscription Share Rights.

Repurchases of Ordinary Shares and Subscription Shares will be made at the discretion of the Board, and will only be made when market conditions are considered by the Board to be appropriate and in accordance with the Listing Rules. Purchases through the market will not exceed the higher of (i) 5 per cent. above the average of the middle market quotations (as derived from the Official List) for the 5 consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of, or (b) the highest current independent bid for, any number of Ordinary Shares or Subscription Shares, as applicable, on the trading venue where the purchase is carried out. In addition, repurchases of Ordinary Shares will only be made in the market at prices below the prevailing NAV per Ordinary Share.

It is anticipated that authorisation for repurchases of both Ordinary Shares and Subscription Shares will be sought at the Annual General Meetings in 2015 and beyond. Ordinary Shares repurchased might not be cancelled but rather held as treasury shares and may be subsequently re-issued as set out below. Purchases of Ordinary Shares to be held in treasury will be made in accordance with the Listing Rules and the Companies (Acquisitions of Own Shares) (Treasury Shares) Regulations 2003 (as amended).

Any sale of Ordinary Shares out of treasury prior to the date of the Company's 2015 AGM will be made in accordance with the authorities granted to the Directors pursuant to the resolutions numbered 11 and 12 as passed at the AGM on 28 November 2014, as set out in paragraph 3.6 of Part V of this document.

Any Subscription Shares repurchased by the Company will be cancelled and will not be held in treasury for re-issue or resale.

New Articles of Association

If the Resolution is approved, the New Articles will be adopted in place of the Existing Articles. The New Articles will set out the rights attaching to the Subscription Shares, but otherwise will be identical to the Existing Articles.

The New Articles will be on display at the registered office of the Company from the date of this document until the end of the General Meeting.

Admission and dealings

The Subscription Shares will be in registered form and may be issued either in certificated or uncertificated form. No temporary documents of title will be issued. Pending despatch of definitive certificates, transfers of Subscription Shares in certificated form will be certified against the Company's share register. All documents or remittances sent by or to Shareholders will be sent through the post at the risk of the Shareholder.

Applications will be made to the UK Listing Authority for the Subscription Shares to be admitted to the standard segment of the Official List and to the London Stock Exchange for such Shares to be admitted to trading on its main market. It is expected that Admission will occur, and that dealings will commence, in respect of the Subscription Shares on 25 February 2015. On Admission, the Subscription Shares will confer rights to subscribe for new Ordinary Shares representing, in aggregate, up to 20 per cent. of the then issued ordinary share capital of the Company.

The Ordinary Shares resulting from the exercise of the Subscription Share Rights 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 Ordinary Shares arising on the exercise of the Subscription Share Rights).

Costs of the Bonus Issue

The Company's fixed expenses in connection with the Bonus Issue are estimated to amount to £230,000 (inclusive of VAT). These expenses will be borne by the Company and will be taken into account in the Company's Net Asset Value with effect from the date of this Prospectus.

Restricted Shareholders

The issue of the Subscription Shares to persons who have a registered or mailing address in Restricted Territories may be affected by the law or regulatory requirements of the relevant jurisdiction.

The Subscription Shares to be issued under the Bonus Issue are not being issued to Restricted Shareholders. The Board will allot any Subscription Shares due under the Bonus Issue to Restricted Shareholders to a market maker who will sell such Subscription Shares promptly at the best price obtainable. The proceeds of sale will be paid to the Restricted Shareholders entitled to them save that entitlements of less than £5.00 per Restricted Shareholder will be retained by the Company for its own account.

Notwithstanding any other provision of this document the Company reserves the right to permit any Shareholder to take up Subscription Shares under the Bonus Issue if the Company, in its sole and absolute discretion, is satisfied at any time prior to the General Meeting that the transaction in question is exempt from, or not subject to the legislation or regulations giving rise to the restrictions in question.

Restricted Shareholders who believe that they are entitled to take up Subscription Shares under the Bonus Issue should contact the Secretary as soon as possible to discuss the matter. The telephone number for the Secretary is +44 (0) 20 7742 4000.

Any Shareholder who is in any doubt as to his position should consult an appropriate independent professional adviser without delay.

Taxation

The attention of Shareholders is drawn to the summary of United Kingdom tax matters set out in paragraph 12 of Part V of this document.

Shareholders should note that Subscription Shares are qualifying investments for an ISA and will constitute permitted investments for the purposes of a SIPP. The exercise of Subscription Share Rights may affect the annual subscription limit available for further investment into an ISA in the relevant year. Any Shareholders who are in any doubt about their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their professional adviser.

Dilution

The allotment of the Subscription Shares will mean that the equivalent of 20 per cent. of the Company's issued ordinary share capital will be under option immediately following the Bonus Issue. On each occasion that the Subscription Share Rights are exercised, this will dilute the ordinary shareholding of any Ordinary Shareholders who do not exercise a corresponding proportion of the Subscription Share Rights attaching to their Subscription Shares or who have sold their Subscription Shares. However, if a Shareholder continues to hold the Subscription Shares issued to him pursuant to the Bonus Issue and exercises his Subscription Share Rights before their expiry, that Shareholder's percentage interest in the ordinary share capital of the Company will not ultimately be reduced below his percentage interest in the ordinary share capital of the Company immediately prior to the Bonus Issue. If, as is likely, the NAV per Ordinary Share at the time of exercise of the Subscription Share Rights exceeds the applicable Subscription Price, the issue of the Ordinary Shares upon such exercise will also have a dilutive effect on the NAV per Ordinary Share. The extent of such dilution will depend on the number of Subscription Shares which are converted on each occasion and the difference between the applicable Subscription Price and the NAV per Ordinary Share prevailing at the time the new Ordinary Shares are issued pursuant to the exercise of the Subscription Share Rights.

General Meeting

The Bonus Issue is conditional on, amongst other things, the approval by Shareholders of the Resolution to be proposed at a General Meeting of the Company which has been convened for 3.00 p.m. on 23 February 2015. The Resolution will allow the Company to implement the Bonus Issue, including the adoption of the New Articles.

The Resolution is to be proposed at the General Meeting as a special resolution. The Board is recommending Shareholders to vote in favour of the Resolution to be proposed at the General Meeting.

All Shareholders are entitled to attend and vote at the General Meeting. In accordance with the Articles, all Shareholders present in person or by proxy shall upon a show of hands have one vote and upon a poll shall have one vote in respect of every Share held. In order to ensure that a quorum is present at the General Meeting, it is necessary for two Shareholders entitled to vote to be present, whether in person or by proxy (or, if a corporation, by a representative).

Individuals who hold their Ordinary Shares through any of the Plans are entitled to attend the General Meeting and may vote by completing Voting Instruction Forms addressed to the nominee companies in whose names the Ordinary Shares are registered and held on their behalf.

The formal Notice of General Meeting is set out on pages 79 to 80 of this document.

Action to be taken

The only action you need to take is to complete the accompanying Form of Proxy or, if you hold Ordinary Shares through any of the Plans, the accompanying Voting Instruction Form(s) for use at the General Meeting.

Shareholders, other than participants in the Plans, are asked to complete and return the Form of Proxy in accordance with the instructions printed thereon to the Company's Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, or deliver the Form of Proxy by hand during office hours to the same address so as to be received as soon as possible and, by not later than 3.00 p.m. on 19 February 2015.

Plan Participants are requested to complete their Voting Instruction Form(s) and return them to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, in accordance with the instructions printed thereon, or deliver them by hand during office hours to the same address, so as to be received as soon as possible, and by not later than 3.00 p.m. on 16 February 2015.

Shareholders and Plan Participants are requested to complete and return a Form of Proxy, or Voting Instruction Form, as appropriate, whether or not they wish to attend the General Meeting.

Recommendation

The Board, which has received financial advice from Winterflood, considers that the Bonus Issue and the passing of the Resolution are in the best interests of the Company and its Shareholders as a whole. In providing its financial advice, Winterflood has taken into account the Board's commercial assessment of the effects of the Bonus Issue. Accordingly the Board unanimously recommends Shareholders to vote in favour of the Resolution to be proposed at the General Meeting. The Directors intend, where voting rights are exercisable, to vote in favour of the Resolution in respect of their own beneficial holdings of Ordinary Shares which amount to 13,805 Ordinary Shares in aggregate (representing approximately 0.077 per cent. of the issued ordinary share capital of the Company as at 21 January 2015).

Yours faithfully

Michael Quicke OBE
(Chairman)

PART II

INFORMATION ON THE COMPANY

Introduction

The Company is a UK investment trust which was established in June 1990 as River & Mercantile Smaller Companies Trust plc and raised £25 million by a public offer of shares. The Company changed its name to The Fleming Smaller Companies Investment Trust plc in April 1996 and again in November 2002 to JPMorgan Fleming Smaller Companies Investment Trust plc. The Company adopted its current name on 29 November 2006.

Investment objective and policy

The Company's objective is to achieve capital growth from UK listed smaller companies by out-performance of the Company's benchmark index, the FTSE Small Cap Index (excluding investment trusts) and a rising share price over the longer term by taking carefully controlled risks.

In order to achieve its investment objective, the Company invests in a diversified portfolio of small companies, emphasising capital growth rather than income with the likely result that the level of dividend will fluctuate.

Investment risks are managed by investing in a diversified portfolio of UK listed smaller companies. The number of investments in the portfolio will normally range between 70 and 150. The Company seeks to manage its risk relative to its benchmark index by limiting the active portfolio exposure to stocks and sectors. The maximum exposure to an investment will normally range between +/-3 per cent. relative to the benchmark index. The maximum exposure to a sector will normally range between +/-10 per cent. relative to the benchmark index.

Liquidity and borrowings are managed with the aim of increasing returns to Shareholders. The Company makes use of borrowings to increase returns.

The Company does not invest more than 15 per cent. of its gross assets in other UK listed investment companies (including investment trusts).

The Board sets no minimum or maximum limit on the number of investments in the portfolio.

Investment restrictions and guidelines

The Board seeks to manage the Company's risk by imposing various investment limits and restrictions.

- No investment in the portfolio will be greater than 10 per cent. of the Company's gross assets.
- The Company will not normally invest in unlisted securities.
- The Company will not normally invest in derivative instruments.
- The Company will not normally invest greater than 20 per cent. of its gross assets in AIM stocks.
- The Company's gearing policy is to operate within a range of -10 per cent. to +15 per cent. relative to a base of 100 per cent. invested in normal markets.
- No investments in new companies with a capitalisation greater than £1 billion will be made without consultation with the Board.

Compliance with the Board's investment restrictions and guidelines is monitored continuously by the Manager and is reported to the Board on a monthly basis.

Investment portfolio

As at the close of business on 21 January 2015 (being the latest practicable date prior to the publication of this document) the top 25 investments of the Company by value and the industrial sector were as follows:

Top 25 investments

<i>Issuer</i>	<i>Industrial Sector¹</i>	<i>Valuation (£'000)</i>	<i>% of total assets (unaudited)²</i>
Trinity Mirror	Consumer Services	6,381	4.1
Quintain Estates & Development	Financials	5,455	3.5
Avon Rubber	Industrials	5,454	3.5
Plus500	Financials	4,835	3.1
Lookers	Consumer Services	4,774	3.0
STV Group	Consumer Services	4,431	2.8
Tyman	Industrials	4,094	2.6
4Imprint Group	Consumer Services	3,918	2.5
NCC	Technology	3,744	2.4
Hill & Smith	Industrials	3,636	2.3
Safestore Holdings	Financials	3,589	2.3
Tribal	Industrials	3,505	2.2
Vectura	Health Care	3,437	2.2
Marshalls	Industrials	3,178	2.0
Telit Communications	Technology	3,152	2.0
Novae	Financials	3,066	2.0
St Ives	Industrials	2,985	1.9
E2V Technologies	Industrials	2,897	1.9
Pendragon	Consumer Services	2,857	1.8
Brammer	Industrials	2,775	1.8
Utilitywise	Industrials	2,750	1.8
OneSavings Bank	Financials	2,698	1.7
Topps Tiles	Consumer Services	2,500	1.6
FDM Group	Technology	2,460	1.6
Ricardo	Industrials	2,405	1.5
Top 25 investments total		<u>90,976</u>	<u>58.1</u>
Balance (77 investments)		<u>82,073</u>	<u>52.5</u>
Net current liabilities and loan balances ²		<u>(16,539)</u>	<u>(10.6)</u>
Total assets		<u>156,510</u>	<u>100.0</u>

1. Business descriptions sourced from Bloomberg.

2. Based on total assets of £156.5 million

Sector breakdown

<i>Sector</i>	<i>% of total assets as at 21 January 2015 (unaudited)</i>
Industrials	42.1
Consumer Services	24.3
Financials	17.8
Technology	11.3
Health Care	5.1
Oil & Gas	4.2
Consumer Goods	4.1
Telecommunications	1.1
Utilities	0.5
Basic Materials	0.1
Sub-total	110.6
Net current liabilities and loan balances	(10.6)
Total	100.0

(source : J.P. Morgan Asset Management)

Geographical breakdown (country of listing)

	<i>% of investment portfolio as at 21 January 2015 (unaudited)</i>
United Kingdom	100

(source : J.P. Morgan Asset Management)

Currency breakdown

	<i>% of investment portfolio as at 21 January 2015 (unaudited)</i>
Sterling	100

(source : J.P. Morgan Asset Management)

Type of securities

	<i>% of investment portfolio as at 21 January 2015 (unaudited)</i>
Listed equities	100

(source : J.P. Morgan Asset Management)

Investment trends and outlook

The Board remains confident that the Manager and JPMAM (UK) can continue to find quality investments with a positive earnings outlook at sensible valuations that will deliver attractive long term returns. Merger and acquisition activity has moved up the agenda of larger, cash-rich companies and adds support to the confident outlook of the Manager and JPMAM (UK). The Board, as advised by the Manager and JPMAM (UK), believes the conflict between economic growth and the timing and magnitude of interest rate rises is likely to continue for some time and will mean volatility and lack of liquidity remain a feature of the market. However, this may also provide investment opportunities.

The Management of the Company

The Board

The Directors are responsible for determining the Company's investment policy and have overall responsibility for the Company's activities.

The Board consists of five non-executive Directors, all of whom, including the Chairman, are considered to be independent of the Manager.

The Directors of the Company are as follows:

Michael Quicke (Chairman)

Mr Quicke joined the Board in October 2005 and was appointed Chairman in June 2013. He is the chief executive of CCLA Investment Management Limited.

Ivo Coulson

Mr Coulson joined the Board in October 2005. He is a director of Baring Emerging Europe plc and Squint Limited. He is also an investment partner at Stanhope Capital LLP and a Fellow of the Securities Institute.

Frances Davies

Ms Davies joined the Board in March 2013. Since 2007, she has been a partner of Opus Corporate Finance, a corporate finance advisory business providing independent strategic advice to businesses across Europe. She is also an independent member of Aviva Life's With Profits Committee.

Richard Fitzalan Howard

Mr Fitzalan Howard joined the Board in February 1997. He is chairman of FF&P Asset Management Limited and a director of CCFHB Limited, CCLA Investment Management Limited, the Order of St. John Care Trust and the Dulverton Trust. Mr Fitzalan Howard was previously a director of Fleming Investment Management Limited (now JPMorgan Asset Management (UK) Limited, to which the management of the Company's portfolio has been delegated) from 1986 to 2000.

Andrew Robson

Mr Robson joined the Board in April 2007 and is the chairman of the Company's Audit Committee. He is a director of British Empire Securities and General Trust plc, Witan Pacific Investment Trust plc, First Integrity Limited, Mobeus Income & Growth 4 VCT plc, Shires Income plc, Brambletye School Trust Limited, Peckwater Limited and Best Securities Limited and is a chartered accountant.

The Manager

With effect from 1 July 2014, the Company appointed JPMorgan Funds Limited (the **Manager**) as its alternative investment fund manager on the terms of and subject to the conditions to the Investment Management Agreement and terminated the previous investment management agreement with JPMorgan Asset Management (UK) Limited (**JPMAM (UK)**).

JPMorgan Funds Limited has delegated the management of the Company's investment portfolio to JPMAM (UK) pursuant to the terms of a sub-investment management agreement.

The Manager and JPMAM (UK) are all wholly-owned subsidiaries of JPMorgan Chase & Co.

The J.P. Morgan Asset Management group of companies provides investment management products and services to individual and institutional investors worldwide and had total funds under management of approximately US\$1.7 trillion as at 31 December 2014.

The two portfolio managers with primary responsibility for the day-to-day management of the Company's portfolio are Georgina Brittain and Katen Patel, who have 19 and 10 years' industry experience respectively, and are supported by JPMAM UK's UK equity team.

Performance

	<i>Total return performance in Sterling to 31 December 2014, per cent.</i>				
	<i>3 months</i>	<i>6 months</i>	<i>1 year</i>	<i>3 years</i>	<i>5 years</i>
NAV per Share	(0.58)	(2.34)	(5.72)	74.67	113.50
Price per Share	(0.29)	(1.98)	(9.16)	82.97	125.25
Benchmark	(0.91)	(3.10)	(2.68)	90.81	89.24

(source : Morningstar)

The above table represents performance of the Company and its performance benchmark at a particular point in time. There can be no guarantee that the Company's performance will be replicated over future time periods, including both in the short-term and the long-term.

Dividend policy

As an investment trust the Company is required by Chapter 4 of Part 24 of the Corporation Tax Act 2010 to distribute sufficient net income so that it retains no more than 15 per cent. of all income. The level of income received each year varies according to the Company's gearing, its investment stance and economic conditions. It is the Company's policy to distribute substantially all the available income each year, and Shareholders should note that the Company's dividends may vary accordingly.

Administration and secretarial arrangements

Under the Investment Management Agreement, JPMorgan Funds Limited provides all services of a secretarial, accounting and administrative nature (excluding registration services) to the Company, including the calculation of the NAV of the Company's securities. The Secretary's fees for the provision of its services to the Company are paid by the Manager out of its management fee.

Accounting policy

The Company prepares its accounts in accordance with the Companies Act, United Kingdom Generally Accepted Accounting Practice (**UK GAAP**) and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the AIC in January 2009.

Reports to Shareholders and Annual General Meetings

The Company's annual report and accounts are prepared up to 31 July each year and copies are normally sent to Shareholders in October each year. The Company's annual general meetings are usually held in November or December of each year.

PART III

FINANCIAL INFORMATION RELATING TO THE COMPANY

1 Statutory accounts for the three financial years ended 31 July 2012, 2013 and 2014

Statutory accounts of the Company for the three financial years ended 31 July 2012, 2013 and 2014, in respect of which the Company's auditor, Deloitte LLP, has given unqualified opinions that the accounts give a true and fair view of the state of affairs of the Company and of its total return and cash flows for each of the three financial years ended 31 July 2012, 2013 and 2014 and have been properly prepared in accordance with the Companies Act and UK GAAP, have been incorporated into this document by reference.

Deloitte LLP is a member of the Institute of Chartered Accountants in England and Wales.

2 Published annual reports and audited accounts for the three financial years ended 31 July 2012, 2013 and 2014

2.1 Historical financial information

The published annual reports and audited accounts for the Company for the three financial years ended 31 July 2012, 2013 and 2014, which have been incorporated in this document by reference, included, on the pages specified in the table below, the following information:

<i>Nature of Information</i>	<i>Annual report and accounts for the year ended 31 July (audited)</i>		
	<i>2012 Page No(s)</i>	<i>2013 Page No(s)</i>	<i>2014 Page No(s)</i>
Income statement	31	31	38
Reconciliation of movements in shareholders' funds	32	32	39
Balance sheet	33	33	40
Cash flow statement	34	34	41
Accounting policies	35-36	35-36	42-43
Notes to the accounts	35-52	35-50	42-58
Independent auditors' report	30	30	35-37
Chairman's statement	2-4	2-4	2-5
Investment Managers' report	5-7	5-7	6-7
Directors' report	18-27	18-27	23-30

2.2 Selected financial information

The key figures that summarise the Company's financial condition in respect of the three financial years ended 31 July 2012, 2013 and 2014 (audited), which have been extracted without material adjustment from the historical financial information referred to in paragraph 2.1 of this Part III, are set out in the following table:

	<i>12 months on 31 July 2012</i>	<i>12 months on 31 July 2013</i>	<i>12 months on 31 July 2014</i>
Net assets (£'000)	107,282	154,116	165,229
Net asset value per share (pence)	586.8	845.9	908.0
Revenue			
Total income (£'000)	2,594	2,937	3,151
Net profit (£'000)	1,666	1,892	1,824
Earnings per share (pence)	9.01	10.38	10.01
Total			
Total (loss)/income (£'000)	(8,192)	50,470	15,224
Net (loss)/profit (£'000)	(9,699)	48,781	13,017
(Loss)/earnings per share (pence)	(52.46)	267.64	71.45

2.3 *Operating and financial review*

The Company's published annual reports and accounts for the three financial years ended 31 July 2012, 2013 and 2014 included, 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 each of those years.

<i>Nature of Information</i>	<i>Annual report and accounts for the year ended 31 July (audited)</i>		
	<i>2012 Page No(s)</i>	<i>2013 Page No(s)</i>	<i>2014 Page No(s)</i>
Chairman's statement	2-4	2-4	2-5
Investment Managers' report	5-7	5-7	6-7
Portfolio analyses	11-15	11-15	11-15
Performance, discount and financial record	10	10	10

The causes of material changes in the capital value of the Company's assets in these three financial years can be summarised as follows:

- (a) in the year to 31 July 2012, the Company made a net capital loss of £10,777,000, all of which related to gains on investments, with an unrealised loss of £6,763,000 and a realised loss of £4,014,000; and
- (b) in the year to 31 July 2013, the Company made a net capital gain of £47,544,000, all of which related to gains on investments, with an unrealised gain of £40,921,000 and a realised gain of £6,623,000; and
- (c) in the year to 31 July 2014, the Company made a net capital gain of £12,090,000, all of which related to gains on investments, with an unrealised gain of £13,770,000 and a realised loss of £1,680,000.

The issue of the Subscription Shares itself will have no impact on the Company's assets, earnings or liabilities. Where Subscription Shares are converted into Ordinary Shares, the total assets of the Company will increase by that number of Ordinary Shares multiplied by the Subscription Price. It is not expected that there will be any material impact on the earnings and liabilities per Ordinary Share as the net proceeds resulting from any exercise of the Subscription Share Rights are expected to be invested in accordance with the investment objective and policy of the Company.

2.4 *Availability of annual reports and accounts for inspection*

Copies of the Company's annual reports and audited accounts for the three financial years ended 31 July 2012, 2013 and 2014 are available for inspection at the address set out in paragraph 20 of Part V of this document.

3 **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, secured and unsecured indebtedness) as at 31 December 2014 and the Company's capitalisation as at 31 July 2014 (being the last date in respect of which the Company has published financial information).

	<i>31 December 2014 £'000</i>
<i>Total Current Debt</i>	
Guaranteed Secured	—
Unguaranteed Secured/unsecured ⁽¹⁾	74
<i>Total Non-Current Debt</i>	
Guaranteed Secured	—
Unguaranteed Secured/unsecured	19,000

	<i>31 July 2014</i> £'000
<i>Shareholder equity</i> ⁽²⁾	
Share capital	4,549
Other reserves ⁽³⁾	18,360
Capital reserves	137,187
Capital redemption reserve	2,117

- (1) Unsecured debt comprises accruals for expenses, interest payable, amounts due to brokers, current tax provisions and any short-term loans.
- (2) In accordance with CESR (the Committee of European Securities Regulators) guidance, retained revenue reserves of £3,016,000 have been excluded from Shareholders' equity.
- (3) Redesignated as a distributable reserve for the purpose of funding share repurchases, following the cancellation of the share premium account.

As at 21 January 2015 (being the latest practicable date prior to the publication of this document), there has been no material change in the capitalisation of the Company since 31 July 2014 (being the last date in respect of which the Company has published financial information).

The following table, sourced from the Company's internal accounting records, shows the Company's unaudited net indebtedness as at 31 December 2014.

	<i>31 December 2014</i> £'000
A Cash	436
B Cash equivalent	—
C Trading securities	174,471
D Liquidity (A+B+C)	174,907
E Current financial receivable	264
F Current bank debt	—
G Current portion of non-current debt	—
H Trading securities payable	(8)
I Other current financial debt	(66)
J Current financial debt (F+G+H+I)	(74)
K Net current financial indebtedness (D+E-J)	175,097
L Non-current bank loans	(19,000)
M bonds issued	—
N Other non-current loans	—
O Non-current financial indebtedness (L+M+N)	(19,000)
P Net financial indebtedness (K+O)	156,097

4 Working capital

In the Company's opinion, the Company has sufficient working capital for its present requirements, that is, for at least the 12 months following the date of this document.

PART IV

PARTICULARS OF THE SUBSCRIPTION SHARES

Conditional upon the passing of the Resolution at the General Meeting and Admission, the Subscription Shares are expected to be issued on 25 February 2015 and will carry the rights described below. The Existing Articles will be replaced with the New Articles which will incorporate these rights.

1 Subscription Share Rights

- (a) A registered holder for the time being of a Subscription Share (a **Subscription Shareholder**) shall have a right (a **Subscription Share Right**) to subscribe in cash for one Ordinary Share by following the procedures set out in paragraph 1(d) below (in the case of Subscription Shares in certificated form (**Certificated Subscription Shares**)) and in paragraph 1(e) below (in the case of Subscription Shares in uncertificated form (**Uncertificated Subscription Shares**)). Subscription Share Rights may be exercised on the last Business Day of each month (any date on which subscription occurs being a **Subscription Date**), between and including the last Business Day in March 2015 and the last Business Day in June 2017 (the **Final Subscription Date**). The price per Ordinary Share payable on the exercise of Subscription Share Rights (the **Subscription Price**) shall be determined by the Company as being equal to the average of the unaudited published Net Asset Value per Ordinary Share at the close of business on the five dealing days ending on 23 February 2015, rounded up to the nearest whole pence. The **Net Asset Value** or NAV for the purpose of calculating the Subscription Price means the unaudited value of all the Company's assets calculated in accordance with the Company's accounting policies (including revenue items for the current financial year) less all prior charges and other creditors at their par value (including the costs of the Bonus Issue). Prior charges include all loans and overdrafts that are to be used for investment purposes.

The Subscription Price shall be payable in full in Sterling on subscription.

It is expected that the Subscription Price will be announced via a Regulatory Information Service on or around 24 February 2015.

- (b) Each Subscription Share has a Subscription Share Right to one Ordinary Share, but the Subscription Price (and/or the number of Subscription Shares outstanding) will be subject to adjustment as provided in paragraph 2 below. No fraction of an Ordinary Share will be issued on the exercise of Subscription Share Rights and no refund will be made to a Subscription Shareholder in respect of any part of the Subscription Price paid by that Subscription Shareholder which represents such a fraction (if any) provided that if the Subscription Share Rights represented by more than one Subscription Share are exercised by the same Subscription Shareholder on the relevant Subscription Date then the number of Ordinary Shares to be issued to such Subscription Shareholder in relation to all such Subscription Shares exercised shall be aggregated and whether any fractions then arise shall be determined accordingly.
- (c) The Subscription Shares registered in a holder's name will be evidenced by a Subscription Share certificate issued by the Company or, in the case of Uncertificated Subscription Shares, by means of any relevant computer-based system enabling title to units of a security to be evidenced and transferred without a written instrument (the **Relevant Electronic System** or **Relevant System**). The Company shall be under no obligation to issue a Subscription Share certificate to any person holding Uncertificated Subscription Shares.
- (d) In order to exercise the Subscription Share Rights, in whole or in part, which are conferred by any Certificated Subscription Shares, the Subscription Shareholder must lodge the relevant Subscription Share certificate(s) (or such other document as the Company may, in its absolute discretion, accept) (a **Certificated Subscription Notice**) at the office of the Company's Registrar by not later than 5.00 p.m. on the relevant Subscription Date, having completed the notice of exercise of Subscription Share Rights thereon (or by giving such other notice of exercise of Subscription Share Rights as the Company may, in its absolute discretion, accept), accompanied by a remittance for the aggregate Subscription Price for the Ordinary Shares in respect of which the Subscription Share Rights are

exercised. Any notice of exercise received after 5.00 p.m. on any Business Day will be treated as having been received on the following Business Day. The Directors may, in their absolute discretion, accept as valid, notices of exercise of Subscription Share Rights which are received after the relevant Subscription Date provided they are accompanied by the correct remittance, as described above. Once lodged, a notice of exercise of Subscription Share Rights shall be irrevocable save with the consent of the Directors. To be effective, compliance must also be made with any statutory and regulatory requirements for the time being applicable.

- (e) The Subscription Share Rights which are conferred by any Uncertificated Subscription Shares shall be exercisable, in whole or in part, (and treated by the Company as exercised) on the relevant Subscription Date if by not later than 5.00 p.m. on the relevant Subscription Date, (i) an Uncertificated Subscription Notice is received as referred to below and (ii) a remittance for the aggregate Subscription Price for the Ordinary Shares in respect of which the Subscription Share Rights are being exercised is received by the Company or by such person as it may require for these purposes. For these purposes, an **Uncertificated Subscription Notice** shall mean a properly authenticated dematerialised instruction and/or other instruction or notification received by the Company (or by such person as it may require for these purposes) in such form and subject to such terms and conditions as may from time to time be prescribed by the Directors (subject always to the regulations and facilities and requirements of the Relevant Electronic System). The Directors may, in addition but subject to the regulations and facilities and requirements of the Relevant Electronic System, determine when any such properly authenticated dematerialised instruction and/or other instruction or notification and any such remittance is to be treated as received by the Company or by such person as it may require for these purposes. Without prejudice to the generality of the foregoing, the effect of the Uncertificated Subscription Notice may be such as to divest the holder of the Subscription Shares concerned of the power to transfer such Subscription Shares to another person. Once lodged, an Uncertificated Subscription Notice shall be irrevocable save with the consent of the Directors. To be effective, compliance must also be made with any statutory and regulatory requirements for the time being applicable.
- (f) Not later than 30 days before the Final Subscription Date, the Company shall give notice in writing to the holders of the outstanding Subscription Shares reminding them of their Subscription Share Rights and, in relation to any Uncertificated Subscription Shares, stating the form of Uncertificated Subscription Notice prescribed by the Directors.
- (g) Ordinary Shares to be issued pursuant to the exercise of Subscription Share Rights which are conferred by any Certificated Subscription Shares will be allotted within ten Business Days of the first Business Day of the calendar month following the month of the relevant Subscription Date, save in the case of the Final Subscription Date when the relevant Ordinary Shares will be allotted not later than 14 days after the Final Subscription Date. The Ordinary Shares arising shall be allotted with effect from the date of their allotment (and not the Subscription Date on which the relevant Subscription Share Rights were exercised or deemed exercised). Certificates in respect of such Ordinary Shares, together, if applicable, with a new share certificate for the balance of any Certificated Subscription Shares in respect of which the Subscription Share Rights have not been exercised, will be despatched (at the risk of the person(s) entitled thereto) not later than 28 days after the relevant allotment date to the person(s) in whose name(s) the Subscription Share is registered at the date of exercise (and, if more than one, to the first-named, which shall be sufficient despatch for all) or (subject as provided by law and to the payment of stamp duty reserve tax or any like tax as may be applicable) to such other person(s) (not being more than four in number) as may be named in the form of nomination available for the purpose from the Company's Registrar (and, if more than one, to the first-named, which shall be sufficient despatch for all).
- (h) Ordinary Shares to be issued pursuant to the exercise of Subscription Share Rights which are conferred by Uncertificated Subscription Shares will be allotted within ten Business Days of the first Business Day of the calendar month following the month of the relevant Subscription Date and the Company shall procure that the appropriate instructions are given to enable such Ordinary Shares to be evidenced by means of the Relevant Electronic System as a holding of the person(s) in whose name(s) the Subscription Shares in respect of which Subscription Share Rights have been

exercised were registered as at the date of such exercise or (subject as provided by law, to the payment of stamp duty reserve tax or any like tax as may be applicable, to such terms and conditions as the Directors may from time to time prescribe for this purpose and to the facilities and requirements of the Relevant Electronic System) to such other person(s) (not being more than four in number) as may be named in the properly authenticated dematerialised instruction and/or other instruction or notification in such form. The Ordinary Shares arising shall be allotted with effect from the date of their allotment (and not the Subscription Date on which the relevant Subscription Share Rights were exercised or deemed exercised).

- (i) For the avoidance of doubt, unless the Directors otherwise determine or unless the regulations or the facilities or requirements of the Relevant Electronic System otherwise require, the Ordinary Shares issued on the exercise of any Subscription Share Rights shall be issued in certificated form where such Subscription Share Rights were conferred by Certificated Subscription Shares or in uncertificated form where such Subscription Share Rights were conferred by Uncertificated Subscription Shares.
- (j) Ordinary Shares allotted pursuant to the exercise of Subscription Share Rights will not rank for any dividends or other distributions declared, paid or made on the Ordinary Shares by reference to a record date prior to the relevant allotment date but, subject thereto, will rank in full for all dividends and other distributions declared, paid or made on the Ordinary Shares and otherwise will rank *pari passu* in all other respects with the Ordinary Shares in issue at the relevant allotment date, provided that, on any allotment falling to be made pursuant to paragraph 3(f) below, the Ordinary Shares to be allotted shall not rank for any dividend or other distribution declared, paid or made by reference to a record date prior to the date of actual allotment.
- (k) For so long as the Ordinary Shares are admitted to listing on the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange, it is the intention of the Company to apply to the UK Listing Authority and to the London Stock Exchange for the Ordinary Shares allotted pursuant to any exercise of Subscription Share Rights to be admitted to the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange respectively and, if such an application is made, the Company will use all reasonable endeavours to obtain the admissions pursuant thereto not later than 28 days after the relevant Subscription Date. The Ordinary Shares arising pursuant to any exercise of Subscription Share Rights will be allotted subject to admission to the Official List and to trading on the London Stock Exchange's main market for listed securities.
- (l) The Subscription Shares and the Ordinary Shares arising on the exercise of Subscription Share Rights have not been and will not be registered under the Securities Act or the securities laws of any other Restricted Territory and the relevant exemptions have not been and will not be obtained from the securities commission or similar regulatory authority of any province of Canada. The Subscription Shares, the Subscription Share Rights and the Ordinary Shares to be issued upon exercise of the Subscription Share Rights may not be offered, sold, resold, taken up, exercised, renounced, transferred or delivered, directly or indirectly, into or within any Restricted Territory or to any citizen or resident of any Restricted Territory (a **Restricted Person**) or to or for the benefit of any such person. Persons subscribing for Ordinary Shares in connection with the exercise of Subscription Share Rights shall (unless the relevant Ordinary Shares can lawfully be allotted to them) be deemed to represent and warrant to the Company that they are not a Restricted Person and that they are not subscribing for such Ordinary Shares for the account of any Restricted Person and are not subscribing with a view to the re-offer or re-sale of such Ordinary Shares, directly or indirectly, in any Restricted Territory and will not offer, sell, renounce, transfer or deliver, directly or indirectly, such Ordinary Shares in any Restricted Territory or to or for the benefit of any Restricted Person.
- (m) The exercise of Subscription Share Rights by any Subscription Shareholder or beneficial owner of the Subscription Shares who is a Restricted Person or the right of such a Subscription Shareholder or beneficial holder to receive the Ordinary Shares falling to be issued to them following the exercise of their Subscription Share Rights, will be subject to such other requirements, conditions, restrictions, limitations or prohibitions as the Company may at any time impose, in its sole

discretion, for the purpose of complying with (or for avoiding any requirement which would otherwise arise to comply with) the securities laws of the United States (including, without limitation, the Securities Act, the Investment Company Act and any rules or regulations promulgated thereunder) and the laws of any other Restricted Territory.

2 Adjustments of Subscription Share Rights

The Subscription Price (and/or the number of Subscription Shares outstanding) shall from time to time be adjusted in accordance with the provisions of this paragraph 2 and the Company shall not take any of the actions which would require such an adjustment unless there shall be available for issue sufficient Subscription Share and Ordinary Share capital to implement such adjustment and to satisfy in full all Subscription Share Rights remaining exercisable without the need for passing any further resolutions of Shareholders provided that in no event shall the Subscription Price be lower than the nominal value of an Ordinary Share:

- (a) If and whenever there shall be an alteration on a date (or by reference to a record date) on or before the Final Subscription Date in the nominal amount of the Ordinary Shares as a result of a consolidation or sub-division, the Subscription Price in force immediately prior to such alteration shall be adjusted by multiplying it by a fraction of which (x) the numerator shall be the nominal amount of one such Ordinary Share immediately after such alteration and (y) the denominator shall be the nominal amount of one such Ordinary Share immediately prior to such alteration, and such adjustment shall become effective on the date the alteration takes effect.
- (b) If and whenever the Company shall allot to Ordinary Shareholders any Ordinary Shares credited as fully paid by way of capitalisation of reserves or profits (other than Ordinary Shares paid up out of distributable reserves and issued in lieu of a cash dividend) on a date (or by reference to a date) on or before the Final Subscription Date, the Subscription Price in force immediately prior to such allotment shall be adjusted by multiplying it by a fraction of which (x) the numerator shall be the aggregate nominal amount of the issued Ordinary Shares immediately before such allotment and (y) the denominator shall be the aggregate nominal amount of the issued and allotted Ordinary Shares immediately after such allotment and such adjustment shall become effective as at the date of allotment of such Ordinary Shares.
- (c) If on a date (or by reference to a record date) on or before the Final Subscription Date, the Company makes any offer or invitation (whether by way of rights issue, open offer or otherwise but not being an offer to which paragraph 3(f) below applies or an offer made in connection with scrip dividend arrangements) to the Ordinary Shareholders (subject to such exclusions as may be necessary to deal with legal, regulatory or practical problems in any jurisdiction) to subscribe for new Ordinary Shares or for securities convertible into or exchangeable for Ordinary Shares or conferring rights to subscribe for Ordinary Shares, or any offer or invitation (not being an offer to which paragraph 3(f) below applies) is made to such holders otherwise than by the Company, then the Company shall, so far as it is able, procure that at the same time the same offer or invitation is made to the then Subscription Shareholders as if their Subscription Share Rights had been exercisable and had been exercised on the date immediately preceding the record date for such offer or invitation on the terms (subject to any adjustment made previously pursuant to paragraphs 2(a) to (f)) on which the same could have been exercised on that date, provided that, if the Directors so resolve in the case of any such offer or invitation made by the Company, the Company shall not be required to procure that the same offer or invitation is made to the then Subscription Shareholders but the Subscription Price shall be adjusted:
 - (i) in the case of an offer of Ordinary Shares for subscription by way of rights (a **Rights Offer**) at a price less than the market price of an Ordinary Share at the date of announcement of the terms of the offer, by multiplying the Subscription Price by a fraction of which (x) the numerator is the number of Ordinary Shares in issue on the date of such announcement plus the number of Ordinary Shares which the aggregate amount payable for the total number of Ordinary Shares comprised in such Rights Offer would purchase at such market price and (y) the denominator is the number of Ordinary Shares in issue on the date of such announcement plus the aggregate number of Ordinary Shares offered for subscription;

- (ii) in the case of a Rights Offer at a price less than the net asset value of an Ordinary Share at the date of announcement of the terms of the offer, or such other date as may be specified for this purpose by the Board, the formula in (i) above shall apply save that the references to market price shall be substituted by references to net asset value; and
- (iii) in any other case, in such manner as the independent financial advisers appointed by the Board (acting as experts and not arbitrators) (the **Financial Advisers**) shall report in writing to be fair and reasonable.

Any such adjustments shall become effective, in the case of (i) and (ii) above, as at the date of allotment of the Ordinary Shares which are the subject of the offer or invitation and, in the case of (iii) above, as at the date determined by the Financial Advisers.

For the purposes of this paragraph 2, and for the purposes of paragraph 3 and paragraph 4 below: (i) market price shall mean the average of the middle market quotations (as derived from the Official List) for one Ordinary Share for the five consecutive dealing days ending on the dealing day immediately preceding the day on which the market price is to be ascertained, making an appropriate adjustment if the Ordinary Shares to be issued pursuant to the offer or invitation do not rank, on some or all of the relevant dealing days, *pari passu* as to dividends or other distributions with the Ordinary Shares in issue on those days; and (ii) net asset value shall mean the value of the Company's assets (excluding revenue items for the current financial year) minus all prior charges at their par value and the costs of the Rights Offer.

- (d) No adjustment will be made to the Subscription Price pursuant to paragraphs 2(a), (b) or (c) above (other than by reason of a consolidation of Ordinary Shares as referred to in paragraph 2(a) above) if it would result in an increase in the Subscription Price and, in any event, no adjustment will be made if such adjustment would (taken together with the amount of any adjustment carried forward under the provisions of this paragraph 2(d)) be less than 1 per cent. of the Subscription Price then in force and on any adjustment the adjusted Subscription Price will be rounded down to the nearest whole pence. Any adjustment not so made and any amount by which the Subscription Price is rounded down will be carried forward and taken into account in any subsequent adjustment.
- (e) Whenever the Subscription Price is adjusted as provided in accordance with paragraphs 2(a) to (d) above (other than by reason of a consolidation of Ordinary Shares as referred to in paragraph 2(a) above), the Company shall issue, for no payment, additional Subscription Shares, registered as fully paid, to each Subscription Shareholder at the same time as such adjustment takes effect. The number of additional Subscription Shares to which a Subscription Shareholder will be entitled shall be the number of existing Subscription Shares held by them multiplied by the fraction:

$$(A - B)/B$$

where:

A = the Subscription Price which would have been payable if the Subscription Share Rights had been exercisable and had been exercised immediately prior to the relevant adjustment pursuant to paragraph 2(a) to (d) above; and

B = the Subscription Price as adjusted pursuant to paragraph 2(a) to (d) above.

Fractions of Subscription Shares will not be allotted to Subscription Shareholders but all such fractions will be aggregated and, if practicable, sold in the market. The net proceeds will be paid to the Subscription Shareholders entitled thereto at the risk of such persons, save that amounts of less than £5.00 per Subscription Shareholder will be retained for the benefit of the Company.

Subscription Share certificates relating to such additional Subscription Shares will be issued within 21 days of the said adjustment taking effect or the Company will procure that appropriate instructions are given to enable the adjustment to be made to the Subscription Shareholder's holding of Subscription Shares in the Relevant Electronic System. The Directors shall, and are hereby authorised to, capitalise any part of the amount then standing to the credit of any of the Company's reserve accounts (whether or not the same would lawfully be distributable by way of cash dividend)

or to the credit of the share premium account, capital redemption reserve, profit and loss account or otherwise available for the purpose and the same shall be applied in paying up in full at par the additional Subscription Shares so created and to be issued as provided in this paragraph 2(e). Any restrictions and limitations in the New Articles relating to capitalisation issues generally shall not apply to any capitalisation or creation or issue of shares pursuant to this paragraph.

- (f) Whenever the Subscription Price is adjusted in accordance with this paragraph by reason of a consolidation of Ordinary Shares as referred to in paragraph 2(a) above, the number of Ordinary Shares into which each holder of Subscription Shares is entitled to convert such Subscription Shares will be reduced accordingly.
- (g) The Company shall give notice to holders of Subscription Shareholders within 28 days of any adjustment made pursuant to paragraphs 2(a) to (f) above, which will be notified through a Regulatory Information Service.
- (h) If a holder of Subscription Shares shall become entitled to exercise their Subscription Share Rights pursuant to paragraph 3(f) below, the Subscription Price payable on such exercise (but not otherwise) shall be reduced by an amount determined by the Financial Advisers in accordance with the following formula:

$$A = (B+C) - D$$

where:

A = the reduction in the Subscription Price;

B = the Subscription Price which would, but for the provisions of this paragraph 2(h), be applicable (subject to any adjustments previously made pursuant to paragraphs 2(a) to (f) above) if the Subscription Share Rights were exercisable on the date on which the Company shall become aware as provided in paragraph 3(f) below;

C = the average of the middle market quotations (as derived from the Official List) for one Subscription Share for the five consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of the offer referred to in paragraph 3(f) below (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made; and

D = the average of the middle market quotations (as derived from the Official List) for one Ordinary Share for the five consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of the offer referred to in paragraph 3(f) below (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made,

provided that:

- (i) if the application of the above formula would, in the absence of this proviso (i), have reduced the Subscription Price to below the nominal value of an Ordinary Share, the number of Ordinary Shares into which a Subscription Share may convert pursuant to paragraph 3(f) below shall be adjusted in such manner as the Financial Advisers shall report to be appropriate to achieve the same economic result for the Subscription Shareholders as if the Subscription Price had been reduced without regard to this proviso (i); and
- (ii) no adjustment shall be made to the Subscription Price where the value of D exceeds the aggregate value of B and C in the above formula.

The notice required to be given by the Company under paragraph 3(f) below shall give details of any reduction in the Subscription Price pursuant to this paragraph 2(h).

- (i) For the purpose of determining whether paragraph 3(h) below shall apply and accordingly whether each Subscription Shareholder is to be treated as if their Subscription Share Rights had been exercisable and had been exercised as therein provided, the Subscription Price which would have been payable on such exercise shall be reduced by an amount determined by the Financial Advisers in accordance with the following formula:

$$A = (B+C) - D$$

where:

A = the reduction in the Subscription Price;

B = the Subscription Price which would, but for the provisions of this paragraph 2(i), be applicable (subject to any adjustments previously made pursuant to paragraphs 2(a) to (f) above) if the Subscription Share Rights were exercisable on the date on which the order or the effective resolution referred to in paragraph 3(h) shall be made or passed (as the case may be);

C = the average of the middle market quotations (as derived from the Official List) for one Subscription Share for the five consecutive dealing days ending on the dealing day immediately preceding the earliest of the following dates: (i) the date of an announcement by the Board of their intention to convene a general meeting for the purpose of passing a resolution, or to present a petition for a court order, to wind up the Company, (ii) the date of the notice of a general meeting convened for the purpose of passing a resolution to wind up the Company, (iii) the date of commencement of the winding up of the Company by the court; and (iv) the date of suspension by the London Stock Exchange of dealings in the Subscription Shares prior to the making of any such announcement by the Board; and

D = the amount (as determined by the Financial Advisers) of the assets available for distribution in the liquidation of the Company in respect of each Ordinary Share, taking into account for this purpose the Ordinary Shares which would arise on exercise of all the Subscription Share Rights and the Subscription Price which would be payable on the exercise of such Subscription Share Rights (subject to any adjustments previously made pursuant to paragraphs 2(a) to (f) above but ignoring any adjustment to be made pursuant to this paragraph 2(i)), provided that no adjustment shall be made to the Subscription Price where the value of D exceeds the aggregate value of B and C in the above formula.

- (j) Notwithstanding the provisions of paragraphs 2(a) to 2(h) above, in any circumstances, where the Directors shall consider that an adjustment to the Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or with a different time from that provided under the said provisions in order to give a result which is fair and reasonable, the Company may appoint the Financial Advisers to consider whether for any reason whatsoever the adjustment to be made (or the absence of adjustment) would or might not appropriately reflect the relative interests of the persons affected thereby and, if the Financial Advisers shall consider this to be the case, the adjustment shall be modified or nullified, or another adjustment made instead, or no adjustment made, in such manner including without limitation making an adjustment calculated on a different basis and/or to take effect from such other date and/or time as shall be reported by the Financial Advisers to be in their opinion appropriate in order to give a result which is fair and reasonable.
- (k) Where an event which gives or may give rise to an adjustment to the Subscription Price occurs whether in such proximity in time to another such event or otherwise in circumstances such that the Company in its absolute discretion determines that the foregoing provisions need to be operated subject to some modification in order to give a result which is fair and reasonable in all the circumstances such modification shall be made in the operation of the foregoing provisions as may be advised by the Financial Advisers to be in their opinion appropriate in order to give such a result.

3 Other Provisions

So long as any Subscription Share Rights remain capable of exercise:

- (a) the Company shall not (except with the sanction of a special resolution of the Subscription Shareholders):
 - (i) subject to paragraph 3(i) below make any distribution of capital profits or capital reserves except by means of a capitalisation issue in the form of fully paid Ordinary Shares;
 - (ii) subject to paragraph 4 below, issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares issued to Ordinary Shareholders *pro rata* to their existing holdings or at the election of the Ordinary Shareholders instead of cash in respect of all or part of a dividend or dividends or the issue of further Subscription Shares to the Subscription Shareholders in accordance with the rights attaching to the Subscription Shares; or
 - (iii) on or by reference to a record date falling within the period of six weeks ending on the Final Subscription Date, make any such allotment as is referred to in paragraph 2(b) above or any such offer or invitation as is referred to in paragraph 2(c) above (except by extending to the Subscription Shareholders any such offer or invitation or as otherwise provided in paragraph 2(c));
- (b) subject to paragraph 4 below, the Company shall not (except with the sanction of a special resolution of the Subscription Shareholders) in any way modify the rights attached to its existing Ordinary Shares as a class, or create or issue any new class of equity share capital (as defined in section 548 of the Companies Act as applicable) except for shares which carry, as compared with the rights attached to the existing Ordinary Shares, rights which are not more advantageous as regards voting, dividend or return of capital (save as to the date from which such shares shall rank for dividends or distributions), provided that nothing herein shall restrict the right of the Company to increase, consolidate or sub-divide its share capital or to issue further Ordinary Shares which carry, as compared to the rights attached to the existing Ordinary Shares, rights which are not more advantageous as regards voting, dividends or return of capital;
- (c) the Company shall not issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves nor make any such offer as is referred to in paragraph 2(c) if, in either case, the Company would on any subsequent exercise of the Subscription Share Rights be obliged to issue Ordinary Shares at a discount to nominal value;
- (d) the Company shall not (except with the sanction of a special resolution of the Subscription Shareholders or for a reduction not involving any payment to Shareholders) reduce any of its share capital, any uncalled or unpaid liability in respect of any of its share capital or any of its non-distributable reserves provided that the Company shall not be restricted by this paragraph 3(d) from reducing its share capital and from cancelling or reducing any other non-distributable reserve in connection with, or from making, any purchase of (i) Ordinary Shares at prices below the net asset value per Ordinary Share as envisaged by paragraph 3(i) below or (ii) Subscription Shares as envisaged by paragraph 6 below;
- (e) except in the circumstances where paragraph 2(c) applies, the Company shall not grant (or agree to grant) any option in respect of, or create any rights of subscription for, or conversion into, any Ordinary Shares, the nominal amount of which, together with the aggregate nominal amount of any Ordinary Shares over which options or rights of subscription or conversion (including those of the Subscription Shares) shall be subsisting at the date of such grant or creation, would exceed in the aggregate 20 per cent. of the nominal amount of the Ordinary Shares (excluding any treasury shares) then in issue, nor (except with the sanction of a special resolution of the Subscription Shareholders) will the Company grant (or offer or agree to grant) any such option in respect of, or create any such rights of subscription for, or issue any securities or loan capital carrying rights of conversion into, Ordinary Shares if the price at which any such option or right is exercisable is lower than the Subscription Price for the time being;

- (f) subject as provided in paragraph 3(g) below, if at any time an offer is made to all Ordinary Shareholders (or all such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the issued share capital of the Company and the Company becomes aware on or before the Final Subscription Date that as a result of such offer the right to cast a majority of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such companies or persons as aforesaid, the Company shall give notice to the Subscription Shareholders of such vesting or pending vesting within 14 days of it becoming so aware, and each such Subscription Shareholder shall be entitled, at any time within the period of 30 days immediately following the date of such notice, to exercise their Subscription Share Rights on the terms (subject to any adjustments pursuant to paragraphs 2(a) to (f) and subject to paragraph 2(h) above) on which the same could have been exercised if they had been exercisable and had been exercised on the date on which the Company shall become aware as aforesaid. The publication of a scheme of arrangement under sections 895 to 901 of the Companies Act providing for the acquisition by any person of the whole or any part of the issued share capital of the Company shall be deemed to be the making of an offer for the purposes of this paragraph 3(f) and references herein to such an offer shall be read and construed accordingly;
- (g) if under any offer as referred to in paragraph 3(f) above the consideration shall consist solely of the issue of ordinary shares of the offeror and the offeror shall make available to Subscription Shareholders an offer of securities to subscribe for ordinary shares in the offeror in exchange for the Subscription Shares, which the Financial Advisers shall consider to be fair and reasonable (having regard to the terms of the offer and any other circumstances which may appear to such Financial Advisers to be relevant), then a Subscription Shareholder shall not have the right to exercise their Subscription Share Rights on the basis referred to in paragraph 3(f) above and, subject to the offer referred to in paragraph 3(f) above becoming or being declared wholly unconditional and the offeror being in a position to acquire compulsorily the whole of the then issued share capital of the Company not already owned by it or its associates, any Director shall be irrevocably authorised as attorney for the Subscription Shareholders who have not accepted the offer of securities to subscribe for ordinary shares in the offeror in exchange for the relevant securities (subject to applicable law):
- (i) to execute a transfer of the Subscription Shares held by such holders in favour of the offeror in respect of Certificated Subscription Shares, or to take or procure the taking of such action as shall be required in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned in respect of Uncertificated Subscription Shares, in consideration of the issue of securities to subscribe for ordinary shares in the offeror as aforesaid whereupon all the Subscription Share Rights shall lapse; and
- (ii) to do such acts and things as may be necessary or appropriate in connection therewith including to take account of the fact that Subscription Shares may be held in uncertificated form;
- (h) if:
- (i) an order is made or an effective resolution is passed for winding up the Company (except for the purpose of reconstruction, amalgamation or unitisation on terms sanctioned by a special resolution of the Subscription Shareholders); and
- (ii) in such winding up and on the basis that all Subscription Share Rights then unexercised had been exercised in full and the Subscription Price in respect thereof at the relevant Subscription Date had been received in full by the Company there would be a surplus available for distribution amongst the Ordinary Shareholders, including for this purpose the Ordinary Shares which would arise on exercise of all the Subscription Share Rights (taking into account any adjustments pursuant to paragraphs 2(a) to (f) and 2(i), 2(j) and 2(k) above), which surplus would, on such basis, exceed in respect of each Share a sum equal to such Subscription Price, each Subscription Shareholder shall be treated as if immediately before the date of such order or resolution (as the case may be) his Subscription Share Rights had been exercisable and had been exercised in full on the terms (subject to any adjustments

pursuant to paragraphs 2(a) to (f) and 2(i), 2(j) and 2(k) above) on which the same could have been exercised if they had been exercisable and had been exercised in full but at any reduced Subscription Price immediately before the date of such order or resolution (as the case may be), and shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the Ordinary Shareholders such sum as they would have received had he been the holder of the Ordinary Shares to which he would have become entitled by virtue of such subscription after deducting a sum per Share equal to the Subscription Price (subject to any adjustments pursuant to paragraphs 2(a) to (f) and 2(i), 2(j) and 2(k) above). Subject to the foregoing, all Subscription Share Rights shall lapse on liquidation of the Company; and

- (i) notwithstanding paragraphs 3(a) to (h) above, the Company may, without the sanction of a special resolution of the Subscription Shareholders:
 - (i) issue new Ordinary Shares at a price equal to or greater than Net Asset Value;
 - (ii) purchase any of its own equity share capital (whether by tender, by private treaty or through the market);
 - (iii) hold its Ordinary Shares in treasury (for the purposes of The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003) and sell any such Ordinary Shares held in treasury (including where such Ordinary Shares are sold out of treasury at a discount to the Net Asset Value per Ordinary Share);
 - (iv) effect a reduction in its share premium account or capital redemption reserve unless prohibited by paragraph 3(d) above; and
 - (v) purchase or redeem any Deferred Shares in accordance with paragraph 9.

4 Issue of C Shares

- (a) Notwithstanding the provisions of paragraph 3 above, a Qualifying C Share Issue (as defined in paragraph 4(b) below) shall not constitute a modification, alteration or abrogation of the rights attached to the Subscription Shares (and shall not require the sanction of a special resolution of the Subscription Shareholders) even though it may involve modification of the rights attached to the existing Ordinary Shares or the creation or issue of a new class of equity share capital if the Directors are of the opinion (having regard to all the circumstances) that such issue should not have any material dilutive effect on the net asset value per Ordinary Share.
- (b) For the purposes of this paragraph 4, a Qualifying C Share Issue means an issue by the Company of shares which will, within one year of the date of issue thereof, be converted into Ordinary Shares ranking *pari passu* in all respects with the Ordinary Shares then in issue (other than, if the case requires, as regards dividends or other distributions declared, paid or made in respect of the financial year in which the conversion takes place) and may include the issue in connection therewith of subscription shares or warrants (whether on the same terms and conditions as the Subscription Shares or otherwise) and any matters reasonably incidental to the process by which such shares are converted into Ordinary Shares, including but not limited to the creation, issue, sub-division, consolidation, redesignation, purchase, redemption or cancellation of any share capital of the Company, including share capital with preferred or deferred rights.

5 Modification of Rights

All or any of the rights for the time being attached to the Subscription Shares may from time to time (whether or not the Company is being wound up) be altered or abrogated with the sanction of a special resolution of the Subscription Shareholders.

6 Purchase

The Company shall have the right to purchase Subscription Shares in the market, by tender or by private treaty, but:

- (a) such purchases will be limited to the maximum price payable per Subscription Share as specified in the Listing Rules from time to time applicable to equity securities; and
- (b) if such purchases are by tender, such tender will be available to all Subscription Shareholders alike.

All Subscription Shares so purchased shall forthwith be cancelled and shall not be available for reissue or resale.

7 Transfer

Each Subscription Share will be in registered form and will be transferable:

- (a) in the case of Certificated Subscription Shares, by an instrument of transfer in any usual or common form, or in any other form which may be approved by the Directors; and
- (b) in the case of Uncertificated Subscription Shares, by giving the appropriate instructions for transfer by means of the Relevant Electronic System.

No transfer of a fraction of a Subscription Share may be effected.

8 General

- (a) The Company will, concurrently with the issue of the same to the Ordinary Shareholders, send to each Subscription Shareholder (or, in the case of joint holders, to the first named) a copy of each published annual report and accounts of the Company (or such abbreviated or summary financial statements sent to Ordinary Shareholders in lieu thereof), together with all documents required by law to be annexed thereto, and a copy of every other statement, notice or circular issued by the Company to Ordinary Shareholders.
- (b) For the purposes of these conditions, special resolution of the Subscription Shareholders means a resolution proposed at a meeting of the Subscription Shareholders duly convened and quorate and passed by a majority consisting of not less than three-fourths of the votes cast, whether on a show of hands or on a poll.
- (c) Subject as provided in paragraph 7 above, the provisions of the New Articles relating to notice of meetings, untraced members, lost certificates and the registration, transfer and transmission of Ordinary Shares shall, *mutatis mutandis*, apply to the Subscription Shares as if they were Ordinary Shares.
- (d) Any determination or adjustment made pursuant to these terms and conditions by the Financial Advisers shall be made by them as experts and not as arbitrators and any such determination or adjustment made by them shall be final and binding on the Company and each of the Subscription Shareholders.
- (e) Any references in these particulars to a statutory provision shall include that provision as from time to time modified or re-enacted.
- (f) Subject to paragraph 3(h) above, Subscription Shares carry no right to any dividend or other distribution by the Company and (save to the extent that the Directors elect in connection with an exercise of Subscription Share Rights as provided in paragraph 8(k) below) no right to be redeemed (although the Company may elect to purchase Subscription Shares pursuant to paragraph 6 above). Subscription Shareholders are not entitled to attend or vote at meetings of Shareholders and, save as provided in paragraph 3(h) above, have no right to share in any surplus in the event of liquidation beyond the right to be repaid the sum of 0.1 pence, being the nominal value of each Subscription Share (in respect of which conversion rights have not been exercised) held (which rights rank immediately after the rights of the Ordinary Shareholders to be repaid the nominal value of 10 pence for each Ordinary Share).

- (g) If, immediately after any Subscription Date (other than the Final Subscription Date) and after taking account of any Subscription Share Rights exercised on that date, Subscription Share Rights shall have been exercised or cancelled in respect of 75 per cent. or more of the Subscription Shares originally issued (subject to the adjustment of the number of Subscription Shares in accordance with paragraph 2 above including any further Subscription Shares issued in accordance with the New Articles), the Company shall be entitled at any time within the next following 14 days to serve notice in writing on the holders of the Subscription Shares then outstanding of its intention to appoint a trustee for the purposes set out in this paragraph 8(g) (the **Early Subscription Trustee**) upon the expiry of 21 days from the date of such notice (the **Notice Period**) and for this purpose the Notice Period shall expire at 3.00 pm. on the 21st day from the date of such notice. Such notice shall set out the Final Subscription Date and will include all necessary details and instructions to enable the exercise of the Subscription Share Rights. Forthwith after the expiry of the Notice Period, the Company shall appoint the Early Subscription Trustee who, provided that in such trustee's opinion the net proceeds of sale after deduction of all costs and expenses incurred by, and any fee payable to, such trustee will exceed the costs of exercising the Subscription Share Rights, shall within the period of 14 days following the expiry of the Notice Period either:
- (i) exercise all (or such proportion as it may in its absolute direction determine) of the Subscription Share Rights which shall not have been exercised on the terms on which the same could have been exercised immediately prior to the expiry of the Notice Period and sell in the market the Ordinary Shares resulting from such exercise; or
 - (ii) (if it appears to the Early Subscription Trustee that doing so is likely to realise greater net proceeds for Subscription Shareholders) accept any offer available to Subscription Shareholders for the purchase of the outstanding Subscription Shares (or such proportion of such Subscription Shares as the Early Subscription Trustee may in its absolute direction determine).

The Early Subscription Trustee shall distribute *pro rata* the proceeds of any such sale or acceptance of any such offer less, in either case, such costs of exercising the Subscription Share Rights and such other fees, costs and expenses to the persons entitled thereto (being, regardless of whether the Early Subscription Trustee has exercised all or only a proportion of unexercised Subscription Share Rights or has accepted any offer for the purchase of all or only a proportion of the outstanding Subscription Shares, all holders of the Subscription Shares outstanding immediately prior to such exercise or acceptance) at the risk of such persons as soon as practicable and in any event within 28 days after the expiry of the Notice Period, provided that entitlements of under £5.00 per Subscription Shareholder shall be retained for the benefit of the Company. Following the expiry of the Notice Period, if the Early Subscription Trustee shall not exercise the Subscription Share Rights then outstanding within the period of 14 days following such expiry as set out in this paragraph 8(g) (and such trustee's decision in respect thereof shall, in the absence of unreasonableness, be final and binding on all holders of outstanding Subscription Shares), all Subscription Share Rights shall lapse. Where the Early Subscription Trustee exercises some but not all of such Subscription Share Rights or sells some but not all such Subscription Shares in accordance with this paragraph, any Subscription Share Rights which are not so exercised and all Subscription Share Rights attaching to Subscription Shares not so sold shall immediately lapse.

- (h) Within seven days following the Final Subscription Date the Company shall appoint a trustee (the Final Subscription Trustee) who, provided that in such trustee's opinion the net proceeds of sale after deduction of all costs and expenses incurred by, and any fee payable to, such trustee will exceed the costs of exercising the Subscription Share Rights, shall within the period of 14 days following the Final Subscription Date, either:
- (i) exercise all (or such proportion as it may in its absolute direction determine) the Subscription Share Rights which shall not have been exercised on the terms on which the same could have been exercised on the Final Subscription Date and sell in the market the Ordinary Shares resulting from such exercise; or

- (ii) (if it appears to the Final Subscription Trustee that doing so is likely to realise greater net proceeds for Subscription Shareholders) accept any offer available to Subscription Shareholders for the purchase of the outstanding Subscription Shares (or such proportion of such Subscription Shares as the Final Subscription Trustee may in its absolute direction determine).

The Final Subscription Trustee shall distribute *pro rata* the proceeds of any such sale or acceptance of any such offer less, in either case, such costs of exercising the Subscription Share Rights and such other fees, costs and expenses to the persons entitled thereto (being, regardless of whether the Final Subscription Trustee has exercised all or only a proportion of unexercised Subscription Share Rights or has accepted any offer for the purchase of all or only a proportion of the outstanding Subscription Shares, all holders of the Subscription Shares outstanding immediately prior to such exercise or acceptance) at the risk of such persons within 56 days of the Final Subscription Date, provided that entitlements of under £5.00 per Subscription Shareholder shall be retained for the benefit of the Company. If the Final Subscription Trustee shall not exercise the Subscription Share Rights within the period of 14 days following the Final Subscription Date as set out in this paragraph 8(h) (and such trustee's decision in respect thereof shall be final and binding on all holders of outstanding Subscription Shares), all Subscription Share Rights shall lapse. Where the Final Subscription Trustee exercises some but not all of such Subscription Share Rights or sells some but not all such Subscription Shares in accordance with this paragraph, any Subscription Share Rights which are not so exercised and all Subscription Share Rights attaching to Subscription Shares not so sold shall immediately lapse.

- (i) The Company shall, in its discretion, as an alternative to the procedures in paragraphs 8(g) or 8(h) above have the right to make a payment to the holder of each outstanding Subscription Share of an amount equal to the Board's best estimate of the amount which would be received by Subscription Shareholders were such procedures to be followed and upon making such payment the Subscription Share Rights shall lapse.
- (j) The Early Subscription Trustee or the Final Subscription Trustee (as appropriate) shall have no liability of any nature whatsoever where such trustee has acted honestly and reasonably and shall have no responsibility for the safe custody of, or to earn any interest on, any unpaid or unclaimed money.
- (k) The Company shall give effect to Subscription Share Rights in accordance with this paragraph 8(k) or in such other manner as may be authorised by law. For the purposes of this paragraph 8(k) the Relevant Shares shall mean those Subscription Shares in respect of which Subscription Share Rights are exercised.
 - (i) To enable such subscription to be effected, the Directors may determine to redeem at par the Relevant Shares on any Subscription Date out of profits of the Company which would otherwise be available for distribution. In the event that the Directors determine to redeem the same at par out of such profits, a Relevant Share shall confer upon the holder thereof the right to subscribe for, and such holder shall be deemed to have appointed the secretary of the Company (or any other person appointed for the purpose by the Directors) to subscribe as agent on such holder's behalf for, one Ordinary Share at such price as shall represent the aggregate of:
 - (A) the Subscription Price; and
 - (B) the amount of the redemption monies to which the holder is entitled,and, in any such case, the Certificated Subscription Notice or Uncertificated Subscription Notice (as the case may be, a Subscription Notice) given by such holder shall be deemed irrevocably to authorise and instruct such agent to apply the redemption moneys payable to such holder in subscribing for such Ordinary Shares at such price.
 - (ii) To enable such subscription to be effected, the Directors may determine to redeem at par the Relevant Shares on any Subscription Date out of the proceeds of a fresh issue of Ordinary Shares. In the event that the Directors determine to redeem the same at par out of such proceeds, a Relevant Share shall confer upon the holder thereof the right to subscribe for, and

shall authorise the secretary of the Company (or any other person appointed for the purpose by the Directors) to subscribe as agent on such holder's behalf for, one Ordinary Share at such price as shall represent the aggregate of:

- (A) the Subscription Price; and
- (B) the amount of the redemption monies to which the holder is entitled,

and, in any such case, the Subscription Notice given by such holder shall be deemed irrevocably to authorise and instruct such agent to apply the redemption monies payable to such holder in subscribing for such Ordinary Shares at such price.

- (iii) To enable such subscription to be effected, the Directors may determine to effect such subscription by means of a consolidation and sub-division of the Relevant Shares. In such case the requisite consolidation and sub-division shall be effected by consolidating into one share all the Relevant Shares held by any holder or joint holders and in respect of which a Subscription Notice shall have been given in respect of any Subscription Date (treating holdings of the same holders or joint holders in certificated form and uncertificated form as separate holdings, unless the Directors otherwise determine) and, if the Directors so determine, any Ordinary Shares allotted to such holder or joint holder pursuant to paragraph 8(k)(v) and converting (and, if necessary, sub-dividing) such consolidated share into Ordinary Shares of 10 pence each (or such other nominal amount as may be appropriate as a result of any consolidation or sub-division of Ordinary Shares) of which one share for every complete 10 pence (or such other nominal amount as may be appropriate as a result of any consolidation or sub-division of Ordinary Shares) of the nominal amount of the consolidated share shall be Ordinary Shares (fractional entitlements to an Ordinary Share being disregarded) and the balance (if any) of such consolidated share shall be deferred shares (Deferred Shares) which shall carry the limited rights set out in the New Articles and paragraph 9 below but in particular will be capable of being redeemed by the Company without further authorisation.
- (iv) In relation to any Relevant Shares that are to be redeemed in accordance with paragraph 8(k)(i) or 8(k)(ii) above and that are, on any Subscription Date, in uncertificated form, the Directors shall be entitled in their absolute discretion to determine the procedures for the redemption of such Relevant Shares (subject always to the facilities and requirements of the Relevant Electronic System). Without prejudice to the generality of the foregoing, the procedures for the redemption of any such Relevant Shares may involve or include the sending by the Company or by any person on its behalf of an issuer instruction to the operator of the Relevant Electronic System requesting or requiring the deletion of any computer based entries in the relevant system concerned that relate to the holding of the Relevant Shares concerned, and/or the Company may, if the Directors so determine (by notice in writing to the holder concerned), require the holder of the Relevant Shares concerned to change the form of the Relevant Shares from uncertificated form to certificated form prior to the relevant Subscription Date.
- (v) To enable any subscription to be effected in accordance with this paragraph 8(k) the Directors are authorised to capitalise any part of the amount then standing to the credit of any of the Company's reserve accounts (whether or not the same would lawfully be distributable by way of cash dividend) or to the credit of the share premium account, capital redemption reserve, profit and loss account or otherwise available for the purpose and the same shall be applied in paying up in full at par shares to be allotted and issued, credited as fully paid, to and amongst the Subscription Shareholders exercising their Subscription Share Rights in accordance with their respective entitlements. Any restrictions and limitations in the New Articles relating to capitalisation issues generally shall not apply to any capitalisation or creation or issue of shares pursuant to this paragraph 8(k).

- (vi) Where the Subscription Share Rights attaching to any Subscription Shares have lapsed in accordance with the provisions of the New Articles, such Subscription Shares will be reclassified as Deferred Shares with immediate effect from the date of such lapse.
- (l) The Directors may make such arrangements or regulations (if any) as they may from time to time in their absolute discretion think fit in relation to the evidencing, issue, conversion and transfer of Uncertificated Subscription Shares, the payment of any monies in respect of Uncertificated Subscription Shares and otherwise for the purpose of implementing and/or supplementing the provisions of the New Articles and the CREST Regulations and the facilities and requirements of the relevant system concerned; and such arrangements and regulations (as the case may be) shall have the same effect as if set out in the New Articles.

9 Deferred Shares

- (a) The Deferred Shares arising as a result of a conversion by means of consolidation and subdivision as provided in paragraph 8(k)(iii) above, or otherwise on the lapse of Subscription Share Rights, shall (i) on a return of assets in a winding up entitle the holder only to the repayment of the amounts paid up on such shares after repayment of the capital paid up on the Ordinary Shares, the capital paid up on the Subscription Shares plus the payment of £1,000 on each Ordinary Share; (ii) entitle the holder to a dividend at a fixed rate of 0.001 per cent. of the total nominal amount thereof payable on the date falling six months after the date on which they arise, to the holders of Deferred Shares on the Register at that date, but shall confer no other right to share in the profits of the Company; and (iii) not entitle the holder to receive notice of or to attend or vote at any general meeting of the Company, and such conversion or reclassification shall be deemed to confer irrevocable authority on the Company at any time thereafter to appoint any person to execute on behalf of the holders of such Deferred Shares a transfer thereof and/or an agreement to transfer the same, without making any payment to the holders thereof, to such person as the Company may determine as custodian thereof and to cancel and/or purchase the same (in accordance with the provisions of the Companies Act) without making any payment to or obtaining the sanction of the holder thereof and pending such transfer and/or cancellation and/or purchase to retain the certificate for such Deferred Shares.
- (b) The Company may at its option at any time after the creation of any Deferred Shares redeem all or any of the Deferred Shares then in issue, at a price not exceeding 0.1 pence for all the Deferred Shares redeemed, at any time upon giving the registered holder(s) of such share or shares not less than 14 days' previous notice in writing of its intention so to do, fixing a time and place for their redemption.
- (c) If and whenever the Company shall determine to redeem pursuant to the foregoing paragraph less than the total of the Deferred Shares then outstanding, those to be redeemed shall be selected by the drawing of lots. At the time and place so fixed, each such registered holder shall be bound to surrender to the Company the certificate for their Deferred Shares which are to be redeemed in order that such shares may be cancelled.

PART V
GENERAL INFORMATION

1 Responsibility

The Company, whose registered office appears at paragraph 2.1(e) of this Part V, and the Directors, whose names and functions appear on page 25 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

2 The Company and the Manager

2.1 Incorporation

- (a) The Company was incorporated in the UK with an unlimited life on 26 June 1990. The Company was incorporated as River & Mercantile Smaller Companies Trust plc. The Company changed its name to The Fleming Smaller Companies Investment Trust plc in April 1996 and again in November 2002 to JPMorgan Fleming Smaller Companies Investment Trust plc. The Company changed its name from JPMorgan Fleming Smaller Companies Investment Trust plc to its current name on 29 November 2006. The Company is registered as an investment company under Section 833 of the Companies Act with registered number 2515996.
- (b) The Company is not regulated as a collective investment scheme by the Financial Conduct Authority.
- (c) The Company's Ordinary Shares are denominated in Sterling and are listed on the premium segment of the Official List and admitted to trading on the London Stock Exchange's main market for listed securities. The ISIN of the Ordinary Shares is GB0007416000.
- (d) The principal legislation under which the Company operates is the Companies Act and regulations promulgated thereunder. The Company is domiciled in the UK.
- (e) The registered office of the Company is 60 Victoria Embankment, London EC4Y 0JP, with telephone number +44 (0) 20 7742 4000.
- (f) JPMorgan Funds Limited is a private limited company incorporated in Scotland on 27 November 1936 with registered number SC019438. The address of the registered office of the Manager is 3 Lochside View, Edinburgh Park, Edinburgh EH12 9DH, with telephone number 0800 20 40 20. The Manager is authorised and regulated in the United Kingdom by the FCA (FCA registration number 119346) as an alternative investment fund manager.

- 2.2 The Depositary BNY Mellon Trust & Depositary (UK) Limited is a private limited company incorporated in England and Wales on 25 June 1998 with registered number 03588038. The address of the registered office of the Depositary is 160 Queen Victoria Street, London EC4V 4LA, with telephone number +44 (0) 20 7163 8225.

3 Share capital

- 3.1 The following table shows the issued share capital (excluding treasury shares) of the Company as at 31 July 2014 (being the last date in respect of which the Company has published financial information) and as at 21 January 2015 (being the latest practicable date prior to the publication of this document):

	31 July 2014		21 January 2015	
	Nominal Value (£)	Number of Ordinary Shares	Nominal Value (£)	Number of Ordinary Shares
Issued share capital (fully paid)	4,549,093	18,196,372	4,459,562	17,838,248

- 3.2 Save as disclosed in this document, no share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

- 3.3 With effect from Admission, all of the Subscription Shares will be in registered form and, subject to the Subscription Shares being admitted to and accordingly enabled for settlement in CREST, the Subscription Shares will be capable of being held in uncertificated form. No temporary documents of title will be issued.

- 3.4 The Company's issued share capital history during the last three financial years and since 31 July 2014 is as follows:

- (a) in the financial year ended 31 July 2012, the Company, repurchased 355,024 Ordinary Shares for cancellation. As at 31 July 2012, the Company had 18,283,028 Ordinary Shares in issue;
- (b) in the financial year ended 31 July 2013, the Company repurchased 63,656 Ordinary Shares for cancellation. As at 31 July 2013, the Company had 18,219,372 Ordinary Shares in issue;
- (c) in the financial year ended 31 July 2014, the Company repurchased 23,000 Ordinary Shares for cancellation. As at 31 July 2014, the Company had 18,196,372 Ordinary Shares in issue;
- (d) in the period from 31 July 2014 to 21 January 2015 (being the latest practicable date prior to the publication of this document), the Company repurchased 358,124 Ordinary Shares for cancellation. As at 21 January 2015 (being the latest practicable date prior to publication of this document), the Company had 17,838,248 Ordinary Shares in issue.

- 3.5 Other than as described at paragraph 3.4 of this Part V, the Company did not repurchase any Ordinary Shares during the three financial years ended 31 July 2012, 2013 and 2014 or between 31 July 2014 and 21 January 2015 (being the latest practicable date prior to the publication of this document).

- 3.6 The Company was authorised to issue Ordinary Shares by virtue of the resolutions passed at its Annual General Meeting held on 28 November 2014. The resolutions were passed as follows:

- "12. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised (in substitution of any authorities previously granted to the Directors), pursuant to and in accordance with Section 551 of the Companies Act 2006 (the **Act**) to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to an aggregate nominal amount of £225,784, representing approximately 5 per cent. of the Company's issued ordinary share capital as at the date of passing of this resolution and shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2015 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers, agreements or arrangements which would or might require relevant securities to be allotted after such expiry and so that the Directors of the Company may allot relevant securities in pursuance of such offers, agreements or arrangements as if the authority conferred hereby had not expired.

13. THAT subject to the passing of Resolution 12 set out above, the Directors of the Company be and they are hereby empowered pursuant to Section 570 of the Companies Act 2006 (the **Act**) to allot equity securities (within the meaning of Section 560(i) of the Act) pursuant to the authority conferred by Resolution 12 as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £225,784 representing approximately 5 per cent. of the total ordinary share capital as at the date of the passing of this resolution at a price of not less than the net asset value per share and shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2015 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers, agreements or arrangements which would or might require the equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuance of such offers, agreements or arrangements as if the power hereby conferred had not expired.”
- 3.7 At the same annual general meeting of the Company a resolution authorising the Company to make market purchases of Ordinary Shares was passed as follows:
- “14. THAT the Company be generally and subject as hereinafter appears unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the **Act**) to make market purchases (within the meaning of Section 693 of the Act) of its issued ordinary shares of 25 pence each in the capital of the Company.
- PROVIDED ALWAYS THAT:
- (i) the maximum number of ordinary shares hereby authorised to be purchased shall be 2,707,611 or, if less, that number of ordinary shares which is equal to 14.99 per cent. of the Company’s ordinary issued share capital as at the date of the passing of this Resolution;
 - (ii) the minimum price which may be paid for an Ordinary Share shall be 25p;
 - (iii) the maximum price which may be paid for a Share shall be an amount equal to the highest of (a) 105 per cent. of the average of the middle market quotations for an ordinary share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Share is contracted to be purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;
 - (iv) any purchase of ordinary shares will be made in the market for cash at prices below the prevailing net asset value per ordinary share (as determined by the Directors);
 - (v) the authority hereby conferred shall expire on 27 May 2016 unless the authority is renewed at the Company’s Annual General Meeting in 2015 or at any other general meeting prior to such time; and
 - (vi) the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of Ordinary Shares pursuant to any such contract notwithstanding such expiry.”
- 3.8 At the General Meeting Shareholders will be asked to pass the Resolution, which contains the following operative provisions, some of which will, if the Resolution is passed, affect the Company’s share capital:
- (a) to adopt the New Articles to provide for the Subscription Shares;
 - (b) (in addition to the authority granted at the Annual General Meeting of the Company held on 28 November 2014 referred to in paragraphs 3.6 and 3.7 above) to authorise the Directors to allot shares pursuant to the Bonus Issue (including pursuant to the exercise of the Subscription Share Rights);

- (c) to authorise the Directors to allot shares pursuant to the authority referred to paragraph 3.8(b) above for cash without complying with the pre-emption right requirements of the Companies Act;
- (d) to authorise the Directors to capitalise any amount standing to the credit of any of the capital redemption reserve, the other reserve or any reserve (other than the profit and loss account) otherwise available for the purpose of paying up in full at par up to 3,567,649 Subscription Shares to be issued pursuant to the Bonus Issue and any Ordinary Shares to be issued upon the exercise of the Subscription Share Rights and any additional Subscription Shares required to be issued in accordance with the rights attaching to the Subscription Shares;
- (e) to authorise the Directors to consolidate, sub-divide or redeem share capital to give effect to the rights of the holders of the Subscription Shares; and
- (f) to authorise the Company to make market purchases of the Subscription Shares up to 14.99 per cent. of the issued subscription share capital.

The alterations and authorities referred to in sub-paragraphs (a) to (e) (inclusive) are contained within the Resolution.

- 3.9 Subject to the Companies Act, any equity shares issued by the Company for cash must first be offered to existing Shareholders in proportion to their holdings of Ordinary Shares. Both the Companies Act and the Listing Rules allow for disapplication of pre-emption rights which may be waived by a special resolution of the shareholders, either generally or specifically, for a maximum period not exceeding five years. The pre-emption rights have currently been disapplied to the extent referred to in paragraph 3.6 above.
- 3.10 The Subscription Shares will have the rights described in Part IV of this document. The Subscription Shares will be denominated in Sterling.

4 Articles of Association

The Existing Articles contain, *inter alia*, material provisions as summarised in paragraph 4.1 below. If the Resolution is passed at the General Meeting the New Articles will be adopted to incorporate the rights attaching to the Subscription Shares (these rights are summarised in Part IV of this document) and otherwise to make any necessary amendments in connection with the Bonus Issue and the Subscription Share Rights but otherwise the New Articles will be identical to the Existing Articles.

4.1 Articles of Association

Set out below is a summary of the provisions of the Existing Articles. If the Resolution is passed at the General Meeting the New Articles, which contain the rights attaching to the Subscription Shares, will be adopted. The rights attaching to the Subscription Shares are set out in Part IV of this document.

(a) Share capital

The Ordinary Shares have such rights, preferences and restrictions attached to them as are set out in the Articles. The Articles do not confer any additional rights for the holders of Ordinary Shares to share in any surplus in the event of the liquidation of the Company other than rights provided by legislation.

(b) Variation of rights

If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class may be varied in such manner (if any) as may be provided by those rights or, in the absence of any such provision, either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of the class (but not otherwise) and may be so varied either whilst the Company is a going concern or during or in contemplation of a winding-up. At every such separate meeting the necessary quorum shall be at least two persons holding or representing by proxy at least

one-third in nominal value of the issued shares of the class (but at any adjourned meeting any holder of shares of the class present in person or by proxy shall be a quorum) and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him. Where the rights of some only of the shares of any class are to be varied, the foregoing provisions apply as if each group of shares of the class differently treated formed a separate class whose rights are to be varied.

(c) *Alteration of share capital*

The Company may from time to time by ordinary resolution:

- (i) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
- (ii) sub-divide its shares, or any of them, into shares of a smaller amount (subject, nevertheless, to the provisions of the Statutes), and by the same resolution may confer special rights or restrictions on any of the shares resulting from the sub-division; and
- (iii) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled.

Subject to the provisions of the Statutes, the Company may purchase any of its own shares (including any redeemable shares) and may hold such shares as treasury shares or cancel them.

Subject to the provisions of the Statutes, the Company may by special resolution reduce any capital redemption reserve and any share premium account in any way.

(d) *Issue of shares*

Subject to the provisions of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in general meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot, grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

(e) *Transfer of shares*

Any member may transfer all or any of his shares by instrument of transfer in writing in any usual or common form or in any other form which the Directors may approve and need not be under seal. The instrument of transfer shall be signed by or on behalf of the transferor and, except in the case of fully-paid shares, by or on behalf of the transferee. Where any class of shares is, for the time being, a participating security, title to shares of that class which are recorded on an operator register of members as being held in uncertificated form may be transferred by means of the relevant system concerned. The transfer may not be in favour of more than four transferees.

The Directors may refuse to recognise an instrument of transfer unless:

- (i) it is in respect of only one class of share;
- (ii) it is lodged at the transfer office accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; and
- (iii) it is in favour of not more than four transferees.

The Directors may in their absolute discretion refuse to register any transfer of shares other than fully-paid shares provided that, where such shares are admitted to the Official List, such discretion shall not be exercised so as to prevent dealings in shares of that class from taking place on an open and proper basis.

(f) *General meetings*

Annual general meetings of the Company shall be held at least once each year. Other meetings of the Company shall be called general meetings.

The notice period for annual general meetings and all other general meetings (including a general meeting at which it is proposed to put a special resolution) shall not be less than the minimum period of notice as is prescribed or permitted under the Companies Act. Notices of general meetings shall specify the date, place and time of the meeting. In every notice there should appear a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a member.

The quorum for a general meeting shall be two members present in person or by proxy and entitled to vote. Two persons who are proxies for the same member or representatives of the same body corporate can constitute a quorum. If within five minutes after the time appointed for the meeting a quorum is not present, or if during a meeting a quorum ceases to be present, the meeting shall stand adjourned to such date, time and place as the Directors may determine. The Chairman of the Board or, in his absence the senior independent director shall preside as chairman at a general meeting of the Company, subject to the right of the Directors present at any meeting to appoint a chairman if neither the Chairman of the Board nor the senior independent director is present within fifteen minutes after the time appointed for holding the meeting, and subject to the right of the members present to appoint a chairman from among their number should no Director be present or should all of the Directors present decline to act as chairman.

(g) *Votes of members*

Subject to any special rights or restrictions as to voting attached to any shares, every member who is present in person or by proxy shall have one vote for each share of which he is the holder. No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a general meeting or a meeting of the holders of any class of shares either personally or by proxy or to exercise any other right conferred by membership in relation to such meetings of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid or if that member or any other person appearing to be interested in shares held by him in the Company shall have been served with a notice under Section 793 of the Companies Act and be in default for a period of 14 days from such service in supplying the information thereby required.

(h) *Dividends*

(i) The Company may by ordinary resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors. The Directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. If the Directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

(ii) No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes. Any surplus over the book value derived from the sale or realisation of any capital asset and any other sums representing capital profits within the meaning of Section 832 of the Companies Act or other accretions to capital assets shall not be available for dividend or other distribution within the meaning ascribed thereto by Section 829(1) of the Companies Act otherwise than by way of the redemption or purchase of any of the Company's own shares in accordance with Section 687 or 690 in Chapters 3 and 4 of Part 18 of the Companies Act.

(iii) Any dividend unclaimed after a period of 12 years from the date of declaration of such dividend shall be forfeited and revert to the Company.

(i) *Untraced members*

The Company shall be entitled to sell at the best price reasonably obtainable the shares of a member or the shares to which a person is entitled by transmission if, during a period of 12 years, no communication has been received by the Company from the member or the person entitled by transmission and no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the member or person entitled by transmission at his address on the register of members or other last known address given by such person has been cashed and at least three dividends have become payable in relation to such shares during those 12 years and no such dividend has been claimed and within a further period of three months from the date of newspaper advertisements giving notice of its intention to sell such shares placed after the expiry of the period of 12 years the Company has not received any communication from the member or the person entitled by transmission and notice has been given by the Company to the London Stock Exchange of its intention to make such sale. The Company shall be obliged to account to the former member or person entitled by transmission for the net proceeds of the sale of such shares but no trust shall be created in respect of the debt and no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds.

(j) *Suspension of share rights*

If a member or any person appearing to be interested in shares held by such member has been duly served with a notice pursuant to Section 793 of the Companies Act and the Company has not received the information required within the prescribed period, then, unless the Directors otherwise determine, the member shall not be entitled to attend or vote (personally or by proxy) at a general meeting or to exercise any other right conferred by membership in relation to general meetings.

Where the shares in respect of which the Company has not received the information required represent 0.25 per cent. or more of the issued shares of the class the Directors may further direct in their absolute discretion that:

- (i) any dividend or other monies otherwise payable in respect of such shares shall be retained by the Company; and/or
- (ii) no transfer of any of the shares held by the member shall be registered unless the transfer is an approved transfer or:
 - (A) the member is not himself in default in supplying the required information; and
 - (B) the transfer is only part of the member's holding and when presented for registration is accompanied by a certificate certifying that the shares transferred are not shares in relation to which the default has occurred.

(k) *Directors*

- (i) Unless otherwise determined by ordinary resolution of the Company, the Directors shall not be less than two in number.
- (ii) Directors shall not be required to hold any shares in the Company by way of qualification. A Director who is not a member shall nevertheless be entitled to attend and speak at any general meeting.
- (iii) The ordinary remuneration of the Directors shall from time to time be determined by the Directors but shall not in aggregate exceed £150,000 per annum or such larger amount as may from time to time be determined by an ordinary resolution of the Company. Such remuneration shall be divisible among the Directors as they may agree or, failing agreement equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. The Directors may also be paid all reasonable

expenses incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings or otherwise in connection with the business of the Company. Any Director who holds any executive office or who serves on any committee of the Directors or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director may be paid such extra remuneration by way of salary, commission or otherwise or may receive such other benefits as the Directors may determine. The Directors shall have power to pay and agree to pay gratuities, pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director or ex-Director and for the purpose of providing any such gratuities, pensions or other benefits to contribute to any scheme or fund or to pay premiums. The Directors may purchase and maintain insurance for, or for the benefit of, any persons who are or were directors, officers or employees of the Company or any associated company or who are or were trustees of any pension fund in which employees of the Company or any associated company are interested.

- (iv) The Directors may from time to time appoint one or more of their body to any executive office on such terms and for such periods as they may (subject to the provisions of the Statutes) determine.
- (v) Subject to the provisions of the Statutes, and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director, notwithstanding his office, may be party to or in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such other company and (i) he shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate; (ii) he shall not infringe his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company as a result of any such office or employment or any such transaction or arrangement or any interest in any such body corporate; and (iii) no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.
- (vi) Save as otherwise provided in the Articles, a Director shall not vote at a meeting of the Directors on any resolution concerning a matter in which he has, directly or indirectly, a material interest otherwise than by virtue of his interest in shares or debentures or other securities of, or otherwise in or through, the Company. Subject to the provisions of the Statutes, a Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:
 - (A) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;
 - (B) the giving of any security, guarantee or indemnity to a third party 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;
 - (C) his interest arises by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any shares in or debentures or other securities of the Company for subscription, purchase or exchange;

- (D) an arrangement for the benefit of the employees and Directors and/or former employees and Directors or any of its subsidiary undertakings, and/or the members of their families (including a spouse or civil partner and a former spouse and former civil partner) or any person who is or was dependent on such persons, including but without being limited to a retirement benefits scheme and an employees' share scheme, which does not accord to any Director any privilege or advantage not generally accorded to the employees and/or former employees to whom the arrangement relates;
 - (E) any proposal concerning any other company in which he is interested, directly or indirectly, provided that he is not the holder of or beneficially interested in one per cent. or more of the issued shares of any class of the equity share capital of that company (or of any other company through which his interest is derived) and not entitled to exercise one per cent. or more of the voting rights available to members of the relevant company (and for the purpose of calculating the said percentage there shall be disregarded (i) any shares held by the Director as a bare or custodian trustee and in which he has no beneficial interest; (ii) any shares comprised in any authorised unit trust scheme in which the Director is interested only as a unit holder; and (iii) any shares of that class held as treasury shares; or
 - (F) the purchase or maintenance for any Director or Directors of insurance against any liability.
- (vii) At each annual general meeting, all Directors who held office at the time of the two preceding annual general meetings and did not retire by rotation or otherwise pursuant to the Articles at either of them shall retire from office by rotation and any Director who was originally elected a Director at or before the annual general meeting held in the ninth year before the current year shall retire by rotation. Subject to the provisions of the Statutes, the Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election. A retiring Director shall be eligible for re-election.
- (viii) Any provision of the Statutes which, subject to the provisions of the Articles, would have the effect of rendering any person ineligible for appointment as a Director or liable to vacate office as a Director on account of his having reached any specified age or requiring special notice or any other special formality in connection with the appointment of any Director over a specified age, shall not apply to the Company.

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

5.1 *Mandatory bid*

The City Code on Takeovers and Mergers (the City Code) applies to the Company. Under Rule 9 of the City Code, if:

- (a) a person acquires an interest in shares in the Company which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- (b) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested, the acquiror and, depending on the circumstances, his concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquiror or his 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 his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

6 **Valuation policy**

The NAV per Ordinary Share is calculated each Business Day by the Manager. For the purposes of calculating the NAV per Ordinary Share, the Company's listed investments are valued at bid prices. Where trading in the securities of an investee company is suspended, the investment is valued at the Manager's estimate of its net realisable value. Where premiums are payable by foreign investors, the market value, for the purpose of the accounts, includes the premium. Unlisted investments are valued by the Manager.

In making its valuations, the Manager takes into account, where appropriate, latest dealing prices, valuations from reliable sources, asset values and other relevant factors.

The calculation of the NAV per Ordinary 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. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

As at 21 January 2015 (being the latest practicable date prior to the publication of this document), the unaudited NAV cum income per Ordinary Share with debt valued at par was 877.39 pence per Ordinary Share and the unaudited NAV of the Company was £156.5 million (as provided by the Manager).

7 **Borrowing**

Subject to the Companies Act and the Existing Articles and to any directions given to the Company in general meeting, the Directors shall manage the Company's business and can use all the Company's powers. In particular, the Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property (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 and exercise all voting and other rights, powers of control or rights of influence exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (so far, as regards subsidiary undertakings, as by such exercise they can secure) that the aggregate amount for the time being remaining outstanding of all monies borrowed

by the group and for the time being owing to persons outside the group shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to the adjusted capital and reserves (as defined in the Articles).

The Board sets the Company's overall gearing policy. The current gearing policy is to operate within a range of -10 per cent. to +15 per cent. relative to a base of 100 per cent. invested in normal markets. The Company is party to a loan facility agreement with Scotiabank, which is summarised in paragraph 11.3 of this Part V below.

8 Interests of Directors, major shareholders and related party transactions

8.1 Directors' interests

As at 21 January 2015 (being the latest practicable date before the publication of this document), the Directors had a beneficial interest in the following number of Ordinary Shares and will, if the Bonus Issue is approved, have a beneficial interest in the following number of Subscription Shares:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>% of issued ordinary share capital</i>	<i>Number of Subscription Shares to be issued under the Bonus Issue</i>	<i>% of subscription share capital</i>
Michael Quicke	4,333	0.024	866	0.024
Ivo Coulson*	3,300	0.019	660	0.019
Frances Davies	809	0.005	161	0.005
Richard Fitzalan Howard	7,500	0.042	1,500	0.042
Andrew Robson	1,163	0.007	232	0.007

* Non-beneficial holding

8.2 Save as disclosed in paragraph 8.1 above, as at 21 January 2015 (being the latest practicable date before the publication of this document), no Director has any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

8.3 Directors' contracts with the Company

(a) None of the Directors provides his services to the Company pursuant to a service contract with the Company. Their appointments are subject to the terms of their letters of appointment.

Michael Quicke is engaged by the Company as a non-executive director. Mr Quicke commenced in that office on 18 October 2005. He will be subject to reappointment at the annual general meeting of the Company to be held in 2015.

Ivo Coulson is engaged by the Company as a non-executive director. Mr Coulson commenced in that office on 18 October 2005. He will retire subject to reappointment at the annual general meeting of the Company to be held in 2015.

Frances Davies is engaged by the Company as a non-executive director. Ms Davies commenced in that office on 1 March 2013. She will be subject to reappointment at the annual general meeting of the Company to be held in 2015.

Richard Fitzalan Howard is engaged by the Company as a non-executive director. Mr Fitzalan Howard commenced in that office on 20 February 1997. He will be subject to reappointment at the annual general meeting of the Company to be held in 2015.

Andrew Robson is engaged by the Company as a non-executive director. Mr Robson commenced in that office on 4 April 2007. He will be subject to reappointment at the annual general meeting of the Company to be held in 2015.

(b) In the financial year ended 31 July 2014, Michael Quicke received a Director's fee of £30,000, Andrew Robson received a Director's fee of £24,000 and the other Directors each received a Director's fee of £21,000. The Directors were not paid any amount of remuneration by way of benefits in kind, pension contributions and any contingent or deferred

compensation by the Company for their services in all capacities to the Company. Accordingly, there are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits to the Directors.

- (c) 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.

8.4 *Other interests*

Over the five years preceding the date hereof, the Directors have held the following directorships (apart from their directorships of the Company) and/or partnerships:

- (a) Michael Quicke is currently also a director of CCLA Investment Management Limited and is a partner in JG Quicke & Partners. In the last five years he has also been a director of Albanwise Limited.
- (b) Ivo Coulson is currently also a director of Baring Emerging Europe plc and Squint Limited and is an investment partner at Stanhope Capital LLP. In the last five years he has also been a director of Eco Age Limited.
- (c) Frances Davies is currently also a partner of Opus Corporate Finance LLP and an independent member of Aviva Life's With Profits Committee. In the last five years she has also been a director of Challenged Trust Board (NHS) and City and Hackney Primary Care Trust.
- (d) Richard Fitzalan Howard is currently also a director of FF&P Asset Management Limited, CCFHB Limited, CCLA Investment Management Limited, the Basmom Foundation, the Global Fund for Forgotten People, Hospitaller Limited, the Orders of St John Care Trust, Gabelli Value Plus+ Trust plc and the Dulverton Trust. In the last five years he has also been a director of Fleming Smaller Companies Securities Limited.
- (e) Andrew Robson is currently a director of British Empire Securities & General Trust plc, First Integrity Limited, Mobeus Income & Growth 4 VCT plc, Shires Income plc, Brambletye School Trust Limited, Peckwater Limited, Witan Pacific Investment Trust plc and Best Securities Limited. In the last five years he has also been a director of M&G Equity Investment Trust plc (in voluntary (solvent) liquidation), Topshire Limited and Wiston Investment Company Limited.
- (f) Save as set out above, none of the Directors has any conflict of interest between any duties to the Company and to his private interest or to any other duties.

8.5 The Directors in the five years before the date of this Prospectus:

- (a) do not have any convictions in relation to fraudulent offences;
- (b) 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
- (c) 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 of supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

8.6 *Major Shareholders*

- (a) As at 21 January 2015 (being the latest practicable date before the publication of this document) insofar as known to the Company, the following parties had declared a notifiable interest in the Company's voting rights (under the Disclosure and Transparency Rules):

<i>Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>% of voting rights</i>
JPMorgan Asset Management Limited ¹	3,269,672	18.33
East Riding of Yorkshire Council	1,271,816	7.13
Royal London Asset Management Limited	799,082	4.48
Legal & General Group plc	782,158	4.38
City of Bradford Metropolitan District Council	755,000	4.23
Investec Wealth & Investment Limited	730,144	4.09
Rensburg Sheppards Investment Management Limited	566,548	3.18

¹ Includes holdings by JPMorgan Elect plc of 1,068,494 Ordinary Shares (5.99 per cent.)

- (b) All Ordinary Shareholders have the same voting rights in respect of the share capital of the Company.
- (c) 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.
- (d) 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.

8.7 *Related party transactions*

The Company was not a party to, nor had any interest in, any related party transaction (as defined in the Standards adopted according to the Regulation (EC) No 1606/2002) at any time during the three financial years to 31 July 2012, 2013 and 2014 or during the period 1 August 2014 to 21 January 2015 (being the latest practicable date before publication of this document) other than it being a party to the Investment Management Agreement (described in paragraph 11.1 of this Part V).

8.8 *Other material interests*

The Company is receiving legal and financial advice from Norton Rose Fulbright LLP and Winterflood respectively, in addition to certain administrative services from third parties in connection with the Bonus Issue. The legal and financial advisers act for many other clients, including others in the investment funds sector and, on occasion, the professional advisers may face conflicts of interest as a result of acting both for the Company and such other clients. In the event of a conflict of interest, the legal and financial advisers will take such reasonable steps to ensure it is resolved fairly.

None of the Directors has any conflict of interest between any duties to the Company and his private interests and any other duties. The Manager, the Secretary, any of their respective directors, officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an Interested Party) may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and shall not be liable to account for any profit from any such services. For example, an Interested Party may acquire on behalf of a client an investment in which the Company may invest.

9 *Share options and share scheme arrangements*

Subject to the Subscription Share Rights attaching to the Subscription Shares, no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

10 Investment restrictions

The Company is subject to the UK Listing Rules which apply to closed-ended investment funds.

As required under Listing Rule 15.4.2, the Company will at all times invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with its published investment policy as set out in Part II of this document.

In accordance with Listing Rule 15.2.3A, the Company (and, if applicable, its subsidiary undertakings) must not conduct any trading activity which is significant in the context of its group as a whole, but this rule does not prevent the businesses forming part of the Company's investment portfolio from conducting trading activities themselves.

In addition, in order to comply with the Listing Rule 15.2.5, the Company will not invest more than 10 per cent., in aggregate, of the value of its total assets (calculated at the time of any relevant investment) in other closed-ended investment funds admitted to the Official List (save to the extent that those closed-ended investment funds have stated investment policies to invest no more than 15 per cent. of their gross assets in such other closed-ended investment funds).

In order to gain approval as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010, the Company is required to operate under certain constraints. These include the following limits on investments and operations:

- (a) all, or substantially all, of the business of the Company is investing its funds in shares, land or other assets with the aim of spreading investment risk and giving members of the Company the benefit of the results of the management of its funds; and
- (b) the Company may not retain more than 15 per cent. of its income for the accounting period.

In the event of any serious breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Manager through an announcement via a Regulatory Information Service.

11 Material contracts

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

11.1 *Investment Management Agreement*

Under the terms of the Investment Management Agreement, dated 1 July 2014, the Manager is responsible for the investment management of the Company's portfolio of assets on a discretionary basis, subject, *inter alia*, to the Company's investment objectives and policies as determined by the Directors. In addition, under the Investment Management Agreement, the Secretary is responsible for the provision of all services of a secretarial, accounting and administrative nature (excluding registration services) to the Company (including the provision of periodic statements to the Company, setting out the value and composition of the Company).

The Investment Management Agreement provides for the Manager to receive a management fee at the annual rate of 0.8 per cent. of the Company's gross assets up to £200 million and 0.7 per cent. on all assets in excess of that figure. The management fee is calculated and paid monthly in arrears. Funds and similar schemes, both closed and open-ended, managed or advised by the Manager or any of its associated companies, on which a fee is already charged by the Manager or any of its associated companies, are excluded from the calculation and therefore attract no direct management fee.

The Secretary's fees for the provision of its services to the Company are paid by the Manager out of its management fee.

The Investment Management Agreement may be terminated by either party giving to the others at least three months' notice in writing. The Company may terminate the Investment Management Agreement immediately without penalty by notice in writing in circumstances where, *inter alia*, the Manager goes into liquidation or is guilty of an unremedied material breach.

The Investment Management Agreement contains an indemnity in favour of the Manager and the Secretary against claims by third parties, except insofar as the same may result from the negligence, wilful default or fraud of the Manager, the Secretary or their respective employees, or any party to whom the Manager or the Secretary has delegated any of its functions.

The Manager and any associate may effect transactions, in which it or an associate has directly, or indirectly, a material interest or a relationship with another party, which may involve a potential conflict with its duty to the Company. The Manager will ensure that such transactions are effected on terms which are not materially less favourable to the Company than if the potential conflict had not existed. The Manager will normally act as the agent of the Company. Nevertheless none of the services to be provided to the Company will give rise to fiduciary or equitable duties which would prevent or hinder the Manager, or any associate, in transactions with or for the Company, from acting as both market maker and broker or principal and agent, or generally effecting transactions to which the Company consents accordingly.

11.2 ***Depositary Agreement***

Pursuant to a depositary agreement dated 27 June 2014 and effective 1 July 2014 between the Company, the Manager and the Depositary, the Depositary has been appointed to provide depositary services to the Company, in fulfilment of the requirements of the Alternative Investment Fund Managers Directive.

Under the Depositary Agreement, the Depositary has safekeeping of assets, cash flow monitoring and oversight responsibilities. It has strict liability in relation to financial instruments and is liable for negligence and wilful default. The Depositary Agreement is terminable on ninety days' notice.

The Depositary Agreement is subject to earlier termination if a party goes into liquidation, a party ceases to hold any necessary regulatory permission or there is an unremedied material breach of the Depositary Agreement.

The Depositary is able to delegate safekeeping to another person provided it follows the requirements of the AIFMD, which include that the delegation is for objective reasons and that the Depositary undertakes due diligence and monitoring of the delegate.

The Depositary has delegated the safekeeping of assets to the Custodian pursuant to the terms of a custody agreement. Neither the Company nor the Manager is a party to the custody agreement between the Depositary and the Custodian.

The Depositary is entitled to an annual fee equal to 0.017 per cent. of the gross asset value of the Company, subject to a minimum fee of £10,000 per annum. Based on the gross asset value of the Company as at 21 January 2015 (being the latest practicable date prior to the publication of this document), this corresponds to a fee of £29,800.

11.3 ***Scotiabank Facility Agreement***

A £24 million unsecured floating rate loan facility dated 7 April 2014 made between the Company and Scotiabank which expires in April 2016. As at 21 January 2015, £19 million was outstanding under this facility.

The rate of interest on the loan is 0.85 per cent. above LIBOR. An arrangement fee is also payable together with a commitment fee of 0.25 per cent. on undrawn amounts above £12 million or 0.20 per cent. on undrawn amounts below £12 million.

The facility contains representations, warranties, undertakings, events of default and indemnities which are customary for facilities of this nature.

12 UK Taxation

12.1 Introduction

The following statements are based upon current UK tax law and what is understood to be the current practice of HMRC, both of which are subject to change, possibly with retrospective effect.

The statements are intended only as a general guide and may not apply to certain Shareholders, such as dealers in securities, insurance companies, collective investment schemes or Shareholders who have (or are deemed to have) acquired their Shares by virtue of an office or employment, who may be subject to special rules. They apply only to Shareholders resident for UK tax purposes in the UK (except in so far as express reference is made to the treatment of non-UK residents), who hold Shares as an investment rather than trading stock and who are the absolute beneficial owners of those Shares.

The information contained in this Prospectus relating to taxation matters is a summary of the taxation matters which the Directors consider should be brought to the attention of Shareholders and is based upon the law and practice currently in force and is subject to changes therein. All Shareholders, and in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers on the potential tax consequences of holding, transferring or otherwise disposing of Subscription Shares or exercising the Subscription Share Rights under the laws of their country and/or state of citizenship, domicile or residence.

12.2 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 be approved by HMRC as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010. However, neither the Manager nor the Directors can guarantee that this approval will be maintained. One of the conditions for a company to qualify as an investment trust is that it is not a close company. The Directors consider that the Company should not be a close company immediately following the issue of the Subscription Shares pursuant to the Bonus Issue. In respect of each accounting period for which the Company continues to be approved by HMRC as an investment trust the Company will be exempt from UK taxation on its capital gains. The Company will, however, be liable to UK corporation tax on its income in the normal way. Income arising from any overseas investments may be subject to foreign withholding tax at the relevant jurisdiction's applicable rate, but relief may be available under the terms of an applicable double tax treaty.

12.3 Shareholders

- (a) For the purposes of United Kingdom capital gains tax and corporation tax on chargeable gains (CGT), the receipt of the Subscription Shares arising from the Bonus Issue will be treated as a re-organisation of the share capital of the Company. Accordingly, the Subscription Shares will be treated as the same asset as the Shareholder's holding of Ordinary Shares and as having been acquired at the same time as the Shareholder's holding of Ordinary Shares was acquired. As a result of the Bonus Issue the Shareholder's original base cost in his or her Ordinary Shares will be apportioned between his or her Ordinary Shares and the Subscription Shares by reference to their respective market values on the day in which the Subscription Shares are admitted to trading on the London Stock Exchange's main list. That is to say, the base cost of such a Shareholder's Ordinary Shares is deemed to be the actual base cost to the Shareholder of those Ordinary Shares multiplied by a fraction whose numerator is A and whose denominator is (A+B), where A is the market value of the Ordinary Shares on the day on which the Subscription Shares are admitted to trading, and B is the market value of the Subscription Shares on the same date. The base cost of the Subscription Shares is deemed to be the actual base cost of the Ordinary Shares less the deemed base cost of the Ordinary Shares calculated as described above.

On the exercise of the right to convert any Subscription Shares into Ordinary Shares, the Ordinary Shares issued pursuant to the Subscription Share Rights will be treated as the same asset as the Subscription Shares in respect of which the Subscription Share Rights are exercised. The base cost of each such Ordinary Share will be the deemed base cost of the Subscription Share that it replaces, calculated as described above, plus the Subscription Price.

(b) *Taxation of capital gains*

Individual Shareholders who are resident in the UK for tax purposes and who are basic rate taxpayers are currently subject to capital gains tax at the flat rate of 18 per cent. in respect of any gain arising on a disposal or deemed disposal of their Ordinary Shares or Subscription Shares. Individuals who are higher or additional rate taxpayers are currently subject to tax on their capital gains at a flat rate of 28 per cent. No indexation allowance will be available to such Shareholders. However, each 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 £11,000 for the tax year 2014-2015 and £11,100 for the tax year 2015-2016.

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 Ordinary Shares or Subscription 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.

(c) *Taxation of dividends*

Under current tax law, 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 tax credit which may be set off to the appropriate extent 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 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 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 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 higher rate income tax.

A UK resident individual Shareholder who is liable to income tax at the additional rate will be subject to tax on the dividend at the rate of 37.5 per cent. to the extent that such dividend, when treated as the top slice of the Shareholder's income, falls above the threshold for additional rate income tax. Such individuals should be able to set the tax credit off against part of this liability and the effect of the set off of that tax credit will be that such an individual would have to account for additional tax equal to 27.5 per cent. of the gross dividend (which equals 30.56 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 the Ordinary Shares or the Subscription Shares through an ISA.

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 generally not 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.

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 Shareholders who are not resident in the UK for tax purposes obtain their own tax advice concerning tax liabilities on dividends received from the Company.

(d) *Stamp duty and stamp duty reserve tax*

Transfers on sale of Ordinary Shares or Subscription Shares will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer rounded up to the nearest £5.00. The purchaser normally pays the stamp duty.

An agreement to transfer Ordinary Shares or Subscription 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 Ordinary Shares or Subscription Shares within the CREST system are generally 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.

Special rules apply to agreements made by market makers and broker-dealers in the ordinary course of their business.

(e) *ISAs*

The Subscription Shares and the Ordinary Shares arising on the exercise of the Subscription Share Rights should be eligible to be held in a stocks and shares ISA, subject to applicable annual subscription limits (£15,000 for the 2014-2015 tax year and £15,240 for the 2015-2016 tax year). Subscription Shares acquired pursuant to the Bonus Issue may be added to a stocks and shares ISA to the extent that they are received in respect of Ordinary Shares already held in the ISA. Subscription Shares acquired in the secondary market will be qualifying investments for ISA purposes. Investments held in ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in Subscription Shares or Ordinary

Shares through an ISA is restricted to certain UK resident individuals aged 18 or over. The Subscription Price paid upon any exercise of the right to convert Subscription Shares into Ordinary Shares would contribute towards the annual subscription limit in the year in which the Subscription Share Right was exercised, unless the Subscription Price were paid out of cash already within the Shareholder's stocks and shares ISA, or with cash subscribed in the same tax year to a cash ISA held by the Shareholder and transferred to the Shareholder's stocks and shares ISA. Sums received by a Shareholder on a disposal of Subscription Shares or Ordinary Shares would not count towards the Shareholder's annual limit; but a disposal of Subscription Shares or Ordinary 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 Subscription Shares through an ISA should contact their professional advisers regarding their eligibility.

(f) *Self-Invested Personal Pensions (SIPPs)*

The Ordinary Shares and Subscription Shares in the Company will constitute permitted investments for SIPPs.

13 Corporate governance

The Company is committed to high standards of corporate governance. The Board, as constituted from time to time, is responsible for ensuring the appropriate level of corporate governance and considers that the Company complies with the best practice provisions of the 2012 Financial Reporting Council's UK Corporate Governance Code (UK Corporate Governance Code) insofar as they are relevant to the Company's business and the AIC Code.

13.1 Board composition

The Board, chaired by Michael Quicke, consists of five non-executive Directors, all of whom, including the Chairman, are regarded by the Board as independent of the Manager and JPMorgan Asset Management (UK) Limited. The Board has considered whether a Senior Independent Director should be appointed and has concluded that, as the Board is comprised entirely of non-executive Directors, this is unnecessary at present.

However, the Chairman of the Audit Committee leads the evaluation of the Chairman and may be contacted by shareholders if they have concerns that cannot be resolved through discussion with the Chairman.

13.2 Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be reappointed by shareholders. Thereafter, Directors are required to submit themselves for reappointment every year. Subject to the performance evaluation carried out each year, the Board will agree whether it is appropriate for the Director to seek an additional term. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking reappointment but, when making a recommendation, the Board will take into account the requirements of the UK Corporate Governance Code and the AIC Code, including the need to refresh the Board and its Committees.

13.3 Management engagement

The Board considers the terms of the Investment Management Agreement between the Company and the Manager to review the performance of the Manager, the notice period in place and to consider the continued appointment of the Manager and the Company Secretary following these assessments.

13.4 Nomination Committee

The Nomination Committee, chaired by Michael Quicke, consists of all of the Directors, and meets at least annually to ensure that the Board has an appropriate balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates for appointment when necessary.

The Board's policy on diversity, including gender, is to take account of the benefits of these during the appointment process. However, the Board remains committed to appointing the most appropriate candidate, regardless of gender or other forms of diversity. Therefore, no targets have been set against which to report.

The Committee conducts an annual performance evaluation of the Board, its Committees and individual Directors to ensure that all Directors have devoted sufficient time and contributed adequately to the work of the Board and its Committees. The evaluation of the Board considers the balance of experience, skills, independence, corporate knowledge, its diversity, including gender, and how it works together. Questionnaires, drawn up for the Board, with the assistance of the Manager and a firm of independent consultants, are completed by each Director. The responses are collated and then discussed by the Committee. The evaluation of individual Directors is led by the Chairman who also meets with each Director. The Audit Committee Chairman leads the evaluation of the Chairman's performance.

As all of the Directors are non-executive, the Board has not established a Remuneration Committee. Instead, the Nomination Committee reviews Directors' fees on a regular basis and makes recommendations to the Board as and when appropriate. Reviews are based on information provided by the Manager, J.P. Morgan Asset Management, and relevant third parties on the level of fees paid to the directors of the Company's peers and within the investment trust industry generally.

13.5 Audit Committee

The Audit Committee, chaired by Andrew Robson, consists of all of the Directors, and meets at least twice each year. The members of the Audit Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee. At least one member of the Audit Committee has recent and relevant financial experience. The Board has taken the decision that Michael Quicke should be a member of the Audit Committee because he is independent.

The Audit Committee reviews the actions and judgements of the Manager and Secretary in relation to the half year and annual accounts and the Company's compliance with the UK Corporate Governance Code and the AIC Code.

The Audit Committee examines the effectiveness of the Company's internal controls systems and receives information from the Manager's Compliance department. The Committee also reviews the scope and results of the external audit, its cost effectiveness, the balance of audit and non-audit services and the independence and objectivity of the external Auditor. The Audit Committee also has a primary responsibility for making recommendations to the Board on the reappointment and removal of the external Auditor.

The Board reviews and approves any non-audit services provided by the independent Auditor and assesses the impact of any non-audit work on the ability of the Auditor to remain independent.

14 Litigation

The Company has not at any time in the 12 months immediately preceding the date of this document been engaged in any governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened by or against the Company, nor of any such proceedings having been pending or threatened at any time in the 12 months immediately preceding the date of this document in each case which may have, or have had in the recent past, a significant effect on the Company's financial position or profitability.

15 Significant change

There has been no significant change in the financial or trading position of the Company since 31 July 2014, being the date to which the latest audited annual results of the Company were published.

16 Third party information

In relation to information provided by Bloomberg and Morningstar the Company confirms that that information has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the information reproduced inaccurate or misleading.

17 General

- 17.1 The Company does not conduct any significant trading activity.
- 17.2 The Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.
- 17.3 The ISIN for the Subscription Shares will be GB00BV7L8Z35, the SEDOL Code will be BV7L8Z3, and the ticker will be JMIS. The ISIN for the Ordinary Shares is GB007416000, the SEDOL Code is 0741600, and the ticker is JMI.
- 17.4 The most recent annual fees of the auditor for audit services were £22,000 (excluding VAT). Apart from these fees and the fees payable to the Manager and the Depositary as disclosed in paragraphs 11.1 and 11.2 of this Part V there are no other material fees payable by the Company.
- 17.5 Where Ordinary Shares are issued pursuant to the exercise of Subscription Share Rights, the total assets of the Company will increase by that number of Ordinary Shares multiplied by the Subscription Price. It is not expected that there will be any material impact on the earnings and liabilities per Ordinary Share as the net proceeds resulting from any exercise of Subscription Share Rights are expected to be invested in investments consistent with the investment objective and policy of the Company.
- 17.6 The typical investors for whom an investment in the Company is intended are professionally advised private investors, or institutional investors, seeking long-term capital growth from investment in UK listed smaller companies. An investment in the Company may also be suitable for financially sophisticated private investors who are not professionally advised but are capable of evaluating the risks and merits of an investment in the Company and who have sufficient resources to bear any loss that may result from such an investment. However, such investors should consider consulting an independent financial adviser authorised under FSMA before investing.
- 17.7 Winterflood has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to its name in the form and context in which they appear.

18 Costs and expenses

The fixed costs of the Bonus Issue and the preparation of this Prospectus (including all advisers' fees, printing and other ancillary costs) are expected to be approximately £230,000 (including VAT), which will be borne by the Company.

19 Auditor

The auditor to the Company for the three financial years ended 31 July 2012, 2013 and 2014 was Deloitte LLP of 2 New Street Square, London EC4A 3BZ.

20 Documents on display

The following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Norton Rose Fulbright LLP, 3 More London Riverside, London SE1 2AQ for so long as this document remains valid:

- (a) this Prospectus;
- (b) the Existing Articles and the New Articles;

- (c) the audited accounts of the Company for the financial years ended 31 July 2012, 2013 and 2014 respectively;
- (d) the letters of appointment referred to in paragraph 8.3 above;
- (e) the material contracts referred to in paragraph 11 above; and (vi) the letter of consent referred to in paragraph 17 above.

Dated: 23 January 2015

DEFINITIONS

In this document the words and expressions listed below have the meanings set out opposite them, except where the context otherwise requires:

Admission	the admission of the Subscription Shares (i) to the standard segment of the Official List and (ii) to trading on the London Stock Exchange's main market for listed securities becoming effective in accordance with the Listing Rules and the Admission and Disclosure Standards
Admission and Disclosure Standards	the admission and disclosure standards of the London Stock Exchange for securities admitted or seeking to be admitted to trading, as amended from time to time
AGM or Annual General Meeting	annual general meeting of the Company
AIC Code	the Association of Investment Companies Code of Corporate Governance, as amended from time to time
Alternative Investment Fund Managers Directive or AIFMD	Directive 2011/61/EU of the European Parliament and of the Council
Articles	the articles of association of the Company, as amended from time to time
Benchmark	the FTSE Small Cap Index (excluding investment trusts)
Board	the board of Directors of the Company or any duly constituted committee thereof
Bonus Issue	the issue to Qualifying Shareholders of new Subscription Shares on the basis of one new Subscription Share for every five Existing Ordinary Shares held on the Record Date
Business Day	any day on which banks are open for business in London (excluding Saturdays and Sundays)
Chairman	the chairman of the Company
Companies Act	the Companies Act 2006, as amended, modified, consolidated, re-enacted or replaced from time to time
Company	JPMorgan Smaller Companies Investment Trust plc
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Uncertificated Securities Regulations 2001
Custodian	JPMorgan Chase Bank, National Association
Depository	BNY Mellon Trust & Depository (UK) Limited
Depository Agreement	the agreement between the Depository and the Company dated 27 June 2014 and effective 1 July 2014, further details of which are set out in paragraph 11.2 of Part V of this document
Directors	the directors of the Company or any duly constituted committee thereof the disclosure rules and transparency rules made by the FCA under Part VI FSMA

EEA	the European Economic Area EEA State a member state of the EEA
Euroclear	Euroclear UK & Ireland Limited, being the operator of CREST
Existing Articles	the articles of association of the Company as at the date of this document
Existing Ordinary Shares	the Ordinary Shares in issue on the Record Date
Financial Conduct Authority or FCA	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part IV of FSMA or any successor authority
Form of Proxy	the form of proxy provided with this document for use in connection with the General Meeting by Shareholders
FSMA	the Financial Services and Markets Act 2000
General Meeting	the general meeting of the Company to consider the Resolution convened for 23 February 2015 at 3.00 p.m., or any adjournment thereof
HMRC	HM Revenue & Customs
Investment Company Act	the US Investment Company Act 1940, as amended
Investment Management Agreement	the agreement dated 1 July 2014 between the Manager and the Company
ISA	an individual savings account maintained in accordance with the UK Individual Savings Account Regulations 1998 (as amended from time to time)
JPMAM (UK)	JPMorgan Asset Management (UK) Limited
Listing Rules	the listing rules issued by the UK Listing Authority
London Stock Exchange	London Stock Exchange plc
Manager	JPMorgan Funds Limited or its delegates, as the context requires
Net Asset Value or NAV	net asset value as calculated in accordance with the Company's accounting policies and the Articles or the value of the net assets per Ordinary Share, as the context requires
New Articles	the articles of association of the Company as proposed to be adopted at the General Meeting
Notice of General Meeting	the notice of General Meeting as set out in this document
Official List	the Official List maintained by the UK Listing Authority
Ordinary Share or Shares	an ordinary share of 25 pence each in the capital of the Company with TIDM: JMI and ISIN: GB0007416000
Plan Participants	persons who hold their Ordinary Shares through the Plans
Plans	together, the J.P. Morgan Individual Savings Account, Investment Account and SIPP
Prospectus	this document
Prospectus Rules	the rules and regulations made by the FCA under Part VI of FSMA (as amended from time to time)

Qualifying Shareholders	Shareholders whose names are entered on the Register at 5.00 p.m. on the Record Date, but excluding Restricted Shareholders
Record Date	the date on which Qualifying Shareholders' entitlements to the Bonus Issue will be assessed against the Register, expected to be 5.00 p.m. on 23 February 2015
Register	the register of members of the Company
Registrar	Equiniti Limited
Regulatory Information Service	a service authorised by the UK Listing Authority to release regulatory announcements to the London Stock Exchange
Resolution	the resolution to be proposed at the General Meeting, as summarised in Part I of this document and as set out in full in the Notice of General Meeting
Restricted Person	any citizen or resident of any Restricted Territory
Restricted Shareholders	Shareholders who are resident in, or citizens of, any Restricted Territory
Restricted Territory	any jurisdiction other than the United Kingdom, Jersey, Guernsey, the Isle of Man and Gibraltar
Secretary	JPMorgan Funds Limited
Securities Act	the US Securities Act of 1933, as amended
Shareholder	a holder of Ordinary Shares and/or Subscription Shares, as the context requires
Shares	the Ordinary Shares and/or the Subscription Shares as the context requires
SIPP	self-invested personal pension
Sterling	the lawful currency of the United Kingdom
Subscription Price	the price at which the Subscription Share Rights are exercised in accordance with the terms and conditions of the Subscription Shares
Subscription Shareholders	holders of Subscription Shares
Subscription Share Rights	the right conferred by each Subscription Share to subscribe for one Ordinary Share as detailed in Part IV of this document
Subscription Shares	the subscription shares of 0.1 pence each in the capital of the Company (ISIN GB00BV7L8Z35) to be issued pursuant to the Bonus Issue
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK Listing Authority	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of admissions to the Official List
VAT	UK value added tax
Voting Instruction Form	the voting instruction form provided with this document for use in connection with the General Meeting by Shareholders who hold Ordinary Shares through any of the Plans
Winterflood	Winterflood Securities Limited

NOTICE OF GENERAL MEETING

JPMORGAN SMALLER COMPANIES INVESTMENT TRUST PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with company number 2515996 and registered as an investment company under section 833 of the Companies Act 2006)

Notice is hereby given that a General Meeting (the **Meeting**) of JPMorgan Smaller Companies Investment Trust plc (the **Company**) will be held at J.P. Morgan's offices, 60 Victoria Embankment, London EC4Y 0JP at 3.00 p.m. on 23 February 2015 to consider and, if thought fit, approve the following resolution as a special resolution:

Special Resolution

- 1 THAT subject to the UK Listing Authority agreeing to admit to the standard segment of the Official List the subscription shares of 0.1 pence each in the capital of the Company (the **Subscription Shares**) to be issued pursuant to the bonus issue described in the prospectus (the **Prospectus**) issued by the Company dated 23 January 2015 (the **Bonus Issue**) and London Stock Exchange plc agreeing to admit such Subscription Shares to trading on its main market for listed securities:
 - (a) the articles of association produced to the Meeting and signed by the Chairman of the Meeting for the purposes of identification be adopted as the articles of association of the Company in substitution for the existing articles of association of the Company;
 - (b) in addition to any existing authority under section 551 of the Companies Act 2006 (the **Act**) granted to the directors of the Company (the **Directors**) at any annual general meeting held before the passing of this resolution, for the purposes of section 551 of the Act (and so that expressions used in this resolution shall bear the same meanings as in the said section 551) the Directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot Subscription Shares pursuant to the Bonus Issue and ordinary shares in the capital of the Company (**Ordinary Shares**) pursuant to the exercise of the rights attaching to the Subscription Shares to subscribe for such shares (the **Subscription Share Rights**) as described in the articles of association to be adopted pursuant to sub-paragraph (a) of this resolution, up to a maximum aggregate nominal amount of £895,480 provided that such authority shall expire at the conclusion of the Company's annual general meeting to be held in 2015, save that the Company may prior to the expiry of such period make any offer or agreement which would or might require such Subscription Shares and/or Ordinary Shares to be allotted after such expiry and the Directors may allot such Subscription Shares and/or Ordinary Shares in pursuance of any such offer or agreement as if the authority conferred hereby had not expired;
 - (c) in addition to any existing power and authority granted to the Directors under sections 570 to 573 of the Act at any annual general meeting held before the passing of this resolution, the Directors be and are hereby empowered pursuant to section 571 of the Act to allot equity securities (within the meaning of section 560(1) of the Act) as if section 561(1) of the Act did not apply to any allotment which is the subject of the authority conferred by sub-paragraph (b) of this resolution, such power to expire at the end of the period of five years from the date of the passing of this resolution (save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if the power had not expired);
 - (d) the Directors be and are hereby empowered to capitalise any part of the amount then standing to the credit of any of the capital redemption reserve, the other reserve or any reserve (other than the profit and loss account) otherwise available for the purpose of paying up in full at par up to 3,567,649 Subscription Shares to be issued pursuant to the Bonus Issue, such shares to be allotted and distributed credited as fully paid up to and among holders of Ordinary Shares in the proportion of one new Subscription Share for every 5 Ordinary Shares held (fractions of a Subscription Share being ignored) and, to the extent necessary, paying up in

full any Ordinary Shares to be allotted in accordance with the provisions of the articles of association of the Company as adopted by sub-paragraph (a) of this resolution relating to the exercise of rights attaching to the Subscription Shares and any additional Subscription Shares required to be issued to holders of Subscription Shares in accordance with the rights attaching to the Subscription Shares;

- (e) any consolidation, sub-division or redemption of share capital required in the opinion of the Directors to give effect to the rights of the holders of Subscription Shares (including the exercise of the Subscription Share Rights) be hereby approved;
- (f) in addition to any existing authority under section 701 of the Act, the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693 of the Act) of its issued Subscription Shares, provided that:
 - (i) the maximum number of Subscription Shares hereby authorised to be purchased shall be 534,790 or if less, that number of Subscription Shares which is equal to 14.99 per cent. of the Company's issued Subscription Share capital immediately following Admission (as defined in the Prospectus);
 - (ii) the minimum price which may be paid for a Subscription Share is 0.1 pence;
 - (iii) the maximum price which may be paid for a Subscription Share will not exceed the higher of (i) 5 per cent. above the average of the middle market quotations (as derived from the Official List) for the 5 consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of, or (b) the highest current independent bid for, any number of Subscription Shares on the trading venue where the purchase is carried out;
 - (iv) the authority hereby conferred shall expire on 22 August 2016 unless the authority is renewed at the Company's annual general meeting to be held in 2015 or at any other general meeting prior to such time; and
 - (v) the Company may make a contract to purchase Subscription Shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of Subscription Shares pursuant to any such contract notwithstanding such expiry.

By Order of the Board
JPMorgan Funds Limited
Secretary

Date: 23 January 2015

Registered Office:
60 Victoria Embankment
London
EC4Y 0JP

Notes:

- (i) A member entitled to attend and vote at the Meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his place. A proxy need not be a member of the Company.
- (ii) To appoint a proxy you may use the Form of Proxy enclosed with this Notice of General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned in accordance with the instructions printed thereon to the Company's Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, or delivered by hand during office hours to the same address as soon as possible and in any event by 3.00 p.m. on 19 February 2015.
- (iii) Completion of the Form of Proxy will not prevent you from attending and voting in person.
- (iv) Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a Nominated Person) should note that the provisions in Notes (i) to (iii) above concerning the appointment of a proxy or proxies to attend the General Meeting in place of a member, do not apply to a Nominated Person as only Shareholders

have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the General Meeting.

- (v) Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
- (vi) Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only Shareholders registered in the register of members of the Company by not later than 6.00 p.m. two business days prior to the time fixed for the Meeting shall be entitled to attend and vote at the Meeting in respect of the number of Shares registered in their name at such time. If the Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned Meeting is 6.00 p.m. two business days prior to the time of the adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
- (vii) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (viii) Holders of Ordinary Shares held through the Plans are entitled to attend and vote at the Meeting if the Voting Instruction Form, which is enclosed with this document, is correctly completed and returned in accordance with the instructions printed thereon.
- (ix) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by following the procedures described in the CREST manual which can be viewed at www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (RA19) by 3.00 p.m. on 19 February 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (x) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.
- (xi) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001.
- (xii) If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3 per cent. or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of those voting rights and so would otherwise have notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
- (xiii) As at 21 January 2015, being the last business day prior to the printing of this document, the Company's issued share capital consisted of 17,838,248 Ordinary Shares carrying one vote each. Therefore, the total voting rights in the Company as at 21 January 2015 were 17,838,248.
- (xiv) The proposed new Articles of Association are available for inspection at the registered office of the Company, 60 Victoria Embankment, London EC4Y 0JP during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this document until the conclusion of the Meeting and will be available for inspection at the place of the Meeting for at least 15 minutes prior to and during the Meeting.
- (xv) Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the Meeting any question relating to the business being dealt with at the Meeting which is put by a member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.
- (xvi) In accordance with Section 311A of the Companies Act 2006, the contents of this notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Meeting, the total voting rights members are entitled to exercise at the Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmsmallercompanies.co.uk.
- (xvii) You may not use any electronic address provided in this document to communicate with the Company for any purposes other than those expressly stated.

