

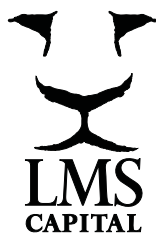
**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about its contents, you should seek professional advice from an appropriately qualified independent financial adviser. Shareholders are advised to consult their professional advisers regarding their personal tax position.**

If you have sold or otherwise transferred all of your Ordinary Shares, you should forward this document (but not the accompanying Tender Form or Form of Proxy) to the purchaser, transferee or agent through whom the sale or transfer was effected. However, this document should not be sent to any Restricted Jurisdiction.

J.P. Morgan Cazenove is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority and is acting for the Company and no one else in connection with the Tender Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in connection with the Tender Offer.

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

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## **LMS CAPITAL PLC**

*(Incorporated and registered in England with limited liability with registered number 05746555)*

### **Return of up to £40,000,000 to Shareholders**

#### **Notice of General Meeting**

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The availability of the Tender Offer to Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction in which they are located. Persons who are not resident in the United Kingdom should read the paragraph headed “**Overseas Shareholders**” set out in Part 3 of this Circular.

This document does not constitute an offer to purchase, or solicitation of an offer to sell, Ordinary Shares in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such offer or solicitation under applicable securities laws.

Accordingly, unless otherwise determined by J.P. Morgan Cazenove and permitted by applicable law and regulation, the accompanying Tender Form is not being, nor may it be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed, or sent in, into or from any Restricted Jurisdiction, and persons receiving the Tender Form (including, without limitation, trustees, nominees or custodians) must not send it in, into or from such Restricted Jurisdiction, as to do so may invalidate any purported acceptance of the Tender Offer. Any person (including, without limitation, trustees, nominees or custodians) who would or otherwise intends to, or who may have a contractual or legal obligation to, forward the accompanying Tender Form to any jurisdiction outside the United Kingdom, should seek appropriate advice before taking any action.

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

This Circular is dated 9 May 2014

## CONTENTS

	<i>Page</i>
<b>Definitions</b> .....	3
<b>Part 1</b> Letter from the Chairman of LMS Capital plc.....	6
<b>Part 2</b> Possible risks associated with the Tender Offer (and the associated Repurchase).....	10
<b>Part 3</b> Terms and Conditions of the Tender Offer.....	11
<b>Part 4</b> Taxation in relation to the Tender Offer.....	22
<b>Part 5</b> Further information	24
<b>Part 6</b> Notice of General Meeting.....	27

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Tender Offer .....	9 May 2014
Tender Offer opens.....	9 May 2014
Latest time and date for receipt of Tender Forms and share certificates in relation to the Tender Offer .....	1.00 p.m. on 22 May 2014
Latest time and date for receipt of TTE instructions in relation to the Tender Offer .....	1.00 p.m. on 22 May 2014
Tender Offer Record Date .....	6.00 p.m. on 22 May 2014
Latest time and date for receipt of Forms of Proxy .....	10.00 a.m. on 25 May 2014
General Meeting .....	10.00 a.m. on 27 May 2014
Announcement of results of the General Meeting .....	27 May 2014
Announcement of Tender Offer Price and Basic Entitlement .....	8.00 a.m. on 28 May 2014
Announcement of results of the Tender Offer .....	8.00 a.m. on 28 May 2014
CREST accounts credited in respect of Tender Offer proceeds for uncertificated Ordinary Shares .....	w/c 2 June 2014
Cheques despatched in respect of Tender Offer proceeds for certificated Ordinary Shares .....	w/c 2 June 2014
Despatch of balancing share certificates for revised, certificated holdings of Ordinary Shares .....	w/c 2 June 2014

## DEFINITIONS

<b>“Act”</b>	has the meaning given on page 27 of this Circular;
<b>“Agent”</b>	has the meaning given on page 18 of this Circular;
<b>“Attorney”</b>	has the meaning given on page 17 of this Circular;
<b>“Band Limit”</b>	has the meaning given on page 22 of this Circular;
<b>“Basic Entitlement”</b>	has the meaning given on page 7 of this Circular;
<b>“Board” or “Directors”</b>	the board of directors of the Company;
<b>“Business Day”</b>	any day other than a Saturday, Sunday or public holiday on which banks are open in the City of London for the transaction of general commercial business;
<b>“Capita Asset Services”</b>	Capita Asset Services (the trading name of Capita Registrars Limited) with registered office The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU;
<b>“certificated form” or “certificated”</b>	Ordinary Shares not recorded on the Register as being in uncertificated form in CREST;
<b>“CGT”</b>	has the meaning given on page 22 of this Circular;
<b>“Company”</b>	LMS Capital plc;
<b>“Concert Party”</b>	members of the extended Rayne family and associated trusts together holding 35.77% of the Ordinary Shares and who are treated by the Panel as “acting in concert” for the purposes of the Takeover Code;
<b>“CREST”</b>	the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations);
<b>“CREST Member”</b>	a person who has been admitted by Euroclear as a system member (as defined in the Regulations);
<b>“CREST Participant”</b>	a person who is, in relation to CREST, a system-participant (as defined in the Regulations);
<b>“CREST Proxy Instruction”</b>	has the meaning given on page 28 of this Circular;
<b>“CREST Sponsor”</b>	a CREST Participant admitted to CREST as a CREST sponsor;
<b>“CREST Sponsored Member”</b>	a CREST Member admitted to CREST as a CREST sponsored member;
<b>“Disclosure and Transparency Rules”</b>	the Disclosure and Transparency Rules of the Financial Conduct Authority;
<b>“Electronic Tender”</b>	an electronic tender of Ordinary Shares in accordance with paragraphs 3.4 and 4.2 of Part 3 of this Circular;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<b>“Financial Conduct Authority” or “FCA”</b>	the Financial Conduct Authority established under the FS Act and acting in its capacity as the competent authority for the purposes of Part 6 of FSMA;
<b>“Form of Proxy”</b>	the form of proxy for the General Meeting which accompanies this Circular;
<b>“FS Act”</b>	the Financial Services Act 2012;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000;
<b>“General Meeting”</b>	the general meeting of the Company to be held at LMS Capital, 100 George Street, London W1U 8NU at 10.00 a.m. on 27 May 2014, or any adjournment thereof;
<b>“Independent Directors”</b>	all of the members of the Board other than the Non-Independent Director;
<b>“Independent Shareholders”</b>	all Shareholders other than the Related Party and its associates;

<b>“Individual Excess Tender”</b>	has the meaning given on page 13 of this Circular;
<b>“J.P. Morgan Cazenove”</b>	J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove;
<b>“Listing Rules”</b>	the Listing Rules of the Financial Conduct Authority;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“Nominated Person”</b>	has the meaning given on page 28 of this Circular;
<b>“Non-Independent Director”</b>	Robert Rayne;
<b>“Option Agreement”</b>	the agreement dated 9 May 2014 between the Company and J.P. Morgan Cazenove, further details of which are set out in Part 3 of this Circular;
<b>“Options”</b>	awards made under the Deferred Share Bonus Plan, the Executive Share Option Plan and the Performance Share Plan and any awards made under any other employees’ share scheme or long-term incentive scheme (as such terms are defined in the Listing Rules) made by the Company in respect of Ordinary Shares from time to time;
<b>“Ordinary Shares”</b>	the issued ordinary shares of 10 pence each in the share capital of the Company;
<b>“Overseas Shareholder”</b>	a Shareholder who is resident in, or a citizen of, a jurisdiction outside the United Kingdom;
<b>“Panel”</b>	the Panel on Takeovers and Mergers;
<b>“Participant ID”</b>	the identification code or membership number used in CREST to identify a particular CREST Member or other CREST Participant;
<b>“Performance Share Plan”</b>	the Company’s performance share plan entitling certain employees to receive awards of performance shares in the Company;
<b>“Prudential Regulation Authority” or “PRA”</b>	the Prudential Regulation Authority established under the FS Act;
<b>“Qualifying Shareholders”</b>	Shareholders entitled to participate in the Tender Offer, being those who are on the Register on the Tender Offer Record Date and who are not Restricted Shareholders;
<b>“Receiving Agent”</b>	Capita Asset Services;
<b>“Register”</b>	the Company’s register of members;
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
<b>“Regulatory Information Service”</b>	any of the services set out on the FCA’s list of regulated information services (as set out on the FCA’s website) from time to time;
<b>“Related Party”</b>	WTC, being a “related party” for the purposes of the Listing Rules;
<b>“Related Party Resolution”</b>	has the meaning given on page 8 of this Circular;
<b>“Repurchase”</b>	the purchase by the Company of Ordinary Shares from J.P. Morgan Cazenove in connection with the Tender Offer pursuant to the authority granted under the Repurchase Resolution, and “Repurchased” shall be construed accordingly;
<b>“Repurchase Resolution”</b>	has the meaning given on page 8 of this Circular;
<b>“Resolutions”</b>	the Repurchase Resolution and the Related Party Resolution;
<b>“Restricted Jurisdiction”</b>	each of Australia, Canada, Japan, New Zealand, the United States, South Africa and any other jurisdiction where the mailing of this Circular or the accompanying documents into or inside such jurisdiction would constitute a violation of the laws of such jurisdiction;

<b>“Restricted Shareholder”</b>	a Shareholder subject to the securities laws of a Restricted Jurisdiction;
<b>“SDRT”</b>	stamp duty reserve tax;
<b>“Shareholders”</b>	holders of Ordinary Shares;
<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers as issued by the Panel, as amended from time to time;
<b>“tender” or “tendered”</b>	refers to tenders by Qualifying Shareholders of Ordinary Shares pursuant to the Tender Offer;
<b>“Tender Conditions”</b>	has the meaning given on page 11 of this Circular;
<b>“Tender Form”</b>	the tender form issued with this Circular to Qualifying Shareholders for use in respect of Ordinary Shares held in certificated form;
<b>“Tender Offer”</b>	the invitation by J.P. Morgan Cazenove to Qualifying Shareholders to tender Ordinary Shares for sale to J.P. Morgan Cazenove on the terms and subject to the conditions set out in this Circular and, in the case of Ordinary Shares held in certificated form only, using the Tender Form;
<b>“Tender Offer Price”</b>	the price per Ordinary Share payable under the Tender Offer which will be set on 27 May 2014 by reference to the net asset value of the Company as at 31 March 2014 adjusted on the basis set out in paragraph 3 of Part 1 of this Circular;
<b>“Tender Offer Record Date”</b>	6.00 p.m. on 22 May 2014;
<b>“TFE instruction”</b>	a transfer from escrow instruction (as defined by the CREST manual issued by Euroclear);
<b>“Total Available Shares”</b>	has the meaning given on page 13 of this Circular;
<b>“Total Excess Tenders”</b>	has the meaning given on page 13 of this Circular;
<b>“Total Taxable Gains and Income”</b>	has the meaning given on page 22 of this Circular;
<b>“TTE instruction”</b>	a transfer to escrow instruction (as defined by the CREST manual issued by Euroclear);
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“uncertificated” or “in uncertificated form”</b>	Ordinary Shares which are recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST;
<b>“Undertaking”</b>	the arrangement with WTC in relation to the Tender Offer and associated Repurchase, as described more fully on page 8 of this Circular;
<b>“United States”</b>	the United States of America;
<b>“VAT”</b>	value added tax; and
<b>“WTC”</b>	Withers Trust Corporation Limited and James McCarthy, in their capacity as trustees of The Lord Rayne Will Trust.

## Part 1

### LETTER FROM THE CHAIRMAN OF LMS CAPITAL PLC

*(Incorporated in England and Wales with registered number 05746555)*

*Directors:*

Martin Knight (*Chairman*)  
Bernard Duroc-Danner  
Nicholas Friedlos  
Neil Lerner  
Robert Rayne  
Antony Sweet

*Registered Office:*

LMS Capital plc  
100 George Street  
London W1U 8NU

9 May 2014

Dear Shareholder,

#### 1. Introduction

On 30 November 2011, Shareholders approved an orderly realisation of the assets of the Company in a manner that seeks to achieve a balance between an efficient return of cash to shareholders and maximising the value of the Company's investments. As part of this strategy, the Company returned £40,000,000 (equivalent to 17.4% of the Ordinary Shares then in issue) to Shareholders in November 2012 and £35,000,000 (equivalent to 17.2% of the Ordinary Shares then in issue) to Shareholders in July 2013, both by way of tender offer and associated repurchase, bringing to £75,000,000 the total returned to Shareholders since the commencement of the Company's realisation strategy.

The Company is now proposing to return up to a further £40,000,000 to Shareholders through a repurchase of up to 24.9% of the Ordinary Shares following a tender offer by J.P. Morgan Cazenove as detailed in Part 3 of this Circular.

The Repurchase requires the approval of Shareholders by special resolution. In addition, the Undertaking (as described in further detail at paragraph 4 below) requires the approval of the Independent Shareholders by ordinary resolution, as it is classified as a "related party transaction" under the Listing Rules. The purpose of this Circular is, therefore, to set out the terms of the Tender Offer (and associated Repurchase) and the Undertaking and to convene a general meeting of the Company to consider and, if thought fit, pass the Resolutions.

#### 2. Background

The Company's investment portfolio is being managed with a view to returning funds to Shareholders over a period of time. Accordingly, no investments have been or will be made in new opportunities; follow-on investments will be made in existing assets to honour commitments made at the time of the initial investment and/or to which the Company is legally obligated, or where the investment is made to protect or enhance the value of an existing asset or to facilitate its orderly realisation.

As at 31 March 2014 the Company's cash balances were £18.9 million compared to £17.8 million as at 31 December 2013. This increase includes net receipts in the first quarter of the year from the Company's investment portfolio, but excludes the proceeds arising from the sale of the Company's interest in Udata Infrastructure (UK) Limited on 31 March 2014, which were received in early April. Net proceeds of this transaction (after transaction expenses and carried interest) were £27.2 million.

The Company's outstanding undrawn commitments to funds were £7.9 million at 31 March 2014.

In determining the size of the Tender Offer (and the associated Repurchase), the Board has had regard to the Company's overall cash position and availability of other liquid assets together with its outstanding commitments and other cash requirements. The Board expects to see continued progress with the realisation of assets and aims to make further returns of cash as the realisation strategy progresses.

### 3. The Tender Offer

The return of cash is to take the form of a tender offer (to be implemented by J.P. Morgan Cazenove, acting as principal) and the subsequent repurchase of Ordinary Shares from J.P. Morgan Cazenove by the Company. Full details of the Tender Offer and subsequent Repurchase are set out in Part 3 of this Circular. The total amount that the Company is proposing to return (which is subject to the Basic Entitlement not exceeding 24.9% of the Company's issued share capital – see further below) is £40,000,000.

Whilst the total value of the Tender Offer is set in advance, the price per share at which Ordinary Shares will be repurchased and the number of Ordinary Shares to which the Tender Offer will apply will be determined only after the Tender Offer has closed (i.e. with respect to holders of certificated shareholdings and uncertificated shareholdings, the closure date is 22 May 2014).

#### *Calculating the Tender Offer Price*

On 27 May 2014, the Company will calculate the Tender Offer Price based on the published unaudited net asset value of the Company as at 31 March 2014 adjusted, in a manner consistent with the Company's accounting policies, to take into account price movements in quoted investments, changes in foreign currency rates of exchange and purchases and sales of investments between 31 March 2014 and the close of business on 26 May 2014.

The Tender Offer Price will be calculated by dividing this adjusted net asset value by the number of Ordinary Shares in issue at the close of business on 26 May 2014.

#### *Calculating the number of Ordinary Shares to which the Tender Offer will apply*

The number of Ordinary Shares subject to the Tender Offer (and the associated Repurchase) will be calculated by dividing £40,000,000 by the Tender Offer Price, which will be announced on 28 May 2014. This number, as a percentage of all Ordinary Shares in issue at the Tender Offer Record Date, represents the “**Basic Entitlement**” under the Tender Offer and each Qualifying Shareholder is entitled to tender a percentage of his/her holding equal to (or less than, if they so choose) this Basic Entitlement. The Basic Entitlement will not be known until the Tender Offer has closed but will not exceed 24.9% of the Company's issued share capital at the Tender Offer Record Date.

#### *Example*

By way of example, based on the Company's net asset value of £175.4 million as at 31 March 2014 and 187,356,236 Ordinary Shares in issue, the Tender Offer Price would be 94 pence per Ordinary Share. The number of Ordinary Shares subject to the Tender Offer would be 42.6 million (£40,000,000 divided by 94 pence), representing 22.7% of the Company's issued share capital. A Qualifying Shareholder with 100 Ordinary Shares would therefore be entitled to tender 22 Ordinary Shares at a price of 94 pence per Ordinary Share.

#### *Alternative courses of action for Qualifying Shareholders*

- Apply to tender their Basic Entitlement as described above.
- Apply to tender fewer Ordinary Shares than their Basic Entitlement.
- Apply to tender Ordinary Shares above their Basic Entitlement and, to the extent other Qualifying Shareholders do not tender up to their Basic Entitlement, such applications will be satisfied proportionately to other excess applications, after taking into account any adjustments which might be required to ensure no increase in the Concert Party's aggregate shareholding following implementation of the Tender Offer (as explained in paragraph 4 of this Part 1 below). It cannot be known until all elections are made whether any such adjustments will be required.

If you do not wish to tender any of your Ordinary Shares, you do not need to take any action.

The Board considers the Tender Offer and the subsequent Repurchase to be in the best interests of the Company and Shareholders as a whole and is, therefore, recommending that Shareholders vote in favour of the Repurchase Resolution. However, the Board is not making any recommendation to Shareholders as to whether tendering Ordinary Shares pursuant to the Tender Offer is in their own individual best interests. Whether or not Qualifying Shareholders decide to tender all or any of their Ordinary Shares is a decision for individual Qualifying Shareholders.

Qualifying Shareholders should take into account their tax position when deciding whether or not to participate in the Tender Offer. A summary of material UK taxation considerations in connection

with the Tender Offer is set out in Part 4 of this Circular. Qualifying Shareholders are advised to take independent advice in relation to the tax implications for them of selling Ordinary Shares pursuant to the Tender Offer.

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

**You are recommended to read Part 3 of this Circular which sets out the full terms and conditions of the Tender Offer and how applications can be made under the Tender Offer.**

#### **4. Concert Party and Undertaking**

Under the provisions of the Takeover Code, if the Concert Party's aggregate percentage holding of Ordinary Shares increases as a result of the Tender Offer (and the associated Repurchase), it will be obliged to make an offer for all the Ordinary Shares in the Company which it does not own. This situation could come about, for example, if the Concert Party does not take up its Basic Entitlement in full in circumstances where all other Shareholders do so. In order to avoid this situation arising, the trustees of a member of the Concert Party, WTC, have today irrevocably undertaken to the Company that WTC will tender its Basic Entitlement and, in addition, apply to tender additional Ordinary Shares such that the aggregate percentage holding of the Concert Party does not exceed 35.77% after completion of the Tender Offer (and the associated Repurchase) (the "**Undertaking**").

No fee is payable by the Company to WTC for the Undertaking. The Undertaking does not affect the entitlement of all Qualifying Shareholders to tender their Basic Entitlement. If WTC is required to tender Ordinary Shares above its Basic Entitlement, these additional shares will be accepted for tender and repurchase before determining whether and to what extent other excess applications can be satisfied.

The arrangement with WTC is classified as a "related party transaction" under the Listing Rules and is therefore subject to, and conditional upon, the approval of the Independent Shareholders at the General Meeting. WTC is deemed to be a related party of the Company for the purposes of the Listing Rules by virtue of its current holding in the Company's issued share capital, being 12.4% as at 7 May 2014, and also because it is considered to be an "associate" of Robert Rayne, a non-executive director of the Company.

The arrangement with WTC described above was put in place, on the same terms, for the tender offers made by the Company in November 2012 and July 2013. These arrangements did not, however, require Shareholder approval as they were both classified as "smaller related party transactions" under the Listing Rules. The Undertaking is, on this occasion, a related party transaction requiring Shareholder approval due to the reduced overall net asset value and market capitalisation of the Company (reflecting the progression of the Company's stated realisation strategy), which has resulted in the thresholds prescribed by the Listing Rules for classifying related party transactions being exceeded.

Under the Listing Rules, the Related Party and its associates are precluded from voting in relation to the Undertaking. The Related Party has undertaken to abstain, and to take all reasonable steps to ensure that its associates will abstain, from voting on the Related Party Resolution in the event that either the Related Party or its associates owns Ordinary Shares. In addition, the Non-Independent Director is not deemed to be independent for the purposes of this transaction and has therefore not taken part in the Board's consideration of the Undertaking.

#### **5. General Meeting**

A general meeting is being convened at 10.00 a.m. on 27 May 2014 to consider and, if thought fit, pass:

- (a) the special resolution required by the Companies Act 2006 in order to implement the Repurchase associated with the Tender Offer (the "**Repurchase Resolution**"); and
- (b) the ordinary resolution required by the Listing Rules to approve the arrangements contemplated by the Undertaking (the "**Related Party Resolution**").



Completion of the Tender Offer (and the associated Repurchase) is conditional on, among other things, the passing of both of the above resolutions.

The Notice of Meeting is set out at the end of this document. The Repurchase Resolution is a special resolution, requiring 75% of the votes cast at the General Meeting in order to be passed. The Related Party Resolution is an ordinary resolution, requiring a majority of the votes cast at the General Meeting in order to be passed. The Related Party and its associates are not permitted to vote on the Related Party Resolution but are entitled to vote on the Repurchase Resolution.

Shareholders will find enclosed a Form of Proxy for the General Meeting. Whether you propose to attend the General Meeting or not, please complete the Form of Proxy and return it to Capita Asset Services at PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and, in any event, so as to be received by no later than 10.00 a.m. on 25 May 2014. Completing and returning a Form of Proxy will not preclude you from attending and voting in person at the General Meeting should you wish to do so.

You may also submit your proxies electronically at [www.capitashareportal.com](http://www.capitashareportal.com) using your Investor Code on the Form of Proxy. If you hold Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Capita Asset Services so that it is received by no later than 10.00 a.m. on 25 May 2014.

## **6. Further information**

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

## **7. Recommendation by the Board**

### *Repurchase Resolution*

The Board considers the Tender Offer (and the associated Repurchase) to be in the best interests of Shareholders as a whole. Accordingly, the Board recommends that Shareholders vote in favour of the Repurchase Resolution at the General Meeting, as the Directors intend to do in respect of their own beneficial holdings of, in aggregate, 5,895,275 Ordinary Shares, representing approximately 3.15% of the Ordinary Shares currently in issue.

### *Related Party Resolution*

The Independent Directors, who have been so advised by J.P. Morgan Cazenove, consider that the terms of the proposed Undertaking are fair and reasonable as far as the Shareholders are concerned. In giving its advice, J.P. Morgan Cazenove has taken account of the Independent Directors' commercial assessments.

Under the Listing Rules, the Non-Independent Director is precluded from taking part in the Board's consideration of the proposed Undertaking. Accordingly the Non-Independent Director has not taken part in the consideration of the proposed Undertaking.

The Independent Directors consider the Undertaking to be in the best interests of Shareholders as a whole. Accordingly, the Independent Directors recommend that the Independent Shareholders vote in favour of the Related Party Resolution at the General Meeting, as the Independent Directors intend to do in respect of their own beneficial holdings of, in aggregate, 329,804 Ordinary Shares, representing approximately 0.18% of the Ordinary Shares currently in issue.

Yours sincerely,

Martin Knight  
**Chairman**

## Part 2

### **POSSIBLE RISKS ASSOCIATED WITH THE TENDER OFFER (AND THE ASSOCIATED REPURCHASE)**

- There is no assurance that the Tender Offer, which is conditional on, among other things, the passing of the Resolutions, will take place. If the Tender Offer (and the associated Repurchase) do not take place, the Company will have a larger cash balance and the return of cash as part of the realisation strategy approved by Shareholders on 30 November 2011 will be delayed.
- The Tender Offer (and the associated Repurchase) will not proceed if any of the Tender Conditions is not satisfied or if the Tender Offer is terminated on the Company's instructions at any time prior to the announcement of the results of the Tender Offer.
- If the Company returns cash to Shareholders by applying funds to repurchase Ordinary Shares from J.P. Morgan Cazenove in connection with the Tender Offer, the Company's cash balances will be reduced. As a result, the funds so returned will no longer be available for application in the ordinary course of the Company's business or to meet contingencies.
- The impact on the liquidity and the market price of the Ordinary Shares as a result of the implementation of the Tender Offer (and the associated Repurchase) cannot be predicted.
- As with all investment fund shares, the market price of the Ordinary Shares may not reflect their underlying net asset value and the discount (or premium) to net asset value at which the Ordinary Shares trade may fluctuate from day to day, depending on factors such as supply and demand, market conditions and general sentiment.
- Levels of, and legislation and practice concerning, taxation may change. Shareholders should have regard to the information in relation to taxation set out in Part 4 of the Circular.

## Part 3

### TERMS AND CONDITIONS OF THE TENDER OFFER

#### 1. Introduction

Qualifying Shareholders on the Register on the Tender Offer Record Date are being invited to tender some, all or none of their Ordinary Shares for purchase by J.P. Morgan Cazenove on the terms and subject to the conditions set out in this Circular and, in the case of certificated Ordinary Shares, in the Tender Form. Shareholders who do not wish to participate in the Tender Offer need take no action. The rights of Shareholders who choose not to tender their Ordinary Shares will be unaffected.

#### 2. Terms of the Tender Offer

2.1 The Tender Offer is conditional upon the following (together, the “**Tender Conditions**”):

- (a) the passing of the Resolutions;
- (b) the Tender Offer not having been terminated in accordance with paragraph 2.22 of this Part 3;
- (c) the Board being satisfied that it is in the best interests of the Company to proceed with the Tender Offer (and the subsequent Repurchase); and
- (d) J.P. Morgan Cazenove being satisfied, acting reasonably, that, at all times up to immediately prior to the announcement of the results of the Tender Offer, the Company has complied with its obligations, and is not in breach of any of the representations and warranties given by it, under the Option Agreement in connection with the Tender Offer.

J.P. Morgan Cazenove will not purchase the Ordinary Shares pursuant to the Tender Offer unless all the Tender Conditions have been satisfied. The Tender Conditions may not be waived by J.P. Morgan Cazenove or the Company. If any of the above conditions is not satisfied by 7.00 a.m. on 28 May 2014 (or such later time and date as the Company and J.P. Morgan Cazenove may agree), the Tender Offer will lapse.

- 2.2 All Ordinary Shares tendered by Qualifying Shareholders under the Tender Offer will be tendered at the Tender Offer Price. Ordinary Shares may not be tendered at any other price.
- 2.3 The maximum number of Ordinary Shares that could be purchased under the Tender Offer will be equivalent to 24.9% of the issued share capital of the Company which, as at 7 May 2014 (being the latest practicable date prior to the publication of this Circular), was 187,356,236 Ordinary Shares.
- 2.4 The Tender Offer is available only to Qualifying Shareholders on the Register on the Tender Offer Record Date and in respect of the number of Ordinary Shares registered in those Shareholders’ names at such time.
- 2.5 Tender Forms once duly completed (for Ordinary Shares held in certificated form) and submitted to the Receiving Agent and TTE instructions which have settled (for Ordinary Shares held in uncertificated form) are irrevocable and cannot be withdrawn. All questions as to the validity (including time of receipt) of tenders will be determined by J.P. Morgan Cazenove, in its sole discretion, which determination shall be final and binding (except as otherwise required under applicable law). None of the Company, J.P. Morgan Cazenove, the Receiving Agent or any other person is or will be obliged to give notice of any defects or irregularities and none of them will incur any liability for failure to give such notice.
- 2.6 The Tender Offer will close at 1.00 p.m. on 22 May 2014 and no tenders received after that time will be accepted unless otherwise approved by J.P. Morgan Cazenove (with the consent of the Company).
- 2.7 All or any part of a holding of Ordinary Shares may be tendered. Only whole numbers of Ordinary Shares may be tendered and, in the event of scaling-back, successful tenders will be rounded down to the nearest whole number of Ordinary Shares in accordance with paragraph 2.16 of this Part 3.
- 2.8 Ordinary Shares successfully tendered under the Tender Offer will be sold to J.P. Morgan Cazenove fully paid and free from all liens, charges, equitable interests and encumbrances and with all rights attaching to the same. Upon the exercise by J.P. Morgan Cazenove of the

put option, or the exercise by the Company of the call option, in each case in accordance with the terms and subject to the conditions of the Option Agreement, Ordinary Shares successfully tendered under the Tender Offer (or a corresponding number of Ordinary Shares) will be sold by J.P. Morgan Cazenove to the Company through the facilities of the London Stock Exchange and will subsequently be cancelled and will not rank for any dividends, distribution or other equity-related rights declared by the Company after that date.

- 2.9 All tenders of Ordinary Shares held in certificated form must be made on the accompanying Tender Form, duly completed in accordance with the instructions set out below and on the Tender Form, as applicable (which constitute part of the terms of the Tender Offer). Such tenders will be valid only when the procedures contained in this Circular and in the Tender Form are complied with.
- 2.10 All tenders of Ordinary Shares held in uncertificated form (that is, in CREST) must be made by the input and settlement of an appropriate TTE instruction in CREST in accordance with the instructions set out below and the relevant procedures in the CREST manual which together constitute part of the terms of the Tender Offer. Such tenders will be valid only when the procedures contained in this Circular and in the relevant parts of the CREST manual are complied with.
- 2.11 The Tender Offer and all matters in connection with the creation, validity, effect, interpretation or performance of, or the legal relationships established by, the Tender Offer and the Tender Form or the input of a TTE instruction in CREST, whether contractual or non-contractual, will be governed by, and construed in accordance with, the laws of England and Wales and the delivery of a Tender Form or the input of a TTE instruction in CREST, as applicable, will constitute submission to the jurisdiction of the courts of England and Wales.
- 2.12 The results of the Tender Offer and, if applicable, any entitlement to tender more than the Basic Entitlement, are expected to be announced on 28 May 2014.
- 2.13 All documents and remittances sent by or to Shareholders and all instructions made by or on behalf of a Qualifying Shareholder in CREST relating to the Tender Offer will be sent or made (as the case may be) at the risk of the sender or maker. If the Tender Offer does not become unconditional, or does not proceed, and lapses, in respect of Ordinary Shares held in certificated form, Tender Forms, share certificates and other documents of title will be returned by post to Qualifying Shareholders not later than ten Business Days after the date of such lapse, or, in respect of Ordinary Shares held in uncertificated form (that is, in CREST), the Receiving Agent will provide instructions to Euroclear to transfer all Ordinary Shares held in escrow by TFE instruction to the original available balances to which those Ordinary Shares relate.
- 2.14 If only part of the number of Ordinary Shares that are validly tendered is successfully tendered pursuant to the Tender Offer, the relevant Qualifying Shareholder will be entitled to receive the following:
- (a) if Ordinary Shares are held in certificated form, a certificate in respect of the unsold Ordinary Shares; or
  - (b) if Ordinary Shares are held in uncertificated form (that is, in CREST), the transfer by the Receiving Agent to the original available balances of those unsold Ordinary Shares or the credit of the balance of the unsold Ordinary Shares by the Receiving Agent by a TFE instruction.
- 2.15 Further copies of the Tender Form may be obtained on request from the Receiving Agent, or by telephone from 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Lines are open between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The Shareholder Helpline cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

2.16 Under the Tender Offer and subject to the terms and conditions set out in this Part 3, and (where relevant) the Tender Form, Qualifying Shareholders will be entitled to sell to J.P. Morgan Cazenove their Basic Entitlement. They may tender a number of Ordinary Shares representing more or less than their Basic Entitlement.

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

If:

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

any such Individual Excess Tender will be scaled-back by application of the following ratio, such that, subject to any adjustment referred to in paragraph 2.17 below, the Total Available Shares may be allocated between the Individual Excess Tenders and the total percentage of Ordinary Shares purchased pursuant to the Tender Offer does not exceed the Basic Entitlement:

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

2.17 The number of Total Available Shares will be reallocated to the extent that J.P. Morgan Cazenove acquires (and the Company Repurchases) Ordinary Shares from WTC in excess of WTC’s Basic Entitlement pursuant to the Undertaking.

2.18 All Ordinary Shares successfully tendered will be purchased by J.P. Morgan Cazenove, as principal, at the Tender Offer Price.

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

2.20 Ordinary Shares will be purchased under the Tender Offer free of all commissions and dealing charges.

2.21 The failure of any person to receive a copy of this Circular or the Tender Form shall not invalidate any aspect of the Tender Offer.

- 2.22 The Board reserves the right to compel J.P. Morgan Cazenove to terminate the Tender Offer at any time prior to announcement of the results of the Tender Offer if it concludes that the implementation of the Tender Offer and the subsequent Repurchase is no longer in the best interests of the Company and the Shareholders as a whole or if the purchase of Ordinary Shares by J.P. Morgan Cazenove and the subsequent Repurchase may have adverse fiscal consequences (whether by reason of any change in legislation, practice, circumstances or otherwise) for the Company or Shareholders as a whole which were previously unexpected. If the Tender Offer is terminated, the Company will make an announcement through a Regulatory Information Service that such is the case.
- 2.23 The terms of the Tender Offer shall have effect subject to such non-material modifications as the Company and J.P. Morgan Cazenove may from time to time approve in writing. The times and dates referred to in this Circular may be amended by agreement in writing between the Company and J.P. Morgan Cazenove.

### **3. Procedure for tendering**

#### **3.1 *Different procedures for certificated and uncertificated Ordinary Shares***

If you hold Ordinary Shares in certificated form, you may tender such Ordinary Shares only by completing and returning the Tender Form in accordance with the instructions printed thereon and set out in paragraph 3.2 below. If you hold Ordinary Shares in certificated form, but under different designations, you should complete a separate Tender Form for each designation. Additional copies of the Tender Form can be obtained from the Receiving Agent or by calling the Shareholder Helpline, details of which are set out in paragraph 3.3 below.

If you hold Ordinary Shares in uncertificated form (that is, in CREST) you may tender such Ordinary Shares only by TTE instruction in accordance with the procedure set out in paragraph 3.4 below and, if those Ordinary Shares are held under different member account IDs, you should send a separate TTE instruction for each member account ID.

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

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

Completed, signed and witnessed Tender Forms, together with the relevant valid share certificate(s) and/or other document(s) of title, should be sent either by post in the accompanying reply-paid envelope (for use in the UK only) or (during normal business hours only) delivered by hand to the Receiving Agent at Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and, in any event, so as to be received by no later than 1.00 p.m. on 22 May 2014. Tenders received after that time will be accepted only at the sole discretion of J.P. Morgan Cazenove (with the consent of the Company).

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

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

If your share certificate(s) and/or other document(s) of title are not readily available (for example, if they are with your stockbroker, bank or other agent) or are lost, the Tender Form should nevertheless be completed, signed and returned as described above so as to be received by the Receiving Agent, at Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by no later than 1.00 p.m. on 22 May 2014, together with any share certificate(s) and/or document(s) of title that you may have available.

In respect of those Ordinary Shares for which your share certificate(s) and/or other document(s) of title is/are unavailable and you have been sent a Tender Form, a letter of indemnity can be obtained by writing to Capita Asset Services or contacting them on the Shareholder Helpline (the details of which are set out in paragraph 3.3 below). If a separate letter of indemnity is completed, this should be returned with the Tender Form as described

above so as to be received by the Receiving Agent at Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by no later than 1.00 p.m. on 22 May 2014. A fee may be payable by the Qualifying Shareholder in respect of each letter of indemnity.

Where you have completed and returned a letter of indemnity in respect of unavailable share certificate(s) and/or other document(s) of title and you subsequently find or obtain the relevant share certificate(s) and/or other document(s) of title, you should immediately send the certificate(s) and/or other document(s) of title by post or (during normal business hours only) by hand to the Receiving Agent at Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

- 3.3 If you are in any doubt as to the procedure for participating in the Tender Offer, please telephone the Shareholder Helpline on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Lines are open between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The Shareholder Helpline cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

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

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

If your Ordinary Shares are in uncertificated form, to tender such shares under the Tender Offer you should take (or procure the taking of) the action set out below to transfer (by means of a TTE instruction) the number of Ordinary Shares you wish to tender under the Tender Offer to the relevant escrow account specifying Capita Asset Services (in its capacity as a CREST Participant under the relevant Participant ID(s) and member account ID(s) referred to below) as the escrow agent, as soon as possible and in any event so that the TTE instruction settles by no later than 1.00 p.m. on 22 May 2014. Please note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) and you should therefore ensure you time the input of any TTE instructions accordingly.

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

If you are a CREST Sponsored Member, you should refer to your CREST Sponsor before taking any action. Your CREST Sponsor will be able to confirm details of your Participant ID and the member account ID under which your Ordinary Shares are held. In addition, only your CREST Sponsor will be able to send the TTE instruction to Euroclear in relation to the Ordinary Shares which you wish to tender. The Corporate Action Number is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST.

After settlement of the TTE instruction, you will not be able to access in CREST the Ordinary Shares concerned for any transaction or charging purposes, notwithstanding that they will be held by Capita Asset Services as the escrow agent until completion or lapse of the Tender Offer. If the Tender Offer becomes unconditional by 7.00 a.m. on 28 May 2014, or such later time and date as the Company and J.P. Morgan Cazenove may agree, Capita Asset Services will transfer the successfully tendered Ordinary Shares to itself as the agent of J.P. Morgan Cazenove, transferring any Ordinary Shares not successfully tendered to the original available balances to which those Ordinary Shares relate.

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

**You should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST Sponsor) to enable a TTE instruction relating to your Ordinary Shares to settle prior to 1.00 p.m. on 22 May 2014. In this connection you are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.**

#### *Electronic Tenders*

To tender Ordinary Shares in uncertificated form you should send (or, if you are a CREST Sponsored Member, procure that your CREST Sponsor sends) a TTE instruction to Euroclear in relation to such Ordinary Shares. The TTE instruction will differ depending on whether you elect to tender your Basic Entitlement or a specific number of Ordinary Shares representing more or less than your Basic Entitlement.

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

- (i) the number of Ordinary Shares which you wish to tender and to be transferred to the relevant escrow account;
- (ii) your member account ID;
- (iii) your Participant ID;
- (iv) the Participant ID of Capita Asset Services, in its capacity as a CREST receiving agent, which is RA10;
- (v) the member account ID of the Receiving Agent in its capacity as escrow agent, which is 28252BAS if you are tendering your Basic Entitlement, or 28252SPE if you are tendering a specific number of Ordinary Shares representing more or less than your Basic Entitlement;
- (vi) the corporate action ISIN in respect of the Ordinary Shares, which is GB00B12MHD28;
- (vii) the intended settlement date. This should be as soon as possible and, in any event, no later than 1.00 p.m. on 22 May 2014;
- (viii) the contact name and telephone number inserted in the shared note field;
- (ix) the corporate action number for the Tender Offer, which is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST; and
- (x) input with a standard delivery instruction priority of 80.

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

#### **3.5 *Deposits of Ordinary Shares into, and withdrawals of Ordinary Shares from, CREST***

Normal CREST procedures (including timings) apply in relation to any Ordinary Shares that are, or are to be, converted from uncertificated to certificated form or vice versa during the course of the Tender Offer (whether such conversion arises as a result of a transfer of Ordinary Shares or otherwise). Shareholders who are proposing to convert any Ordinary Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Ordinary Shares as a result of the conversion to take all necessary steps in connection with such person's participation in the Tender Offer (in particular, as regards delivery of share certificates and/or other documents of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on 22 May 2014.

#### **3.6 *Validity of tenders***

##### **(a) *Tender Forms***

J.P. Morgan Cazenove reserves the right to treat as valid only Tender Forms which are received entirely in order by 1.00 p.m. on 22 May 2014 and which are accompanied by the relevant share certificate(s) and/or other document(s) of title or a satisfactory indemnity in lieu thereof in respect of the entire number of Ordinary Shares tendered.



(b) *Validity of Electronic Tenders*

A Tender Form which is received in respect of Ordinary Shares held in uncertificated form will not constitute a valid tender and will be disregarded. Shareholders holding Ordinary Shares in uncertificated form who wish to tender such shares should note that a TTE instruction will be a valid tender as at 22 May 2014, only if it has settled on or before 1.00 p.m. on that date.

An appropriate announcement will be made through a Regulatory Information Service if any of the details contained in this paragraph 3.6 are altered.

(c) *General*

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

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

If you are in any doubt as to how to complete the Tender Form or as to the procedure for making an Electronic Tender please contact the Receiving Agent at Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or on the Shareholder Helpline. You are reminded that, if you are a CREST Sponsored Member, you should contact your CREST Sponsor before taking any action.

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

3.7 *Shareholder Helpline details*

Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The Shareholder Helpline cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

**4. Effect of Tender**

4.1 *Tender Forms*

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

- (a) the execution of the Tender Form shall constitute an offer to J.P. Morgan Cazenove to sell to it such number of certificated Ordinary Shares as are inserted in either Box 1A (being the Basic Entitlement) or Box 1B of the Tender Form or deemed to be tendered, in each case on and subject to the terms and conditions set out or referred to in this Circular and the Tender Form and that, once lodged, such tender shall be irrevocable;
- (b) such execution and lodgement, shall, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of any director or officer of J.P. Morgan Cazenove as such Qualifying Shareholder's attorney and/or agent ("**Attorney**"), and an irrevocable instruction to the Attorney to:
  - (i) complete and execute any and all instruments of transfer and/or other documents or forms and take any and all actions which are necessary, in such Attorney's absolute discretion, in relation to the Ordinary Shares referred to in sub-paragraph (a) above in favour of J.P. Morgan Cazenove or such other person or persons as J.P. Morgan Cazenove may direct; and
  - (ii) deliver such instrument(s) of transfer and/or other document(s) or form(s) at the discretion of the Attorney, together with the share certificate(s) and/or other document(s) of title relating to such Ordinary Shares, for registration within six months of the Tender Offer becoming unconditional and to do all such other acts and things as may in the opinion of such Attorney be necessary or expedient for

the purpose of, or in connection with, the Tender Offer and to vest in J.P. Morgan Cazenove or its nominee(s) or such other person(s) as J.P. Morgan Cazenove may direct such Ordinary Shares;

- (c) such Qualifying Shareholder holding Ordinary Shares in certificated form will deliver to the Receiving Agent his share certificate(s) and/or other document(s) of title in respect of the Ordinary Shares referred to in sub-paragraph (a) above, or an indemnity acceptable to J.P. Morgan Cazenove in lieu thereof, or will procure the delivery of such document(s) to such person(s) as soon as possible thereafter and, in any event, by no later than 1.00 p.m. on 22 May 2014;
- (d) the provisions of the Tender Form shall be deemed to be incorporated into the terms and conditions of the Tender Offer;
- (e) the despatch of a cheque to a Qualifying Shareholder as referred to in paragraph 5 of this Part 3 headed "Settlement", will discharge fully any obligation of J.P. Morgan Cazenove to pay such Qualifying Shareholder the consideration to which he is entitled under the Tender Offer;
- (f) on execution a Tender Form takes effect as a deed; and
- (g) the execution of the Tender Offer shall constitute a submission by the Qualifying Shareholder to all matters in connection with the creation, validity, effect, interpretation or performance of, or the legal relationships established by, the Tender Offer and the Tender Form, whether contractual or non-contractual, being governed by, and construed in accordance with, the laws of England and Wales and the delivery of a Tender Form will constitute submission to the jurisdiction of the courts of England and Wales.

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

#### 4.2 *Electronic Tenders*

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

- (a) the input of the TTE instruction shall constitute an offer to sell to J.P. Morgan Cazenove such number of Ordinary Shares as are specified in the TTE instruction or deemed to be tendered, in each case, on and subject to the terms and conditions set out or referred to in this Circular and the TTE instruction and that, once the TTE instruction has settled, such tender shall be irrevocable;
- (b) the input of the TTE instruction, will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of any director or officer of J.P. Morgan Cazenove as such Qualifying Shareholder's agent ("**Agent**"), and an irrevocable instruction and authority to the Agent to complete and execute all or any instrument(s) of transfer and/or other document(s) or input any instructions into Euroclear at the Agent's discretion in relation to the Ordinary Shares referred to in sub-paragraph (a) above in favour of J.P. Morgan Cazenove or such other person or persons as J.P. Morgan Cazenove may direct and to deliver any documents or input any instructions into Euroclear relating to such Ordinary Shares, for registration within six months of the Tender Offer becoming unconditional and to do all such other acts and things as may in the opinion of such Agent be necessary or expedient for the purpose of, or in connection with, the Tender Offer and to vest in J.P. Morgan Cazenove or its nominee(s) or such other person(s) as J.P. Morgan Cazenove may direct, such Ordinary Shares;
- (c) if, for any reason, any Ordinary Shares in respect of which a TTE instruction has been made are prior to 1.00 p.m. on 22 May 2014, converted into certificated form, the Electronic Tender in respect of such Ordinary Shares shall cease to be valid and the Shareholder will need to comply with the procedures for tendering Ordinary Shares in certificated form as set out in this Part 3 in respect of the Ordinary Shares so converted, if he wishes to make a valid tender of such Ordinary Shares pursuant to the Tender Offer;

- (d) the creation of a payment obligation in favour of such Qualifying Shareholder's payment bank in accordance with the CREST payment arrangements as referred to in paragraph 5 of this Part 3 headed "Settlement" will discharge fully any obligation of J.P. Morgan Cazenove to pay to such Qualifying Shareholder the consideration to which he is entitled under the Tender Offer; and
- (e) the input of a TTE instruction in CREST shall constitute a submission by the Qualifying Shareholder to all matters in connection with the creation, validity, effect, interpretation or performance of, or the legal relationships established by, the Tender Offer and the TTE instruction, whether contractual or non-contractual, being governed by, and construed in accordance with, the laws of England and Wales and the input of a TTE instruction in CREST will constitute submission to the jurisdiction of the courts of England and Wales.

#### 4.3 *General tendering provisions*

Each Shareholder who submits a tender irrevocably undertakes, represents, warrants and agrees to and with J.P. Morgan Cazenove (so as to bind him, his personal representatives, heirs, successors and assigns) that:

- (a) such Shareholder has observed the laws of all relevant jurisdictions, obtained any requisite consents and complied with all applicable formalities, that the invitation under the Tender Offer may be made to him under the laws of the relevant jurisdictions, and has not taken or omitted to take any action which would otherwise result in J.P. Morgan Cazenove or the Company acting in breach of any applicable legal or regulatory requirement in respect of the purchase by J.P. Morgan Cazenove of the Ordinary Shares tendered by him under the Tender Offer and the associated Repurchase;
- (b) such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by J.P. Morgan Cazenove to be desirable, in each case in order to complete the purchase of the Ordinary Shares and/or to perfect any of the authorities expressed to be given hereunder;
- (c) if the appointment of attorney/agent provision under sub-paragraph 4.1(b) or 4.2(b) (as applicable) above shall be unenforceable or invalid or shall not operate so as to afford any director or officer of J.P. Morgan Cazenove the benefit or authority expressed to be given therein, the Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable J.P. Morgan Cazenove to secure the full benefits of sub-paragraph 4.1(b) or 4.2(b) (as applicable) above;
- (d) such Shareholder has full power and authority to tender, sell, assign or transfer the Ordinary Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by J.P. Morgan Cazenove, J.P. Morgan Cazenove will acquire such Ordinary Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, including the right to receive all dividends and other distributions declared, paid or made after that date;
- (e) such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by J.P. Morgan Cazenove and/or the Receiving Agent or any of their respective directors or officers or any person nominated by J.P. Morgan Cazenove or the Receiving Agent of any of their respective directors or officers in the proper exercise of their respective powers and/or authorities hereunder; and
- (f) such Shareholder has not received or sent copies or originals of the Tender Form in, into or from a Restricted Jurisdiction and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of a Restricted Jurisdiction at the time of the input of and settlement of the relevant TTE instruction, that the TTE instruction has not been sent from a Restricted Jurisdiction and such Shareholder is accepting the Tender Offer from outside a Restricted Jurisdiction.

Each Shareholder to which paragraphs 4.1 or 4.2 apply hereby consents to the assignment by J.P. Morgan Cazenove of all such benefit as J.P. Morgan Cazenove may have in any covenants, representations and warranties in respect of the Ordinary Shares which are successfully tendered under the Tender Offer.

## **5. Settlement**

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

### **5.1 *Ordinary Shares in certificated form***

Where an accepted tender relates to Ordinary Shares held in certificated form, cheques for the consideration due will be despatched by the Receiving Agent (on behalf of J.P. Morgan Cazenove) during the week commencing 2 June 2014 by first class post to the person or agent whose name and address (outside a Restricted Jurisdiction) is set out in section 1 or section 3 of the Tender Form or, if none is set out, to the registered address of the tendering Shareholder or, in the case of joint holders, the registered address of the first named Shareholder. All payments will be made in pounds sterling by cheque, drawn on a branch of a UK clearing bank.

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

Where an accepted tender relates to Ordinary Shares held by Shareholders in uncertificated form, the consideration due will be paid during the week commencing 2 June 2014 through CREST by the Receiving Agent (on behalf of J.P. Morgan Cazenove) procuring the creation of a payment obligation in favour of the payment banks of accepting Shareholders in accordance with the CREST payment arrangements.

## **6. Overseas Shareholders**

6.1 Overseas Shareholders should inform themselves about and observe any applicable or legal regulatory requirements. If you are in any doubt about your position, you should consult your professional adviser in the relevant jurisdiction.

6.2 The making of the Tender Offer in, or to persons resident in, jurisdictions outside the United Kingdom or to persons who are citizens, residents or nationals of other countries may be affected by the laws of the relevant jurisdiction. Shareholders who are not resident in the United Kingdom, or who are citizens, residents or nationals of countries outside the United Kingdom should inform themselves about and observe any applicable legal requirements. It is the responsibility of any Overseas Shareholder wishing to take up the Tender Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes or other requisite payments due in such jurisdiction. Each Overseas Shareholder will be responsible for any such transfer or other taxes or other requisite payments by whomsoever payable and the Company, Capita Asset Services and J.P. Morgan Cazenove and any person acting on their behalf shall be fully indemnified and held harmless by such Shareholder on an after-tax basis for any such transfer or other taxes or other requisite payments such person may be required to pay. No steps have been taken to qualify the Tender Offer or to authorise the extending of the Tender Offer or the distribution of the Tender Form in any territory outside the United Kingdom.

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

6.4 If, in connection with making the Tender Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards the Tender Form in, into or from a Restricted Jurisdiction or uses the mails of, or any means or instrumentality (including,

without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or any facility of a national securities exchange, of a Restricted Jurisdiction in connection with such forwarding, such persons should:

- (a) inform the recipient of such fact;
- (b) explain to the recipient that such action may invalidate any purported acceptance of the Tender Offer by the recipient; and
- (c) draw the attention of the recipient to this section of this Circular.

6.5 The provisions of this paragraph and/or any other terms of the Tender Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by J.P. Morgan Cazenove in its absolute discretion, but only if J.P. Morgan Cazenove is satisfied that such waiver, variation or modification will not constitute or give rise to a breach of applicable securities or other law. Subject to this, the provisions of this paragraph headed "Overseas Shareholders" supersede any terms of the Tender Offer inconsistent therewith.

6.6 References to a Shareholder shall include references to the persons executing a Tender Form and in the event of more than one person executing Tender Forms, the provisions of this paragraph shall apply to them jointly and severally.

## Part 4

### TAXATION IN RELATION TO THE TENDER OFFER

#### A. United Kingdom

The following comments do not constitute tax advice and are intended only as a guide to current United Kingdom law and H.M. Revenue & Customs' published practice (which are both subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the United Kingdom tax treatment of Shareholders who are resident in the United Kingdom for United Kingdom tax purposes, who are, and will be, the beneficial owners of their Ordinary Shares and who hold, and will hold, their Ordinary Shares as investments (and not as assets to be realised in the course of a trade, profession or vocation). They may not relate to certain Shareholders, such as dealers in securities or Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment. Shareholders are advised to take independent advice in relation to the tax implications for them of selling Ordinary Shares pursuant to the Tender Offer.

#### 1. Taxation of chargeable gains

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

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

A corporate Shareholder is normally taxable on all of its chargeable gains, subject to any reliefs and exemptions. Corporate Shareholders should be entitled to indexation allowance up to the date which is treated for CGT purposes as the date of disposal.

#### 2. Transactions in Securities

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

These rules apply only in certain circumstances and do not apply where it can be shown that the transaction in question was entered into for genuine commercial reasons or in the ordinary course of making or managing investments and did not involve as one of its main objects the obtaining of a corporation tax advantage. In view of these restrictions on the application of the anti-avoidance provisions, no application has been made to H.M. Revenue & Customs for clearance in respect of the application of Part 15 of the Corporation Tax Act 2010 to the Tender Offer. **Shareholders who are within the charge to corporation tax are advised to take independent advice as to the potential application of the above provisions in light of their own particular motives and circumstances.**

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

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

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

## Part 5

### FURTHER INFORMATION

#### 1. The Company

The Company trades under the name LMS Capital plc and is a public limited company incorporated under the laws of England and Wales with company number 05746555. The Company is domiciled in England and Wales and its registered and head office is at 100 George Street, London W1U 8NU (telephone number +44 (0)207 935 3555). The principal legislation under which the Company operates, and under which the Ordinary Shares were created, is the Companies Act 2006 and the regulations made thereunder.

#### 2. Related Party

##### 2.1 Related Party's interests

The Related Party holds 23,302,362 Ordinary Shares, representing a 12.4% interest in the total share capital of the Company at 7 May 2014 (being the latest practicable date prior to the publication of this Circular).

##### 2.2 Non-Independent Director

###### *Letter of appointment*

Robert Rayne (who is a non-executive director of the Company) was appointed as a director on 6 April 2006. His current letter of appointment, dated 1 October 2013, is terminable upon one month's notice by either party. Robert Rayne is up for re-election to the Board by rotation at the Company's next Annual General Meeting on 15 May 2014. As a non-executive director, Robert Rayne is entitled to a fee of £40,000 per annum. He is also entitled to cover under the Company's various insurance policies.

Robert Rayne also has a consulting agreement with the Company to provide advice in connection with the Company's realisation plans. He is entitled to a fee of £60,000 per annum under this consultancy agreement.

Robert Rayne participated in the Company's long-term incentive plans, including the Performance Share Plan and the Company's carried interest plans, until the end of 2011.

###### *Interests in Ordinary Shares*

As at 7 May 2014, being the latest practicable date prior to the publication of this Circular, the beneficial interests of the Non-Independent Director in the Ordinary Shares of the Company were as follows:

	<i>No. of Ordinary Shares</i>
Robert Rayne .....	5,565,471

In addition, Robert Rayne had a non-beneficial interest in 14,590,627 Ordinary Shares held in trust.

On 11 April 2014, awards under the Performance Share Plan vested in favour of Robert Rayne, entitling him to 127,324 Ordinary Shares. It is intended that these awards be settled in cash (as permitted under the rules of the Performance Share Plan) in due course.

###### *Other related party transactions*

In January 2011, the Company moved office to 100 George Street, London W1U 8NU, of which Derwent London plc is the landlord. Under the terms of its lease, the Company pays an annual rent of £289,000 to Derwent London plc plus certain service charges. Robert Rayne is the non-executive Chairman of Derwent London plc.

As set out above, the Company has a consultancy arrangement with Robert Rayne pursuant to which the Company pays Robert Rayne fees of £60,000 per annum.



### 3. Major shareholders

Insofar as it is known to the Company as at 7 May 2014 (being the latest practicable date prior to the publication of this Circular), the following persons have an interest in the Ordinary Shares which is notifiable under DTR5 of the Disclosure and Transparency Rules.

	<i>Percentage of issued share capital</i>	<i>No. of Ordinary Shares</i>
Schroders plc .....	12.78	23,945,730
Trustees of Lord Rayne's Will Trust.....	12.44	23,302,362
Asset Value Investors .....	11.89	22,282,919
Robert Rayne <sup>1, 2</sup> .....	10.76	20,156,098
Lady Jane Rayne <sup>1</sup> .....	9.40	17,604,206
British Empire Securities & General Trust plc.....	8.64	16,192,469
Jupiter Asset Management Ltd <sup>3</sup> .....	7.84	14,694,766
Mantra Investissement SCA.....	5.47	10,245,281

Note:

1. There are common interests in certain of these shares, which are held within charitable trusts.
2. Robert Rayne holds a non-beneficial interest in 14,590,627 ordinary shares held in trust and a personal interest in 5,565,471 ordinary shares.
3. Part of this holding (comprising 5.3% of the issued share capital) is managed by Jupiter Asset Management Ltd on behalf of the Rayne Foundation, which controls the voting rights attached to these shares.

### 5. Material Contracts

The Company has not been a party to any material contracts during the last two year period immediately preceding the date of this document which contain information which Shareholders would reasonably require to make a properly informed assessment of how to vote on the Resolutions.

### 6. Options and treasury shares

The table below sets out the total number of outstanding Options, the percentage of Ordinary Shares that they represent and the percentage of Ordinary Shares that they will represent if the maximum number of Ordinary Shares are Repurchased:

<i>Number of Options</i>	<i>Percentage of issued Ordinary Shares as at 7 May 2014</i>	<i>Percentage of issued Ordinary Shares if the maximum number of Ordinary Shares is Repurchased</i>
308,878 .....	0.17%	0.22%

(Note: Information in the table above is provided as at 7 May 2014, being the latest practicable date prior to the publication of this Circular.)

The above Options, which were awarded pursuant to the Performance Share Plan, vested on 11 April 2014. It is intended that they be settled in cash (as permitted under the rules of the Performance Share Plan) in due course.

As at 7 May 2014 (being the latest practicable date prior to the publication of this Circular), there were no outstanding warrants to subscribe for Ordinary Shares.

As at 7 May 2014 (being the latest practicable date prior to the publication of this Circular), the Company held no Ordinary Shares in treasury.

### 7. No significant change

There has been no significant change in the financial or trading position of the Group since 31 December 2013, being the date to which the last audited financial statements were prepared, other than the disposal of the Company's interest in Udata Infrastructure (UK) Limited, which

realised net proceeds (after transaction expenses and carried interest) of £27.2 million and, in isolation, increased the Company's net asset value per share by 4 pence compared to 31 December 2013.

#### **8. Announcement of results of Repurchase**

The Company will announce the results of the Repurchase through a Regulatory Information Service as soon as possible and, in any event, by no later than the Business Day following the date on which the Repurchase occurs.

#### **9. Consent**

J.P Morgan Cazenove has given and has not withdrawn its written consent to the inclusion in this document of the references to its name and the form and context in which they appear.

#### **10. Documents available for inspection**

Copies of the following documents will be available for inspection during normal business hours on any Business Day, free of charge, at the offices of Slaughter and May, One Bunhill Row, London, EC1Y 8YY, from the date of this document up to and including the date of the Repurchase:

- (a) the memorandum and the articles of association of the Company;
- (b) the annual report and accounts of the company for each of the two financial years ended 31 December 2012 and 31 December 2013;
- (c) the consent letter referred to above in paragraph 9; and
- (d) a copy of this document, the Tender Form and the Form of Proxy.

## Part 6

### LMS CAPITAL PLC

#### NOTICE OF GENERAL MEETING

NOTICE is hereby given that a General Meeting of LMS Capital plc (the “**Company**”) will be held at 10.00 a.m. on 27 May 2014 at LMS Capital plc, 100 George Street, London W1U 8NU to consider and, if thought fit, pass the following resolutions, of which Resolution 1 will be proposed as a special resolution and Resolution 2 will be proposed as an ordinary resolution. Capitalised terms not otherwise defined within this notice shall have the meanings given to them in the circular dated 9 May 2014 of which this notice forms part.

##### **Resolution 1 – Special Resolution**

THAT the Company be and is hereby generally authorised for the purposes of section 701 of the Companies Act 2006 (the “**Act**”) to make one or more market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 10p each (the “**Ordinary Shares**”) in the capital of the Company, in connection with a tender offer for Ordinary Shares, provided that:

- (A) the maximum number of Ordinary Shares that may be purchased under this authority is 46,651,702;
- (B) the minimum price which may be paid for any Ordinary Share is the nominal amount of that Ordinary Share and the maximum price which may be paid for any Ordinary Share is the Tender Offer Price; and
- (C) this authority will expire at the close of business on 31 December 2014.

##### **Resolution 2 – Ordinary Resolution**

THAT the arrangement to be entered into between the Company and WTC, as trustees of a member of the Concert Party, in connection with the Tender Offer and Repurchase (as described more fully on page 8 of the circular dated 9 May 2014 of which this notice forms part) be and is hereby approved and the independent directors of the Company (being Martin Knight, Bernard Duroc-Danner, Nicholas Friedlos, Neil Lerner and Antony Sweet) (which expression includes any duly constituted committee thereof) be and are hereby authorised to do all such things as may be necessary or desirable to complete and give effect to such arrangement and to make such non-material modifications, variations, waivers and extensions of any of the terms of the arrangement and of any other documents connected with the arrangement as they think necessary or desirable.

9 May 2014

By order of the Board

Antony Sweet  
Company Secretary

Registered office:  
LMS Capital plc  
100 George Street  
London W1U 8NU

Registered in England and Wales No. 05746555

## Notes

1. Members or their duly appointed representatives are entitled to attend, speak and vote at the General Meeting. Members are entitled to appoint a proxy to exercise on their behalf all or any of their rights to attend and to speak and vote at the General Meeting. A Shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different Ordinary Share or Ordinary Shares held by that Shareholder. A proxy need not be a Shareholder of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies the Circular of which this Notice forms part. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact Capita Asset Services on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Lines are open between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday.
2. To be valid, Forms of Proxy must be completed and returned by post or (during normal business hours only) by hand to Capita Asset Services by no later than 10.00 a.m. on 25 May 2014. Proxy appointments may also be made at [www.capitashareportal.com](http://www.capitashareportal.com), again no later than 10.00 a.m. on 25 May 2014.
3. The return of a completed Form of Proxy, the appointment of a proxy at [www.capitashareportal.com](http://www.capitashareportal.com) or any CREST Proxy Instruction (as described in paragraphs 8 to 11 below) will not preclude a Shareholder from attending the General Meeting and voting in person if he/she wishes to do so.
4. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the Shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person holds no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.
5. The statement of the rights of Shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by Shareholders of the Company.
6. To be entitled to attend and vote at the General Meeting (and for the purpose of determination by the Company of the votes they may cast), Shareholders must be registered in the register of members of the Company at 6.00 p.m. on 25 May 2014 (or, in the event of any adjournment, 6.00 p.m. on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.
7. As at 7 May 2014 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consisted of 187,356,236 Ordinary Shares, carrying one vote each. No Ordinary Shares were held in treasury. Therefore, the total voting rights of the Company as at 7 May 2014 were 187,356,236.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual which can be viewed at [www.euroclear.com/CREST](http://www.euroclear.com/CREST). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting services provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. 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 Capita Asset Services (ID RA10) by the latest time for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp 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.
10. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. In the case of joint holders of an Ordinary Share, 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 appear in the register of members. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same Ordinary Shares.
12. If a Shareholder submits more than one valid proxy appointment, the appointment received last before the latest time for receipt of proxies will take precedence.
13. Any member attending the General Meeting has a right to ask questions.
14. A copy of this Notice and other information required by section 311A of the Companies Act 2006 can be found at [www.lmscapital.com](http://www.lmscapital.com).
15. You may not use any electronic address provided in this Notice, in the Circular of which it forms part or any related documents (including the Form of Proxy) to communicate with the Company about proceedings at the General Meeting or the contents of this Notice or for any purpose other than those expressly stated.

