

THIS CIRCULAR 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 Circular (but not the accompanying Tender Form or Form of Proxy) to the purchaser, transferee or agent through whom the sale or transfer was effected. The Tender Form should not be sent to any Restricted Jurisdiction.

J.P. Morgan Securities plc, which conducts its UK investment banking business as 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 Waiver, Rule 9 Waiver Resolution, Tender Offer and Repurchase and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in connection with the Waiver, Rule 9 Waiver Resolution, Tender Offer and Repurchase.

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 Circular 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 Circular.

A Notice of General Meeting of the Company, to be held at 10.00 a.m. on 11 August 2017 at the offices of Travers Smith LLP, 10 Snow Hill London EC1A 2AL, is set out at the end of this Circular. Whether or not you intend to be present at the General Meeting, you are asked to complete and return the enclosed Form of Proxy in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by the Registrar by not later than 10.00 a.m. on 9 August 2017. Completion and return of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting, should you so wish.



LMS CAPITAL PLC

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

Return of up to £11,000,000 to Shareholders pursuant to a tender offer for 15,714,285 Ordinary Shares at 70p per Ordinary Share

Proposal for Approval of Waiver by the Panel on Takeovers and Mergers under Rule 9 of the City Code on Takeovers and Mergers

and Notice of General Meeting

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 Two of this Circular.

This Circular does not constitute an offer to purchase, or solicitation of an offer to sell, Ordinary Shares in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such offer or solicitation under applicable securities 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 mail or otherwise forward, distribute or send it in, into or from such Restricted Jurisdiction, as to do so may invalidate any purported acceptance of the Tender Offer. Any person (including, without limitation, trustees, nominees or custodians) who would or otherwise intends to, or who may have a contractual or legal obligation to, forward 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 or the Rule 9 Waiver 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 J.P. Morgan Cazenove.

This Circular is dated 26 July 2017.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of Tender Offer	26 July 2017
Tender Offer opens.....	26 July 2017
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 9 August 2017
General Meeting	10.00 a.m. on 11 August 2017
Latest time and date for receipt of Tender Forms and share certificates in relation to the Tender Offer	1.00 p.m. on 11 August 2017
Latest time and date for receipt of TTE instructions in relation to the Tender Offer.	1.00 p.m. on 11 August 2017
Tender Offer Record Date	Close of business on 11 August 2017
Announcement of results of the General Meeting	11 August 2017
Announcement of results of the Tender Offer	15 August 2017
CREST accounts credited in respect of Tender Offer proceeds for uncertificated Ordinary Shares	From 18 August 2017
Cheques despatched in respect of Tender Offer proceeds for certificated Ordinary Shares	From 18 August 2017
Despatch of balancing share certificates for revised, certificated holdings of Ordinary Shares	From 18 August 2017

All references in this document are to British Summer Time unless otherwise stated.

IMPORTANT INFORMATION

Forward-looking statements

This Circular includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not facts. They appear in a number of places throughout this Circular and include statements regarding the Directors' intentions, beliefs or current expectations concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth and strategies. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation: ability to find appropriate investments in which to invest and to realise investments held by the Group; conditions in the public markets; the market position of the Group; the earnings, financial position, cash flows and return on capital of the Group; the anticipated investments and capital expenditures of the Group; changing business or other market conditions; and general economic conditions.

Forward-looking statements contained in this Circular based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to any requirement under the Prospectus Rules, the Disclosure Guidance and Transparency Rules or other applicable legislation or regulation, the Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on forward-looking statements, which speak only as of the date of this Circular.

No Profit Forecast

No statement in this Circular or incorporated by reference into this Circular is intended to constitute a profit forecast or profit estimate for any period, nor should any statement be interpreted to mean that earnings or earnings per share will necessarily be greater or less than those for the preceding financial periods of the Company.

PART ONE

LETTER FROM THE CHAIRMAN OF LMS CAPITAL PLC

(Incorporated in England and Wales with registered number 05746555)

Directors:

Martin Knight *(Chairman)*
Rod Birkett *(Non-executive Director)*
Neil Lerner *(Non-executive Director)*
Robert Rayne *(Non-executive Director)*

Registered Office
LMS Capital plc
100 George Street
London W1U 8NU

26 July 2017

Dear Shareholder,

Proposed return of capital to Shareholders

1. Introduction

On 16 August 2016, Shareholders approved a change to the Company's investment policy from its realisation strategy and the appointment of GHAM to manage the Company's assets.

As part of the proposals for the revised investment policy, the Company proposed to return up to £11 million to Shareholders in two tranches, each by way of a tender offer and associated share repurchase with the first return of up to £6 million occurring once net realisation proceeds, after 27 July 2016, exceeded £12 million and the second occurring once net realisations, after 27 July 2016, exceeded £22 million.

On 22 May 2017, the Company announced that net realisation proceeds since 27 July 2016 had exceeded £12 million. On 6 June 2017, the Company announced that following a full review of the Company's liquid resources, future cash requirements, commitments and costs, the Board had concluded that it would fulfil its first tender commitment with a capital return of £6 million.

On 15 June 2017, the Company announced that it had been notified that it was expecting to receive a distribution from its investment in San Francisco Equity Partners Funds of up to \$12 million and that the Board would consider an increase in the amount of the tender offer.

On 27 June 2017, the Company made a further announcement that:

- the Company had received a distribution of \$11.6 million from the San Francisco Equity Partners Funds; and
- the Company now had sufficient liquid resources to satisfy in full the proposals in the July 2016 Circular and as a result, the tender offer would be increased to £11 million.

The Company is therefore proposing to return up to £11 million to Shareholders in one tranche to satisfy in full the Company's commitment (as announced on 27 July 2016) to return up to £11 million of capital to Shareholders. The return of capital will take place by way of a tender offer and associated repurchase of up to 16.29% of the Ordinary Shares at a price of 70p per Ordinary Share, which represents a 5% discount to the net asset value per Ordinary Share of the Company as at 30 June 2017.

The Concert Party has undertaken not to participate in the Tender Offer. Assuming some take up of the Tender Offer by the other Shareholders this will result in the Concert Party's holding in the share capital of the Company increasing from 36.12% to a maximum of 43.15% (assuming full take up of the Tender Offer by the other Shareholders). Consequently, the Company has applied to the Panel for a waiver of Rule 9 of the Takeover Code in order to permit the Tender Offer (and the subsequent Repurchase) to occur without triggering an obligation on the part of the Concert Party to make a general offer to Shareholders.

The Repurchase requires the approval of Shareholders by special resolution. The Concert Party has undertaken to vote in favour of the Repurchase Resolution. The Repurchase Resolution is conditional on the Rule 9 Waiver Resolution being approved which requires the approval of the Independent Shareholders by ordinary resolution on a poll.

The purpose of this Circular is, therefore, to set out the terms of the Tender Offer (and associated Repurchase) and the Waiver and to convene a general meeting of the Company to consider and, if thought fit, pass the Resolutions.

2. The Future

The return of £11 million to Shareholders referred to above marks the close of an important chapter in the Company's recent history and will bring to £172 million total cash returns to Shareholders in the last five and a half years. This compares to a market capitalisation of the Company five and a half years ago, at the start of its realisation strategy of £155 million.

The Board and GHAM are now focussed on growing the investment portfolio and net asset value for Shareholders in accordance with the investment policy adopted in August 2016, which focuses predominantly on private equity and specialist asset classes.

The Investment Committee will continue to oversee the remaining assets, to determine how best to maximise Shareholder value and, at the same time, oversee the implementation of the new investment policy. Following completion of the Tender Offer announced above, the Company will have met in full its proposals to make further returns of cash to Shareholders and will be well placed to progress the implementation of its new investment policy. In future, in line with the investment policy, it is the intention of the Company to return to Shareholders an amount in the region of 30 per cent of annual realised cash profits from investments made under the investment policy and in doing so, to generate a dividend yield over the longer term.

3. Current Trading

As announced today in the Company's interim results for the six months ended 30 June 2017:

- Proceeds of realisations in the period were £19.9 million bringing to £21.9 million the total received since the circular posted to shareholders in July 2016;
- at 30 June 2017 the Company had cash of approximately £17.4 million;
- at 30 June 2017 the Company's undrawn commitments to third party funds were approximately £3.5 million; and
- at 30 June 2017 the Company's net asset value per Ordinary Share was 74p.

Further information can be found in the interim results for the six months ended 30 June 2017 which are available on the Company's website.

4. 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 Two of this Circular. The total amount that the Company is proposing to return is £11 million at 70p per Ordinary Share (being a 5% discount to the net asset value per Ordinary Share at 30 June 2017 set out above). The maximum number of Ordinary Shares subject to the Repurchase under the Tender Offer will be 15,714,285, equivalent to 16.29% of the issued share capital of the Company which, as at 25 July 2017 (being the latest practicable date prior to the publication of this Circular), was 96,441,735 Ordinary Shares.

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) is 15,714,285, which is calculated by dividing £11 million by the Tender Offer Price and rounding down to the nearest whole number. This is 16.29% of all Ordinary Shares in issue as at 25 July 2017 (being the latest practicable date prior to the publication of this Circular), which represents the "Basic Entitlement" under the Tender Offer and each Qualifying Shareholder is entitled to tender a percentage of their holding equal to (or less than, if they so choose) the Basic Entitlement. By way of example, the Basic Entitlement of a Qualifying Shareholder with 100 Ordinary Shares would be 16 Ordinary Shares. Qualifying Shareholders will also be entitled to apply to tender Ordinary Shares above their Basic Entitlement, which, as result of the Concert Party's irrevocable undertaking not to participate in the Tender Offer, will be satisfied up to an aggregate of approximately 5,675,892 Ordinary Shares and may be further satisfied to the extent that other Qualifying Shareholders do not tender up to their respective Basic Entitlements as set out in further detail below.

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 that the Concert Party does not participate in the Tender Offer and other Qualifying Shareholders do not tender up to their Basic Entitlement, such applications will be satisfied proportionately to other excess applications.

If you do not wish to tender any of your Ordinary Shares, you do not need to complete and return a Tender Form or submit a TTE instruction in respect of the Tender Offer.

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 under 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 Three 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 Two 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.

5. Rule 9 Waiver

The Concert Party has irrevocably undertaken not to participate in the Tender Offer. This will result in its holding of Ordinary Shares increasing from 36.12% to a maximum possible holding of 43.15% once the subsequent Repurchase occurs (assuming full take up of the Tender Offer and the Concert Party not participating in the Tender Offer). Consequently, the Company has applied to the Panel for a waiver of Rule 9 of the Takeover Code in order to permit the Tender Offer (and the subsequent Repurchase) to occur without triggering an obligation on the part of the Concert Party to make a general offer to Shareholders. The Panel has agreed, subject to the approval of Independent Shareholders on a poll vote, to waive the requirement for the Concert Party to make a general offer to all Shareholders (the “**Waiver**”).

The Waiver relates only to any increase in the percentage of Ordinary Shares held by the Concert Party as a result of the Tender Offer (and subsequent Repurchase) and is conditional on the passing of the Rule 9 Waiver Resolution by the Independent Shareholders on a poll. As the Concert Party is interested in the outcome of the Rule 9 Waiver Resolution, all of its members will be precluded from voting on that resolution. Approval of the Rule 9 Waiver Resolution will not restrict the Concert Party from making a future offer for the Company. Confirmation of the Concert Party’s intentions in relation to the Company following any increase in the percentage interest of the Concert Party in Ordinary Shares as a result of the Tender Offer (and subsequent Repurchase) is contained at paragraph 4 of Part Four of this Circular.

The Independent Directors consider the Waiver and the Tender Offer (and the associated Repurchase) to be in the best interests of the Independent Shareholders and the Company as a whole as it enables additional capital to be made available to them.

J.P. Morgan Cazenove has provided advice to the Independent Directors, in accordance with the requirements of paragraph 4(a) of Appendix 1 to the Takeover Code, in relation to the granting of the waiver by the Panel of the obligation that could arise on the Concert Party to make an offer under Rule 9 of the Takeover Code in relation to the Tender Offer (and subsequent Repurchase). This advice was provided by J.P. Morgan Cazenove to the Independent Directors only and, in providing such advice, J.P. Morgan Cazenove has taken into account the Independent Directors’ commercial assessment as well as the confirmations of the Concert Party’s future intentions that have been provided to the Company as set out in Part Four of this Circular.

Additional information on the Concert Party and the Waiver is set out in Part Four of this Circular.

6. General Meeting

A general meeting is being convened at 10.00 a.m. on 11 August 2017 at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL to consider and, if thought fit, pass the Resolutions, as set out in full in the Notice of General Meeting at the end of this Circular.

Resolutions

In summary, the Resolutions seek the approval of Shareholders:

- (a) for the waiver by the Panel on Takeovers and Mergers of any obligation which may otherwise arise, pursuant to Rule 9 of the Takeover Code, for the Concert Party to make a general offer for all the issued share capital of the Company following any increase in the percentage of shares in the Company carrying voting rights in which the Concert Party (or any member of it) is interested as a result of the Tender Offer and the subsequent Repurchase (the “**Rule 9 Waiver Resolution**”); and
- (b) subject to, and conditional upon, the waiver by the Panel on Takeovers and Mergers becoming effective, for the grant of authority to the Company to make one or more market purchases in the capital of the Company, in connection with the Tender Offer and Repurchase, provided that:
 - (i) the maximum number of Ordinary Shares that may be purchased under this authority is 15,714,285;
 - (ii) 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
 - (iii) the authority will expire at the close of business on 31 December 2017 (the “**Repurchase 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 General Meeting is set at the end of this Circular. The Rule 9 Waiver Resolution will be proposed as an ordinary resolution, requiring a majority of the votes cast at the General Meeting by Independent Shareholders to be in favour of it in order for it to be passed. As required by the Takeover Code, voting on the Rule 9 Waiver Resolution will be by means of a poll of the Independent Shareholders.

The Repurchase Resolution is a special resolution, requiring 75% of the votes cast at the General Meeting to be in favour of it in order for it to be passed.

The Company has received irrevocable undertakings to vote in favour of the Repurchase Resolution from the Concert Party in respect of 36.12% of the Ordinary Shares.

Action to be taken

Shareholders will find enclosed a Form of Proxy for the General Meeting. Whether you propose to attend the General Meeting or not, and whether or not you propose to tender any of your Ordinary Shares in the Tender Offer, please complete the Form of Proxy and return it to Capita Asset Services, PXS, 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 9 August 2017. 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.signalshares.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 9 August 2017.

7. 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, the Tender Offer and the Waiver.

8. Recommendations by the Board

The Independent Directors who have been so advised by J.P. Morgan Cazenove consider the Waiver and the Tender Offer (and the associated Repurchase) to be fair and reasonable and in

the best interests of the Independent Shareholders and the Company as a whole. In providing its advice, J.P. Morgan Cazenove has taken into account, among other things, the Independent Directors' commercial assessments. Accordingly, the Independent Directors unanimously recommend both that the Independent Shareholders vote in favour of the Rule 9 Waiver Resolution at the General Meeting and that all Shareholders vote in favour of the Repurchase Resolution, as the Independent Directors intend to do in respect of their own beneficial holdings of, in aggregate, 115,277 Ordinary Shares, representing approximately 0.12% of the Ordinary Shares currently in issue.

Yours sincerely,

Martin Knight
Chairman

PART TWO

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 do not need to complete and return a Tender Form or submit a TTE instruction in respect of the Tender Offer. 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 Rule 9 Waiver Resolution and the Repurchase Resolution;
- (b) the Tender Offer not having been terminated in accordance with paragraph 2.22 of this Part Two;
- (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 15 August 2017 (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 15,714,285 (equivalent to 16.29% of the issued share capital of the Company which, as at 25 July 2017 (being the latest practicable date prior to the publication of this Circular), was 96,441,735 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 11 August 2017 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 2.17 of this Part Two.

- 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 15 August 2017.
- 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 at their risk 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. Please contact Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Tender Offer (and subsequent Repurchase) 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 Two, 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 Two and (where relevant) the Tender Form).

2.17 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**”),

then the Total Available Shares shall be allocated between Individual Excess Tenders as follows:

- (i) if the Total Excess Tenders exceeds the Total Available Shares, all Individual Excess Tender will be scaled-back by application of the following ratio, provided that the total number of Ordinary Shares purchased pursuant to the Tender Offer shall not exceed 15,714,285:

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

- (ii) if the Total Excess Tenders are less than or equal to the Total Available Shares, all Individual Excess Tenders 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 Two and (where relevant) the Tender Form).

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 11 August 2017. 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, Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by no later than 1.00 p.m. on 11 August 2017, 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, Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by no later than 1.00 p.m. on 11 August 2017. 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, 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 contact Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Tender Offer (and subsequent Repurchase) 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 the Qualifying Shareholders entitled thereto 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 11 August 2017. 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 Tender Offer Price 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 15 August 2017, 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 11 August 2017. 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 29220BAS if you are tendering your Basic Entitlement, or 29220SPE 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, by no later than 1.00 p.m. on 11 August 2017;
- (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 certificate(s) and/or other document(s) of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on 11 August 2017.

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 11 August 2017 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 11 August 2017, 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, 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*

Please contact Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Tender Offer (and subsequent Repurchase) 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 11 August 2017;
 - (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 Two 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 the Receiving Agent 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 of 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 11 August 2017, converted into certificated form, the Electronic Tender in respect of such Ordinary Shares shall cease to be valid and the Qualifying Shareholder will need to comply with the procedures for tendering Ordinary Shares in certificated form as set out in this Part Two in respect of the Ordinary Shares so converted, if the Qualifying Shareholder 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 Two 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 or the Receiving Agent 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 and/or the Receiving Agent 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 or 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 benefits 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 the creation of CREST payment obligations 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) from 18 August 2017 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 at the risk of the persons entitled thereto. 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 Qualifying Shareholders in uncertificated form, the consideration due will be paid from 18 August 2017 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.

Accordingly, copies of the Tender Form are not being and must not be mailed or otherwise distributed or sent in, into, or from a Restricted Jurisdiction, including to Shareholders with registered addresses in a Restricted Jurisdiction, or to persons who are custodians, nominees or trustees holding Ordinary Shares for persons in a Restricted Jurisdiction.

- 6.4** 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 THREE

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, if any, payable by a Shareholder who is an individual as a consequence of the sale of Ordinary Shares 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**") (£33,500 for 2017/2018) will normally be subject to CGT at a rate of 10% 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 10% 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 20% 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 (£11,300 for 2017/2018).

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 (a Shareholder is not required to apply the provisions under self-assessment), 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. 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.

A similar provision applies to individuals under section 684 Income Tax Act 2007 pursuant to which HM Revenue & Customs can, in certain circumstances, counteract income tax advantages arising in relation to transactions in securities. Were section 684 to be successfully invoked against any Shareholder, that individual Shareholder would be likely to be taxed as though the consideration for the sale of their Ordinary Shares was dividend income rather than a capital receipt. Section 684 Income Tax Act 2007 only applies in connection with certain transactions involving “close companies” (as defined in Chapter 2 of Part 10 of the Corporation Tax Act 2010). No application has been made to H.M Revenue & Customs for clearance in respect of the application of section 684 Income Tax Act 2007 to the Tender Offer. The provisions do not result in any self-assessment obligations for individual Shareholders; Shareholders are entitled to file their self-assessment tax returns on the basis that the provisions do not apply to the Tender Offer. Shareholders are advised to take independent advice as to the potential application of the above provisions.

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 FOUR

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 Act and the regulations made thereunder. The Company is an investment company focused predominantly on private equity investment.

2. Responsibility

The Directors accept responsibility for the information contained in this Circular, save that:

- (a) the Non-Independent Director, who has not participated in the Board's consideration of the Waiver, takes no responsibility for the Board's recommendation in relation to the Rule 9 Waiver Resolution; and
- (b) the Non-Independent Director accepts sole responsibility for the information relating to the Concert Party contained in this Circular and, to the best of his knowledge (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

To the best of the knowledge of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Circular for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

3. Background information on Rule 9 of the Takeover Code and the Concert Party

Rule 9 of the Takeover Code

Rule 9 of the Takeover Code applies when (i) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which, taken together with shares in which he and persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code, or (ii) any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company, but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he is interested. In either case, that person is normally required to make a general offer in cash for all the remaining equity share capital of the Company at the highest price paid by him, or any persons acting in concert with him, for shares in the Company within the 12 months prior to announcement of the offer.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 (although a shareholder who is neither a director nor acting in concert with a director will not normally incur an obligation to make a Rule 9 offer).

Given that the Concert Party has undertaken not to participate in the Tender Offer, the Concert Party's aggregate percentage holding of Ordinary Shares will (assuming some take up of the Tender Offer) increase from 36.12% as a result of the Tender Offer (and the associated Repurchase), and it will be obliged to make a general offer to Shareholders for all the Ordinary Shares in the Company which it does not own. This situation will arise because the Concert Party has irrevocably committed not to take up its Basic Entitlement in circumstances where some (or all) other Shareholders do so.

On the basis that the issued share capital of the Company as at 25 July 2017 (being the latest practicable date prior to the publication of this Circular) is 96,441,735 Ordinary Shares, that no Options or other rights to subscribe for Ordinary Shares are exercised, that a maximum of 15,714,285 Ordinary Shares are tendered and Repurchased and that no Ordinary Shares are

tendered by the Concert Party (on the basis of irrevocable commitments received from the Concert Party not to tender any of their holdings of Ordinary Shares) and subsequently Repurchased, the Concert Party's interest in Ordinary Shares would increase to 43.15% of the voting share capital of the Company. A table analysing the maximum interests of the members of the Concert Party is set out in paragraph 6 below. Accordingly, the Company applied to the Panel for a waiver of Rule 9 of the Takeover Code in order to permit the Tender Offer (and the subsequent Repurchase) to occur without triggering an obligation on the part of the Concert Party to make a general offer to Shareholders of the kind described above.

Concert Party

The Panel has deemed that the interests in relevant securities of Withers Trust Corporation Limited (as trustees of the Lord Rayne Will Trust), Lady Rayne-Lacey, Robert Rayne and other Rayne family members comprise a Concert Party for the purposes of the Takeover Code. The Concert Party holds 34,834,095 Ordinary Shares, representing a 36.12% interest in the total share capital of the Company as at 25 July 2017 (being the latest practicable date prior to the publication of this Circular). A detailed analysis of the Concert Party is provided at paragraph 6 below.

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 15 December 2016, is terminable upon one month's notice by either party. As a non-executive director, Robert Rayne is entitled to a fee of £40,000 per annum. Mr Rayne is also entitled to cover under the Company's various insurance policies. The Company will also provide a car, driver and secretary if required in the future by Mr Rayne, but does not currently do so.

Robert Rayne is entitled to a fee of £25,000 per annum in his capacity as a member of GHAM's investment committee responsible for the Group's portfolio and a fee of £35,000 per annum in relation to additional consultancy services to be provided in relation to the Group's portfolio; both fees are paid by GHAM.

Until the end of 2011, Robert Rayne was entitled to participate in the Company's long-term incentive plans, including the Performance Share Plan and the Company's carried interest plans. These prior year entitlements continue.

Interests in Ordinary Shares

As at 25 July 2017, being the latest practicable date prior to the publication of this Circular, the beneficial interest of Robert Rayne in Ordinary Shares was as follows:

	Percentage of issued share capital	No. of Ordinary Shares
Robert Rayne.....	3.19%	3,076,866

In addition, Robert Rayne had a non-beneficial interest in 7,791,115 Ordinary Shares held in trust.

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 £406,000 to Derwent London plc plus certain service charges. Robert Rayne is the non-executive Chairman of Derwent London plc.

4. Concert Party's intentions

Members of the Concert Party have confirmed to the Company that they are not proposing, following any increase in the percentage interest of the Concert Party in Ordinary Shares as a result of the Tender Offer (and the subsequent Repurchase), to seek any changes in the composition of the Board or to the general nature or any other aspect of the Company's business or strategy.

Members of the Concert Party have confirmed that they have no intention to make any changes in respect of any of the following:

- (a) the future of the Company's (and the Company's subsidiaries') businesses;
- (b) the location of the Company's (and the Company's subsidiaries') places of business;
- (c) the continued employment of the Company's employees and management, including any material change in conditions of employment;
- (d) employer contributions into the Company's pension schemes, the accrual of benefits for existing members and the admission of new members;
- (e) the maintenance of any existing trading facilities for the relevant securities of the Company; and
- (f) the deployment of the fixed assets of the Company (or any of its subsidiaries).

The Company has received irrevocable undertakings to vote in favour of the Repurchase Resolution from all members of the Concert Party.

5. Intentions of the Directors

Under the current circumstances and notwithstanding any increase in the members of the Concert Party's holdings of Ordinary Shares, the Directors confirm that they intend to continue to conduct the business of the Company in the same manner as it is currently conducted and that there are no plans to introduce any substantial change in the business of the Group or in employees' terms of employment.

6. Interests and dealings

Directors

As at 25 July 2017 (being the latest practicable date prior to the publication of this Circular), the interests, rights to subscribe and short positions of the Directors, their immediate families and persons connected with them, within the meaning of Part 22 of the Act, in Ordinary Shares were as follows.

	Percentage of issued share capital	No. of Ordinary Shares
Martin Knight.....	0.05%	52,490
Rod Birkett.....	0.03%	25,000
Neil Lerner.....	0.04%	37,787
Robert Rayne.....	3.19%	3,076,866

Concert Party

The Panel has deemed that the interests in relevant securities of Withers Trust Corporation Limited, Lady Rayne-Lacey, Robert Rayne and other Rayne family members comprise a Concert Party for the purposes of the Takeover Code.

The following members of the Concert Party have significant interests in relevant securities:

- (a) Withers Trust Corporation Limited (as trustees of the Lord Rayne Will Trust). The beneficiaries of such Ordinary Shares are members of the extended Rayne family;
- (b) Robert Rayne, who is the late Lord Rayne's son and a non-executive director of the Company;
- (c) Lady Jane Rayne-Lacey, who is the late Lord Rayne's wife;
- (d) the Rayne Foundation, which is a charitable trust whose trustees include Robert Rayne and Lady Jane Rayne-Lacey;
- (e) the Rayne Trust, which is a charitable trust whose trustees include Robert Rayne and Lady Jane Rayne-Lacey;
- (f) Alexander Rayne, who is the late Lord Rayne's son;
- (g) Madeleine Rayner, who is the late Lord Rayne's daughter;

- (h) Susan Rubin, who is the late Lord Rayne's daughter;
- (i) Tamara Wood, who is the late Lord Rayne's daughter;
- (j) Damian Rayne, who is the late Lord Rayne's grandson and son of Robert Rayne; and
- (k) Jonathan Rayner, who is the late Lord Rayne's grandson and son of Madeleine Rayner.

As at the close of business on 25 July 2017 (being the latest practicable date prior to the publication of this Circular), the interests, rights to subscribe and short positions of the members of the Concert Party in Ordinary Shares were as set out below. The maximum potential holdings of the members of the Concert Party following the Tender Offer (and the subsequent Repurchase) are also set out below (assuming that the total issued share capital of the Company is 96,441,735, that no Options or other rights to subscribe for Ordinary Shares are exercised, that the maximum number of Ordinary Shares are Repurchased (being 15,714,285 Ordinary Shares) and that no Ordinary Shares are tendered by members of the Concert Party (and subsequently repurchased). Save as disclosed below, there is no other person acting in concert with the Concert Party with interests, rights to subscribe or short positions in the Ordinary Shares. Further, save as disclosed below, as the Concert Party is a collection of individuals and entities rather than a single offeror, the Concert Party does not have any directors that have interests, rights to subscribe or short positions in the Ordinary Shares.

	Percentage of issued share capital as at 25 July 2017	No. of Ordinary Shares at at 25 July 2017	Maximum percentage of issued Ordinary Shares	Maximum number of issued Ordinary Shares
Withers Trust Corporation Limited (as trustees of the Lord Rayne Will Trust) ...	11.22%	10,816,677	13.40%	10,816,677
Rayne Foundation	5.55%	5,356,328	6.64%	5,356,328
Robert Rayne	3.19%	3,076,866	3.81%	3,076,866
The Rayne Trust.....	2.52%	2,434,787	3.02%	2,434,787
Alexander Rayne	2.49%	2,404,454	2.98%	2,404,454
Tamara Wood.....	2.25%	2,165,522	2.68%	2,165,522
Susan Rubin.....	1.73%	1,670,818	2.07%	1,670,818
Lady Jane Rayne-Lacey.....	1.57%	1,510,934	1.87%	1,510,934
Madeleine Rayner	1.05%	1,013,373	1.26%	1,013,373
Damian Rayne.....	0.99%	954,721	1.18%	954,721
Jonathan Rayner	0.99%	952,024	1.18%	952,024
Other Concert Party interests in relevant securities under 750,000 Ordinary Shares (21 beneficial interests).....	2.57%	2,477,591	3.07%	2,477,591
Total Concert Party	36.12%	34,834,095	43.15%	34,834,095

Members of the Concert Party made the following dealings in Ordinary Shares during the period beginning 12 months preceding the date of this Circular and ending on 25 July 2017 (being the latest practicable date prior to the publication of this Circular). Save as disclosed below, no other person acting in concert with the Concert Party nor any director of the Concert Party has made any dealings in Ordinary Shares during the period beginning 12 months preceding the date of this Circular and ending on 25 July 2017 (being the latest practicable date prior to the publication of this Circular).

Number of Ordinary Shares	Description of dealing	Date of dealing	Price per Ordinary Share
430,704.....	Sale	9 November 2016	56 pence

Others

As at the close of business on 25 July 2017 (being the latest practicable date prior to the publication of this Circular), neither J.P. Morgan Cazenove, GHAM, nor any other connected

adviser of the Company (including any person controlling, controlled by or under the same control as them, except in the capacity of an exempt fund manager or exempt principal trader) has any interests, rights to subscribe or short positions in relevant securities.

7. Major shareholders

Insofar as it is known to the Company as at 25 July 2017 (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 the Disclosure Guidance and Transparency Rules.

	Percentage of issued share capital	No. of Ordinary Shares
Asset Value Investors	12.05%	11,620,768
Robert Rayne ⁽¹⁾	11.27%	10,867,981
Withers Trust Corporation Limited as trustees of the Lord Rayne Will Trust ⁽²⁾	11.22%	10,816,677
Lady Jane Rayne-Lacey ⁽³⁾	9.69%	9,343,954
Schroders plc	4.92%	4,745,815
Armstrong Investment Management LLP (UK)	4.15%	4,000,000
Rath Dhu Limited	4.41%	4,250,000

Note:

1. Robert Rayne holds a non-beneficial interest in 7,791,115 Ordinary Shares held in trust and a personal interest in 3,076,866 Ordinary Shares.
2. There are common interests in certain of these shares.
3. Lady Jane Rayne-Lacey holds a non-beneficial interest in 7,833,020 Ordinary Shares held in trust and a personal interest in 1,510,934 Ordinary Shares.

8. 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 (and subject to the same other assumptions as set out in paragraph 6 above):

Number of Options	Percentage of issued share capital as at 25 July 2017	Percentage of issued Ordinary Shares if the maximum number of Ordinary Shares is Repurchased
78,531	0.08%	0.08%

The above Options, which were awarded pursuant to the Performance Share Plan and the Deferred Share Bonus Plan, were fully vested as of 25 July 2017 (being the latest practicable date prior to the publication of the Circular).

As at 25 July 2017 (being the latest practicable date prior to the publication of this Circular), there were no outstanding warrants to subscribe for Ordinary Shares.

As at 25 July 2017 (being the latest practicable date prior to the publication of this Circular), the Company held no Ordinary Shares in treasury.

9. Directors letters of appointment and emoluments

The Directors' current letters of appointment will be available for inspection as set out in paragraph 18 below and are summarised below. There are no other letters of appointment or service contracts between the Directors and the Company or any of its subsidiaries and, save as

disclosed herein, no other letters of appointment have been entered into or amended during the period of six months prior to the date of this Circular.

	<u>Date appointed director</u>	<u>Notice Period</u>	<u>Fee</u>
Martin Knight.....	4 January 2012	One month	£60,000
Neil Lerner	4 January 2012	One month	£45,000
Robert Rayne.....	6 April 2006	One month	£40,000
Rod Birkett	16 June 2016	One month	£40,000

The Company does not have any executive directors.

Under their letters of appointment, the Directors are entitled to fees (reviewed annually).

Under their letters of appointment, all Directors have fixed dates of expiry for their current terms. Both Directors and the Company are required to give one month's notice to terminate the relevant Director's appointment. Directors are subject to re-election requirements under the Company's articles of association (as described below). The appointment letters do not contain provisions for the Directors to receive compensation on early termination.

In accordance with the Company's articles of association, all Directors are subject to election by Shareholders at the first Annual General Meeting following their appointment. Thereafter at least a third of the Directors on the Board must retire and offer themselves for re-election. If any one or more Directors were last appointed or reappointed three years or more prior to the Annual General Meeting or at the time of the Annual General Meeting will have served more than eight years as a Director (excluding the Chairman) then they must retire and offer themselves for re-election.

Full details of the Directors' emoluments and other benefits are set out on pages 37 to 44 of the Company's 2016 Annual Report and Accounts.

10. Material contracts

10.1 Subscription and Acquisition Agreement

Gresham House, GHAM and the Company entered into the subscription and acquisition agreement on 27 July 2016 under which Gresham House agreed, in recognition of the value derived from the management of the Company's portfolio by its subsidiary, GHAM, to provide consideration to the Company by way of the issue of:

- (a) 332,484 new ordinary shares in the capital of Gresham House on 16 August 2016, being the date on which the AIFM and Portfolio Management Agreement became effective, representing a value of £1 million based on a price of 300.77 pence per share (the "**Tranche 1 Shares**"); and
- (b) further new ordinary shares in the capital of Gresham House (the "**Tranche 2 Shares**") with a value of up to £1.25 million on 16 August 2018 (the "**Second Anniversary**"), subject to the satisfaction of certain conditions (as set out below). The number of new ordinary shares to be issued by Gresham House will be calculated by dividing the value of the Tranche 2 Shares (the determination of which is set out below) by the volume-weighted average price of Gresham House ordinary shares for the 20 Business Days prior to the Second Anniversary, rounded down to the nearest whole number,

Under the terms of the Subscription and Acquisition Agreement, the issue of the Tranche 2 Shares is conditional on the following conditions being satisfied or waived on the Business Day before the Second Anniversary:

- (a) the extension by the Company of the term of the AIFM and Portfolio Management Agreement for two years following the Second Anniversary;
- (b) there having been no material changes to the terms of the AIFM and Portfolio Management Agreement; and
- (c) the Company undertaking not to return capital to Shareholders during the two year period following the Second Anniversary (save as described in this Circular) if the Company's most recently published net asset value (prior to a decision to carry out a return of capital) is below the Second Anniversary NAV (as described below), or, as a result of such a return of capital, the Company's net asset value would fall below the Second Anniversary NAV.

The value of the Tranche 2 Shares will be calculated by reference to the net asset value of the Company's existing portfolio of assets on the Second Anniversary, taking into account certain adjustments (including cash proceeds of any disposal of assets but reduced by any amounts returned to Shareholders) (the "**Second Anniversary NAV**").

If the Second Anniversary NAV of the portfolio is below £67.5 million, no Tranche 2 Shares will be issued. If the Second Anniversary NAV of the portfolio is between £67.5 million and £70 million, the value of the Tranche 2 Shares will be between £200,000 and £500,000 calculated on a straight line basis.

If the Second Anniversary NAV of the portfolio is between £70 million and £80 million, the value of the Tranche 2 Shares will be between £500,000 and £1 million calculated on a straight line basis.

If the Second Anniversary NAV of the portfolio is between £80 million and £85 million, the value of the Tranche 2 Shares will be between £1 million and £1.25 million calculated on a straight line basis.

The value of the Tranche 2 Shares will not exceed £1.25 million.

Lock-in Period

Under the terms of the Subscription and Acquisition Agreement, the Tranche 1 Shares and the Tranche 2 Shares are subject to a "Lock-in Period". The Company has agreed that, subject to certain exceptions, it will not dispose of any Tranche 1 Shares that it receives for a period of two years from the date on which the AIFM and Portfolio Management Agreement became effective. The Company may, however, dispose of up to 50 per cent. of the Tranche 1 Shares following the first anniversary of the date on which the AIFM and Portfolio Management Agreement became effective provided that such sale is conducted through Gresham House's broker.

The Tranche 2 Shares will be subject to a Lock-in Period for a period of 12 months following the Second Anniversary.

Each Lock-in Period may be released at any time with Gresham House's consent.

Warranties

In light of the significant future investment by the Company in Gresham House, Gresham House gave certain warranties to the Company on entering into the Subscription and Acquisition Agreement, including:

- (a) warranties related to the accounts and financial position of Gresham House and its subsidiaries;
- (b) warranties related to litigation and investigations;
- (c) warranties related to capacity and authority; and
- (d) warranties related to the performance of GHAM in connection with an investment management agreement pursuant to which it is currently the investment manager.

The Company has provided reciprocal warranties. The warranties were repeated on 16 August 2016 and will be repeated again if, and when, the Tranche 2 Shares are issued to the Company by reference to the facts subsisting at the relevant time.

10.2 AIFM and Portfolio Management Agreement

The Company, G10 Capital Limited (**G10 Capital**) and GHAM entered into the AIFM and Portfolio Management Agreement on 16 August 2016. Under the agreement G10 Capital was appointed by the Company to provide risk management, portfolio management, company secretarial, administration and other services to the Company. Once GHAM is authorised, it will assume G10 Capital's role as external alternative investment fund manager.

The AIFM and Portfolio Management Agreement has an initial term of 3 years, with either the AIFM or the Company being able to terminate the agreement by giving 12 months' notice after the second anniversary of the date of the agreement, and thereafter on a rolling 12 months' notice basis. There will be no compensation on termination on giving the requisite 12 months' notice. Otherwise, the Company and the AIFM of the Company may terminate the AIFM and Portfolio Management Agreement in certain limited circumstances.

G10 Capital has delegated portfolio management functions to GHAM under the AIFM and Portfolio Management Agreement.

Under the AIFM and Portfolio Management Agreement, GHAM (on behalf of itself and G10 while G10 is the AIFM and on behalf of itself thereafter) will be entitled to an annual management fee of:

- (a) 1.50 per cent. of the net asset value of the Company, to the extent that the Company's net assets under management are £100 million or less.

If the net asset value of the Company exceeds:

- (b) £100 million but is £150 million or less, the Company will pay GHAM (on behalf of itself and G10 while G10 is the AIFM and on behalf of itself thereafter) a fee equal to 1.25 per cent. of the net asset value of the Company to the extent the net asset value exceeds £100 million but is £150 million or less; and
- (c) £150 million, the Company will pay GHAM (on behalf of itself and G10 while G10 is the AIFM and on behalf of itself thereafter) a fee equal to 1.00 per cent. of the net asset value of the Company to the extent the net asset value exceeds £150 million.

No annual management fee will be charged on cash raised from a new share issue of other capital raising for a period of six months or until the cash has been invested, or otherwise utilised, if sooner.

For the purposes of the calculation of the fee, the net asset value used will be an average based on the audited net asset value in the financial year before the calculation and the audited net asset value in the year of calculation, in the latter case before accounting for accrued fees under the AIFM and Portfolio Management Agreement in respect of the relevant year.

In addition to the annual management fee described above, GHAM (on behalf of itself and G10 while G10 is the AIFM and on behalf of itself thereafter) will also be eligible, if certain hurdle return requirements are satisfied, to earn a performance fee of 15 per cent. of the gain in the net asset value of investments made under the investment policy approved in 2016 ("**New Investments**"), subject to a number of conditions, as set out below.

- (a) No performance fee will be payable to GHAM in respect of assets held prior to the adoption of the new investment policy which occurred in 2016 ("**Legacy Assets**"). Follow-on investments of more than £350,000 in Legacy Assets may, with the agreement of GHAM and the Company, be treated as New Investments.
- (b) The net asset value relating to New Investments will be calculated annually after an allocation of operating costs (including the Annual Fee) based on the relative value of the New Investments and Legacy Assets.
- (c) The amount of the performance fee, if any, will be determined for each performance fee period. The first performance fee period started on the date on which the AIFM and Portfolio Management Agreement was entered into and will end on 31 December 2017; each subsequent performance fee period will begin on the first day after the end of the previous performance fee period and end on the first anniversary of the end of the last performance fee period (the "**Performance Fee Period**").
- (d) In respect of any particular Performance Fee Period, no performance fee will be due unless the increase in the net asset value of the New Investments at the time of calculation exceeds 8 per cent. compound growth per annum (the "**Hurdle NAV**").
- (e) The performance fee will be calculated based on the increase in net asset value of New Investments compared to the highest previous net asset value of New Investments in respect of which a performance fee became due (or the cost of New Investments, net of allocated costs, if there has been no previous performance fee) (the "**High Watermark NAV**").
- (f) The performance fee in any year will be reduced to the extent that it would otherwise reduce the net asset value of the New Investments to below the Hurdle NAV.
- (g) In any year, payment of the performance fee in relation to any particular Performance Fee Period may not exceed 15 per cent. of the net realised gains in that year from the disposal of New Investments held on or prior to the date of the relevant Performance Fee Period, with any balance being carried over to future Performance Fee Periods and being paid before performance fees due in respect of subsequent Performance Fee Periods.
- (h) Payments of performance fees in any year, including in respect of deferrals, may not exceed 15 per cent. of the net realised gains earned in the relevant Performance Fee Period.

Under the agreement, all payments are made directly to GHAM. No payments are made directly to individuals. No performance fee, if any, is or will be due before 31 December 2017.

11. Relationships, arrangements or understandings between the Concert Party and J.P. Morgan Cazenove

The Directors are not aware of any agreement, arrangement or understanding having any connection with or dependence upon the proposals set out in this Circular between any member of the Concert Party and J.P. Morgan Cazenove (or any person who is, or is presumed to be, acting in concert with J.P. Morgan Cazenove).

12. Arrangements in connection with the Tender Offer

No member of the Concert Party has entered into any agreement, arrangement or understanding with any of the Directors which has any connection with or dependence upon the Tender Offer. In addition, the Directors are not aware of any agreement, arrangement or understanding having any connection with or dependence upon the proposals set out in this Circular between any member of the Concert Party and any person interested or recently interested in Ordinary Shares, or any other recent Director.

13. No significant change

Save as disclosed in the Company's half-year results published on 26 July 2017, there has been no significant change in the financial or trading position of the Group since 30 June 2017, being the date to which the interim financial statements of the Company were prepared

14. Middle market quotations

The middle market quotations for the Ordinary Shares as derived from the Daily Official List, for the first Business Day of each of the six months immediately preceding the date of this Circular and on 25 July 2017 (being both the latest practicable and available date prior to the date of this Circular) were:

Date	Price per Ordinary Share (pence)
1 February 2017	46.00
1 March 2017	42.25
3 April 2017	41.88
2 May 2017	43.75
1 June 2017	43.63
3 July 2017	51.13
25 July 2017	51.50

15. Announcement of results of the Tender Offer and Repurchase

The Company will announce the results of the Tender Offer and 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 Tender Offer and Repurchase occurs.

16. Consent

J.P. Morgan Securities plc has given and has not withdrawn its written consent to the inclusion in this Circular of the references to its name and the form and context in which it appears.

17. General

As of close of business on 25 July 2017 (being the latest practicable date prior to the date of this Circular), and save as disclosed in this Part Four:

- (a) no member of the Concert Party has any interest in, right to subscribe in respect of or short position in relation to any relevant securities;

- (b) no member of the Concert Party has dealt in relevant securities during the period of 12 months ended on 25 July 2017 (being the latest practicable date prior to the publication of this Circular);
- (c) there are no relevant securities which any member of the Concert Party has borrowed or lent (excluding any borrowed relevant securities which have either been on-lent or sold);
- (d) none of:
 - (i) the Directors or any of their close relatives or related trusts;
 - (ii) any connected adviser (except in the capacity of an exempt fund manager or an exempt principal trader); or
 - (iii) any other person acting in concert with the Company,
 - (iv) has as at 25 July 2017 (being the latest practicable date prior to the publication of this Circular) any interest in, right to subscribe in respect of or short position in relation to any relevant securities; and
- (e) there are no relevant securities which any person acting in concert with the Company has borrowed or lent (excluding any borrowed relevant securities which have either been on lent or sold).

In this Part Four reference to:

- (a) “relevant securities” means Ordinary Shares and securities carrying conversion or subscription rights into Ordinary Shares;
- (b) “derivatives” includes any financial product, whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;
- (c) “short position” means a short position, whether conditional or absolute and whether in the money or otherwise, and includes any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery;
- (d) “associated company” means in relation to any company, that company’s parent subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies.
- (e) For these purposes, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status;
- (f) “connected adviser” means:
 - (i) in relation to the Company, (a) an organisation which is advising the Company in relation to the Rule 9 Waiver Resolution; and (b) a corporate broker to the Company;
 - (ii) in relation to a member of the Concert Party, an organisation (if any) which is advising that person either (a) in relation to the Rule 9 Waiver Resolution; or (b) in relation to the matter which is the reason for that person being a member of the Concert Party; and
 - (iii) in relation to a person who is an associated company of the Company, an organisation (if any) which is advising that person in relation to the Rule 9 Waiver Resolution;
- (g) “control” means an interest, or aggregate interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control; and
- (h) “dealing” or “dealt” includes the following:
 - (i) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities;
 - (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities;
 - (iii) subscribing or agreeing to subscribe for securities;
 - (iv) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights;

- (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities;
- (vi) the entering into, terminating or varying the terms of any agreement to purchase or sell securities; and
- (vii) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he or she has a short position.

For the purposes of this Part Four a person is treated as “interested” in securities if he or she has long economic exposure, whether absolute or conditional, to changes in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person is treated as “interested” in securities if:

- (a) he or she owns them;
- (b) he or she has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
- (c) by virtue of any agreement to purchase, option or derivative, he or she:
 - (i) has the right or option to acquire them or call for their delivery, or
 - (ii) is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
- (d) he or she is party to any derivative:
 - (i) whose value is determined by reference to their price, and
 - (ii) which results, or may result, in his or her having a long position in them.

There is no agreement or arrangement or understanding by which the beneficial ownership of any Ordinary Shares acquired by the Company pursuant to the Repurchase will be transferred to any other person. Such shares will be cancelled and the issued share capital of the Company reduced by the nominal amount of those Ordinary Shares so purchased.

As the Concert Party is a collection of individuals and entities rather than a single offeror, the Company or the Directors do not have any interests in the Concert Party of the kind described at Rule 25.4 of the Takeover Code.

18. 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 Travers Smith LLP, 10 Snow Hill, London, EC1A 2AL, from the date of this Circular up to and including the date of the Repurchase:

- (a) 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 2016 and 31 December 2015 and interim results for the six months ended 30 June 2017;
- (c) copies of the Directors’ letters of appointment;
- (d) the irrevocable undertakings referred to in paragraph 5 of Part One (not to participate in the Tender Offer) and paragraph 4 above (to vote in favour of the Repurchase Resolution);
- (e) the Subscription and Acquisition Agreement;
- (f) the AIFM and Portfolio Management Agreement;
- (g) the consent letter referred to in paragraph 16 above; and
- (h) a copy of this Circular, the Tender Form and the Form of Proxy.

Copies of these documents will also be available on the Company’s website, <http://www.lmscapital.com/>, from the date of this Circular.

19. Incorporation by reference

The annual report and accounts of the Company for each of the two financial years ended 31 December 2016 and 31 December 2015 and the interim results for the six months ended 30 June 2017 are incorporated by reference into this Circular and are available for inspection and on the Company’s website as set out in paragraph 18 above.

Any Shareholder, person with information rights or other person to whom this Circular is sent may request a copy of each of the documents set out above, or a copy of this Circular, in hard copy form. Hard copies will be sent only where valid requests are received from such persons. Requests for hard copies are to be submitted to the Company Secretary, either by post to LMS Capital plc, 100 George Street, London W1U 8NU, England, or by calling Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Tender Offer or Repurchase nor give any financial, legal or tax advice.

PART FIVE

DEFINITIONS

“Act”	the Companies Act 2006;
“Agent”	has the meaning given on page 16 of this Circular;
“AIFM”	an alternative investment fund manager for the purposes of the AIFM Directive;
“AIFM and Portfolio Management Agreement”	means the AIFM and Portfolio Management Agreement, a summary of which is set out on pages 28-30 of this Circular;
“AIFM Directive”	the Alternative Investment Fund Managers Directive (Directive 2011/61/EU);
“Attorney”	has the meaning given on page 15 of this Circular;
“Board” or “Directors”	the board of directors of the Company;
“Business Day”	any day other than a Saturday, Sunday or public holiday on which banks are open in the City of London for the transaction of general commercial business;
“Capita Asset Services”	Capita Asset Services (the trading name of Capita Registrars Limited), Corporate Actions, 34 Beckenham Road, Beckenham, Kent, BR3 4TU;
“certificated form” or “certificated”	Ordinary Shares not recorded on the Register as being in uncertificated form in CREST;
“Company” or “LMS Capital”	LMS Capital plc;
“Concert Party”	members of the extended Rayne family and associated trusts together holding 36.12% of the Ordinary Shares and who are treated by the Panel as “acting in concert” for the purposes of the Takeover Code;
“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations);
“CREST Member”	a person who has been admitted by Euroclear as a system member (as defined in the Regulations);
“CREST Participant”	a person who is, in relation to CREST, a system-participant (as defined in the Regulations);
“CREST Proxy Instruction”	has the meaning given on page 38 of this Circular;
“CREST Sponsor”	a CREST Participant admitted to CREST as a CREST sponsor;
“CREST Sponsored Member”	a CREST Member admitted to CREST as a CREST sponsored member;
“Deferred Share Bonus Plan”	the Company’s deferred share bonus plan entitling certain key executives to receive awards of shares in the Company;
“Directors”	the directors of LMS Capital, and “Director” shall mean any one of them;
“Disclosure Guidance and Transparency Rules”	the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority;
“Electronic Tender”	an electronic tender of Ordinary Shares in accordance with paragraphs 3.4 and 4.2 of Part Two of this Circular;
“Euroclear”	Euroclear UK & Ireland Limited;
“Executive Share Option Plan”	the Company’s executive share option plan entitling certain key executives to receive awards of shares in the Company;
“Financial Conduct Authority” or “FCA”	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;

“Form of Proxy”	the form of proxy for the General Meeting which accompanies this Circular;
“FS Act”	the Financial Services Act 2012;
“FSMA”	the Financial Services and Markets Act 2000;
“General Meeting”	the general meeting of the Company to be held at 10.00 a.m. on 11 August 2017, or any adjournment thereof;
“GHAM”	Gresham House Asset Management Limited, a company incorporated in England and whose registered office is at 5 New Street Square, London EC4A 3TW;
“Gresham House”	Gresham House plc, a company incorporated in England and whose registered office is at 5 New Street Square, London EC4A 3TW;
“Group”	LMS Capital plc, together with its subsidiaries and subsidiary undertakings;
“Independent Directors”	all of the members of the Board other than the Non-Independent Director;
“Independent Shareholders”	all Shareholders other than the Concert Party;
“J.P. Morgan Cazenove”	means J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove);
“Listing Rules”	the Listing Rules of the Financial Conduct Authority;
“London Stock Exchange”	London Stock Exchange plc;
“Non-Independent Director”	Robert Rayne;
“Notice of General Meeting”	the notice of the General Meeting set out at the end of this Circular;
“Option Agreement”	the agreement dated 26 July 2017 between the Company and J.P. Morgan Cazenove, further details of which are set out in Part Two of this Circular;
“Options”	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;
“Ordinary Shares”	the issued ordinary shares of 10 pence each in the share capital of the Company;
“Overseas Shareholder”	a Shareholder who is resident in, or a citizen of, a Jurisdiction outside the United Kingdom;
“Panel”	the Panel on Takeovers and Mergers;
“Participant ID”	the identification code or membership number used in CREST to identify a particular CREST Member or other CREST Participant;
“Performance Share Plan”	the Company’s performance share plan entitling certain employees to receive awards of shares in the Company;
“Prudential Regulation Authority”	the Prudential Regulation Authority established under the FS Act;
“Qualifying Shareholders”	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 Shareholders subject to the securities laws of a Restricted Jurisdiction;
“Receiving Agent”	Capita Asset Services;
“Register”	the Company’s register of members;
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755);

“Regulatory Information Service”	any of the services set out on the FCA’s list of regulated information services (as set out on the FCA’s website) from time to time;
“Repurchase”	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;
“Repurchase Resolution”	resolution 2 in the Notice of General Meeting;
“Resolutions”	the resolutions set out in the Notice of General Meeting;
“Restricted Jurisdiction”	each of Australia, Canada, Japan, New Zealand, the United States of America, South Africa and any other jurisdiction where the mailing of the Tender Form or accompanying documents into or inside such jurisdiction would constitute a violation of the laws of such jurisdiction;
“Rule 9 Waiver Resolution”	resolution 1 in the Notice of General Meeting;
“SDRT”	stamp duty reserve tax;
“Shareholders”	holders of Ordinary Shares;
“Subscription and Acquisition Agreement”	the Subscription and Acquisition Agreement, a summary of which is set out on pages 27 and 28 of this Circular;
“Takeover Code”	the City Code on Takeovers and Mergers as the City Code on Takeovers and Mergers as amended from time to time;
“tender” or “tendered”	refers to tenders by Qualifying Shareholders of Ordinary Shares pursuant to the Tender Offer;
“Tender Conditions”	has the meaning given on page 9 of this Circular;
“Tender Form”	the tender form issued with this Circular to Qualifying Shareholders for use in respect of Ordinary Shares held in certificated form;
“Tender Offer”	the invitation by J.P. Morgan Cazenove to Qualifying Shareholders to tender Ordinary Shares for sale to J.P. Morgan Cazenove on the terms and subject to the conditions set out in this Circular and, in the case of Ordinary Shares held in certificated form only, using the Tender Form;
“Tender Offer Price”	the price per Ordinary Share payable under the Tender Offer being 70p per Ordinary Share;
“Tender Offer Record Date”	close of business on 11 August 2017;
“TFE instruction”	a transfer from escrow instruction (as defined by the CREST manual issued by Euroclear);
“TTE instruction”	a transfer to escrow instruction (as defined by the CREST manual issued by Euroclear);
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“uncertificated” or “in uncertificated form”	Ordinary Shares which are recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST; and
“Waiver”	has the meaning given on page 6 of this Circular.

PART SIX

LMS CAPITAL PLC

NOTICE OF GENERAL MEETING

NOTICE is given that a General Meeting of LMS Capital plc (the “**Company**”) will be held at 10.00 a.m. on 11 August 2017 at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL to consider the following resolutions, of which Resolution 1 will be proposed as an ordinary resolution and Resolution 2 as a special resolution. Resolution 1 may be voted on only by the Independent Shareholders and by way of a poll.

Capitalised terms not otherwise defined within this notice shall have the meanings given to them in the circular dated 26 July 2017 of which this notice forms part (the “**Circular**”).

Resolutions

1. THAT, approval is granted for the waiver by the Panel on Takeovers and Mergers of any obligation which may otherwise arise, under rule 9 of the City Code on Takeovers and Mergers, for the Concert Party (or any of its members) to make a general offer for all the issued share capital of the Company following any increase in the percentage of shares in the Company carrying voting rights in which the Concert Party (or any of its members) is interested as a result of the Tender Offer and the subsequent Repurchase; and
2. THAT, subject to, and conditional upon, the waiver by the Panel on Takeovers and Mergers referred to in Resolution 1 becoming effective, the Company be 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 the Tender Offer and Repurchase, provided that:
 - (a) the maximum number of Ordinary Shares that may be purchased under this authority is 15,714,285;
 - (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 2017.

26 July 2017

By order of the Board
Augentius Corporate Services Limited
Company Secretary
Registered office:
100 George Street
London W1U 8NU

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, speak and vote at the General Meeting. A member 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 member. A proxy need not be a member 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 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Tender Offer described in the Circular nor give any financial, legal or tax advice.
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 9 August 2017. Proxy appointments may also be made at www.signalshares.com, again no later than 10.00 a.m. on 9 August 2017.
3. The return of a completed Form of Proxy, the appointment of a proxy at www.signalshares.com or any CREST Proxy Instruction (as described in paragraphs 8 to 10 below) will not preclude a member from attending the General Meeting and voting in person if they wish 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 them and the member by whom they were 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, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.
5. The statement of the rights of members 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 members.
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), members must be registered in the register of members of the Company by close of business on 9 August 2017 (or, in the event of any adjournment, close of business on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the rights of any person to attend and vote at the General Meeting.
7. As at 25 July 2017 (being the latest practicable date prior to the publication of this Notice), the Company’s issued share capital consisted of 96,441,735 Ordinary Shares, carrying one vote each. No Ordinary Shares were held in treasury. Therefore, the total voting rights of the Company as at 25 July 2017 were 96,441,735.
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. 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 member 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 Act can be found at 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.

