

## IMPORTANT NOTICE

THIS DOCUMENT IS AVAILABLE ONLY TO INVESTORS WHO ARE (1) QUALIFIED PURCHASERS (“QPS”) AS DEFINED IN SECTION 2(A)(51) OF THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “US INVESTMENT COMPANY ACT”), AND THE RELATED RULES THEREUNDER AND EITHER (A) QUALIFIED INSTITUTIONAL BUYERS (“QIBS”) AS DEFINED IN RULE 144A UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “US SECURITIES ACT”), OR (B) ACCREDITED INVESTORS (“AIS”) AS DEFINED IN RULE 501(A) OF REGULATION D UNDER THE US SECURITIES ACT, PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT OR (2) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE US SECURITIES ACT (“REGULATION S”) AND WHO ARE NOT US PERSONS (AS DEFINED IN REGULATION S).

**IMPORTANT: You must read the following before continuing.** The following applies to the document following this page (the “Document”), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Document. In accessing the Document, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from JZ Capital Partners Limited (the “Company”), Jordan/Zalaznick Advisers, Inc. (acting as the investment adviser to the Company) (“JZAI”) and J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove) (acting as the sole bookrunner) (“JPMC”) as a result of such access.

**IF YOU ARE NOT THE INTENDED RECIPIENT OF THIS MESSAGE, PLEASE DO NOT DISTRIBUTE OR COPY THE INFORMATION CONTAINED IN THIS ELECTRONIC TRANSMISSION, BUT INSTEAD DELETE AND DESTROY ALL COPIES OF THIS ELECTRONIC TRANSMISSION.**

**NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE SECURITIES MAY NOT BE OFFERED, SOLD, RESOLD, TAKEN UP, TRANSFERRED, DISTRIBUTED OR DELIVERED, DIRECTLY OR INDIRECTLY, IN, INTO OR WITHIN THE UNITED STATES, OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS AND UNDER CIRCUMSTANCES THAT WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE US INVESTMENT COMPANY ACT. THE COMPANY HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US INVESTMENT COMPANY ACT AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS OF THAT ACT. THERE WILL BE NO PUBLIC OFFERING OF THE SECURITIES IN THE UNITED STATES.**

**THE FOLLOWING DOCUMENT IS BEING FURNISHED TO YOU SOLELY FOR YOUR INFORMATION AND DOES NOT CONSTITUTE OR CONTAIN INVESTMENT ADVICE TO YOU AND YOU ARE NOT AUTHORISED TO, AND YOU MAY NOT, FORWARD OR DELIVER THE DOCUMENT, ELECTRONICALLY OR OTHERWISE, TO ANY PERSON OR REPRODUCE THE DOCUMENT IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE US SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.**

**THE ATTACHED DOCUMENT IS ADDRESSED TO AND DIRECTED AT PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (“MEMBER STATES”) WHO ARE “QUALIFIED INVESTORS” WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE (DIRECTIVE 2003/71/EC AS AMENDED (INCLUDING AMENDMENTS BY DIRECTIVE 2010/73/EU TO THE EXTENT IMPLEMENTED IN THE RELEVANT MEMBER STATE)) (“QUALIFIED INVESTORS”) AND IN RESPECT OF WHOM RECEIPT OF THE ATTACHED DOCUMENT AND ANY RELATED MATERIALS DOES NOT CONSTITUTE “MARKETING” OF AN “AIF” FOR THE PURPOSES OF THE ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE (2011/61/EU) (THE “AIFMD”) OTHER THAN IN MEMBER STATES IN WHICH THE COMPANY HAS COMPLIED**

**WITH THE REQUIREMENTS OF ARTICLE 42 OF THE AIFMD, AS IMPLEMENTED IN SUCH MEMBER STATE.**

**In addition, this electronic transmission and the Document is only directed at, and being distributed to: (A) in the United Kingdom, persons (i) who have professional experience in matters relating to investments and who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the “Order”) or who fall within Article 49 of the Order, and (ii) are “qualified investors” as defined in section 86 of the Financial Services and Markets Act 2000, as amended; and (B) any other persons to whom it may otherwise be lawfully communicated (together all such persons being referred to as “relevant persons”). This document must not be acted on or relied on (a) in the United Kingdom, by persons who are not relevant persons, and (b) in any Member State other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this document relates is available only to (1) in the United Kingdom, relevant persons and (2) in any member state of the European Economic Area other than the United Kingdom, Qualified Investors and other persons who are permitted to subscribe for the new ordinary shares of the Company pursuant to an exemption from the Prospectus Directive and other applicable legislation, and will only be engaged in with such persons.**

**Confirmation of your Representation:** In order to be eligible to view the Document or make an investment decision with respect to the securities, investors must be (1) (a) QPs and either (i) QIBs or (ii) AIs or (b) non-US persons outside the United States transacting in an offshore transaction (in accordance with Regulation S under the US Securities Act), (2) if located in the United Kingdom, must be relevant persons and (3) if located in any member state of the European Economic Area other than the United Kingdom, must be Qualified Investors. By accepting the e-mail and accessing the Document, you shall be deemed to have represented to the Company, the Investment Adviser and JPMC that (1) you have understood and agree to the terms set out herein, (2) you and any customers you represent are either (a) QPs and either (i) QIBs or (ii) AIs or (b) outside the United States and are not US persons and the electronic mail address to which this e-mail and the Document has been delivered is not located in the United States, (3) if you are located in the United Kingdom, you and any customers you represent are relevant persons, (4) if you are located in any member state of the European Economic Area other than the United Kingdom, you and any customers you represent are Qualified Investors, (5) you consent to delivery of the Document and any amendments or supplements thereto by electronic transmission and (6) you acknowledge that this electronic transmission and the Document is confidential and intended only for you and you will not transmit the Document (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person.

You are reminded that the Document has been delivered to you or accessed by you on the basis that you are a person into whose possession it may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the Document to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. No action has been or will be taken in any jurisdiction by the Company or the Investment Adviser or JPMC that would, or is intended to, permit a public offering of the securities, or possession or distribution of a Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the securities, in any country or jurisdiction where action for that purpose is required. If a jurisdiction requires that the offering be made by a licensed broker or dealer and JPMC or any affiliate of JPMC is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by JPMC or such affiliate on behalf of the Company or the Investment Adviser in such jurisdiction.

The Document has been sent to you or accessed by you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of the Company, the Investment Adviser, JPMC and its respective affiliates, directors, officers, employees, representatives and agents or any other person controlling the Company, the Investment Manager, JPMC or any of their respective affiliates accepts any liability or responsibility whatsoever, whether arising in tort, contract or otherwise which they might have in respect of this electronic transmission, the Document or the contents thereof, or in respect of any difference between the document distributed to you in electronic format and the hard copy version available to you on request from the Company, the Investment Manager or JPMC which arise as a result of electronic transmission. Please ensure that your copy is complete.

If you receive the Document by e-mail, you should not reply to this e-mail. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected. If you receive this Document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destruction nature.

THIS DOCUMENT AND THE ENCLOSED FORMS OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. This document is a prospectus (this "Prospectus") relating to JZ Capital Partners Limited (the "Company") prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the "FCA") made under section 73A of the Financial Services and Markets Act 2000, as amended (the "FSMA"), and approved by the FCA under section 87A of the FSMA. The Prospectus has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules. If you are in any doubt about the contents of this Prospectus you should consult your accountant, legal or professional adviser, financial adviser or a person authorised for the purposes of the FSMA who specialises in advising on the acquisition of shares and other securities if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

The New Ordinary Shares and the 2022 ZDP Shares are only suitable for investors: (i) who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in the New Ordinary Shares and/or an election for the 2022 ZDP Shares pursuant to the ZDP Rollover Offer is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment programme. Investors in the Company are expected to be institutional investors, professional investors, high net worth investors and advised individual investors who understand the risks involved in investing in the Company and/or who have received advice from their fund manager or broker regarding investment in the Company. The attention of Shareholders is drawn to the Risk Factors set out on pages 23 to 54 of this Prospectus.

The Company is an authorised closed-ended investment scheme pursuant to section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) and the Authorised Closed-Ended Investment Schemes Rules 2008 issued by the Guernsey Financial Services Commission.

Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Counsel take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

If you sell or have sold or have otherwise transferred all of your Existing Ordinary Shares before 8.00 a.m. (London time) on 4 September 2015 please send any documents issued by the Company in connection with the Placing and Open Offer, if and when received, at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including but not limited to the United States and the Excluded Territories, or to US Persons. If you have sold or otherwise transferred part of your holding of Existing Ordinary Shares prior to such date, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected and refer to the instructions regarding split applications set out in the Application Form. If your registered holding(s) of Existing Ordinary Shares which were sold or transferred were held in uncertificated form and were sold or transferred before 6.00 p.m. on 2 September 2015, a claim transaction will automatically be generated by CREST which, on settlement, will transfer the appropriate number of Open Offer Entitlements to the purchaser or transferee. Instructions regarding split applications are set out in the Application Form.

If you sell or have sold or have otherwise transferred all of your 2016 ZDP Shares please send any documents issued by the Company in connection with the ZDP Rollover Offer, if and when received, at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including but not limited to the United States and the Excluded Territories, or to US Persons. If you have sold or otherwise transferred part of your holding of 2016 ZDP Shares, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

---

## **JZ Capital Partners Limited**

*(Incorporated in Guernsey as a non-cellular company limited by shares under the Companies (Guernsey) Law 2008  
(as amended) with registered no. 48761)*

**Placing and Open Offer of in aggregate up to 23,406,698 New Ordinary Shares  
at 419.19 pence per New Ordinary Share**

**and**

**Rollover Offer of 2016 ZDP Shares for 2022 ZDP Shares**

**and**

**Proposed investment in Spruceview Capital Partners, LLC**

**and**

**Notices of Class Meeting of Ordinary Shareholders, Class Meeting of ZDP Shareholders  
and Extraordinary General Meeting**

*Sole Bookrunner*

**J.P. Morgan Securities plc (which conducts its UK investment  
banking business as J.P. Morgan Cazenove)**

*Investment Adviser of the Company*

**Jordan/Zalaznick Advisers, Inc.**

---

The distribution of this Prospectus and any documents issued by the Company in connection with the Placing and Open Offer, the ZDP Rollover Offer and/or the proposed investment in Spruceview Capital Partners into any jurisdictions outside the United Kingdom may be restricted by law and therefore persons into whose possession this Prospectus and/or any accompanying documents come should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. In particular, subject to certain exceptions, this Prospectus and any documents issued by the Company in connection with the Placing and Open Offer, the ZDP Rollover Offer and/or the proposed investment in Spruceview Capital Partners should not be distributed or forwarded in or into, or transmitted in, the United States or any of the Excluded Territories or to US Persons.

Jordan/Zalaznick Advisers, Inc. (the "Investment Adviser") has notified the FCA in accordance with regulation 59 of the UK Alternative Investment Fund Managers Regulations 2013 and meets the conditions of regulation 59(2) (a) to (e) of the UK Alternative Investment Fund Managers Regulations 2013 in order to permit marketing of the Company in the United Kingdom.

This Prospectus and all information disclosed herein is not an offer to the public in respect of the New Ordinary Shares or the 2022 ZDP Shares to any person or entity in any jurisdiction in which such offer is unlawful.

This Prospectus is strictly confidential and is only being distributed to and directed to professional investors as defined under Annex II of the Markets in Financial Instruments Directive 2004/39/EC, in accordance with the AIFM Directive as it has been implemented in such jurisdictions and any relevant local laws which permit such offers on a private placement basis. This Prospectus must not be acted on or relied on by any persons in the EEA who are not professional investors.

Any activity which constitutes marketing for the purposes of the AIFM Directive will only be carried out in accordance with local offering rules (including the AIFMD rules in such jurisdictions).

The Company and its Directors, whose names appear on page 70 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I (*Letter from the Chairman*) of this Prospectus which contains the unanimous recommendation of the Directors that Shareholders vote in favour of all of the Resolutions to be proposed at the Separate Class Meetings and the Extraordinary General Meeting in respect of which they are entitled as the Directors intend to do in respect of their own beneficial holdings. You should read the whole of this Prospectus. Qualifying Ordinary Shareholders in the case of the Placing and Open Offer and/or Qualifying ZDP Shareholders in the case of the ZDP Rollover Offer contemplating a purchase of New Ordinary Shares and/or an election pursuant to the ZDP Rollover Offer for 2022 ZDP Shares, as applicable, should review the risk factors set out in the section of this Prospectus entitled “*Risk Factors*” for a discussion of certain factors that should be considered when deciding on what action to take in relation to: (i) the Placing and Open Offer and deciding whether or not to purchase New Ordinary Shares; and/or (ii) the ZDP Rollover Offer and deciding whether or not to make an election for 2022 ZDP Shares pursuant to the ZDP Rollover Offer, as applicable.

Notices of the Separate Class Meetings and a Notice of Extraordinary General Meeting are set out at the end of this Prospectus. The Separate Class Meetings of Ordinary Shareholders and of the ZDP Shareholders are to be held at 11.00 a.m. and 11.05 a.m. respectively on 29 September 2015 (or in the case of the Class Meeting of ZDP Shareholders as soon thereafter as the Class Meeting of Ordinary Shareholders has been concluded or adjourned). The Extraordinary General Meeting is to be held at 11.10 a.m. on 29 September 2015 (or as soon thereafter as the Class Meeting of ZDP Shareholders has been concluded or adjourned). All three meetings are to be held at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands. Forms of Proxy are enclosed for use by Shareholders in connection with the Separate Class Meetings and the Extraordinary General Meeting. To be valid, the Forms of Proxy should be completed, signed and returned in accordance with the instructions printed thereon, so as to be received by Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK as soon as possible and in any event not later than 48 hours before the appointed time of the relevant meeting (excluding any part of a day which is non-working). Completion and return of the Forms of Proxy will not preclude Shareholders from attending and voting in person at the Separate Class Meetings and the Extraordinary General Meeting should they so wish and be so entitled. Shareholders are advised to review the instructions on page 67 of this Prospectus regarding the proper completion and return of the Forms of Proxy.

The Notice of the Separate Class Meetings and the Notice of Extraordinary General Meeting provides all Shareholders with notice of the Separate Class Meetings and the Extraordinary General Meeting. Shareholders are advised that Ordinary Shareholders only have the right to attend and vote on the Resolution to be proposed at the Class Meeting of Ordinary Shareholders and ZDP Shareholders only have the right to attend and vote on the Resolution to be proposed at the Class Meeting of ZDP Shareholders in both cases in respect of which they are entitled. All Shareholders (being Ordinary Shareholders and ZDP Shareholders) have the right to attend and vote on the Resolutions to be proposed at the Extraordinary General Meeting in respect of which they are entitled.

**A separate Circular and separate Election Form in respect of the ZDP Rollover Offer will be sent to Qualifying ZDP Shareholders (each a “Separate ZDP Circular” and a “Separate ZDP Election Form”).**

#### **Placing and Open Offer**

The Existing Ordinary Shares are admitted to trading on the London Stock Exchange’s Specialist Fund Market. It is expected that, subject to Ordinary Shareholder approval of the Placing and Open Offer and the Placing and Open Offer Related Party Transactions at the Extraordinary General Meeting, application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its Specialist Fund Market (“**Admission of the New Ordinary Shares**”). It is expected that Admission of the New Ordinary Shares will become effective and that dealings will commence in the New Ordinary Shares at 8.00 a.m. on 30 September 2015.

The Placing and Open Offer is conditional, *inter alia*, on: (i) the passing of each of the Placing and Open Offer Resolution and the Placing and Open Offer Related Party Transaction Resolutions each of which is to be proposed at the Extraordinary General Meeting; (ii) Admission of the New Ordinary Shares becoming effective by not later than 8.00 a.m. on 30 September 2015 (or such later time and/or date as the Company and the Investment Adviser may agree with JPMC (as defined below), not being later than 8.00 a.m. on 30 October 2015); and (iii) the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms. The Placing and Open Offer is not conditional on the ZDP Rollover Offer or the proposed investment in Spruceview Capital Partners. The New Ordinary Shares will, on Admission of the New Ordinary Shares, rank in full for all dividends and other distributions declared, made or paid on the Existing Ordinary Shares by reference to a record date on or after Admission of the New Ordinary Shares and will otherwise rank *pari passu* with the Existing Ordinary Shares. The New Ordinary Shares will not be eligible to receive the first interim dividend for the year ended 29 February 2016 if the dividend is declared and paid.

Qualifying Non-CREST Ordinary Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders and Ordinary Shareholders with registered addresses in the United States or who are otherwise located in the United States) will be sent an Application Form on 4 September 2015. Qualifying CREST Ordinary Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders and Ordinary Shareholders with registered addresses in the United States or who are otherwise located in the United States), none of whom will be sent an Application Form, will receive a credit to their appropriate stock accounts in CREST in respect of the Open Offer Entitlements which will be enabled for settlement at 8.00 a.m. on 30 September 2015. Qualifying CREST Ordinary Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding action to be taken in connection with this Prospectus and the Open Offer. Applications under the Open Offer may only be made by Qualifying Ordinary Shareholders originally entitled to the Open Offer Entitlements or by a person entitled to such Open Offer Entitlements by virtue of a *bona fide* market claim arising out of a sale or transfer of Existing Ordinary Shares prior to the date on which the Existing Ordinary Shares were marked “ex” the entitlement by the London Stock Exchange.

**The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 24 September 2015. The procedures for acceptance and payment are set out in Part XII (*Terms and Conditions of the Placing and Open Offer*) of this Prospectus and, where relevant, in the Application Form.**

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer. Fractional entitlements will not be allotted to Qualifying Ordinary Shareholders and, where applicable, fractional entitlements will be rounded down to the nearest whole number of Open Offer Shares. Fractional entitlements will be aggregated and will be placed pursuant to the Placing for the benefit of the Company.

#### **ZDP Rollover Offer**

It is expected that, subject to Ordinary Shareholder and ZDP Shareholder approval of the ZDP Rollover Offer at the Separate Class Meetings and Shareholder approval of the ZDP Rollover Offer and the amendments to the Articles at the Extraordinary General Meeting, application will also be made to the London Stock Exchange for the 2022 ZDP Shares to be admitted to trading on its Specialist Fund Market (“**Admission of the 2022 ZDP Shares**”). It is expected that Admission of the 2022 ZDP Shares will become effective and that dealings will commence in the 2022 ZDP Shares at 8.00 a.m. on 1 October 2015.

The ZDP Rollover Offer is conditional, *inter alia*, on: (i) the passing of each of the Resolutions to be proposed at the Separate Class Meetings; (ii) the passing of each of the ZDP Rollover Offer Resolution and the Articles Amendment Resolution each of which is to be proposed at the Extraordinary General Meeting; (iii) Admission of the 2022 ZDP Shares becoming effective by not later than 8.00 a.m. on 1 October 2015 (or such later time and/or date as the Company and the Investment Adviser may agree with JPMC (as defined below), not being later than 8.00 a.m. on 30 October 2015); (iv) the Placing Agreement becoming unconditional in all respects in relation to the ZDP Rollover Offer and not having been terminated in accordance with its terms; and (v) the ZDP Rollover Offer becoming unconditional and completed in accordance with its terms (including valid elections under the ZDP Rollover Offer being received in respect of 2022 ZDP Shares with an aggregate value, at the 2022 ZDP Share Issue Price, of at least £20 million). The ZDP Rollover Offer is not conditional on the Placing and Open Offer or the proposed investment in Spruceview Capital Partners. The 2022 ZDP Shares will, on Admission of the 2022 ZDP Shares, have substantially the same rights as those attaching to the 2016 ZDP Shares save for a different final capital entitlement and repayment date. The 2022 ZDP Shares will rank *pari passu* with the 2016 ZDP Shares for the period when both classes of Shares are in issue until the 2016 ZDP Shares are redeemed on the 2016 ZDP Share Repayment Date.

**A Separate ZDP Circular and a Separate ZDP Election Form containing, among other things, the terms and conditions of the ZDP Rollover Offer and the process for electing to exchange 2016 ZDP Shares for 2022 ZDP Shares should Qualifying ZDP Shareholders wish to do so, will be sent to such Qualifying ZDP Shareholders.**

Qualifying ZDP Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders and ZDP Shareholders with registered addresses in the United States or who are otherwise located in the United States) holding 2016 ZDP Shares in certificated form and who wish to make an election for 2022 ZDP Shares pursuant to the ZDP Rollover Offer should complete and return the Separate ZDP Election Form together with their valid 2016 ZDP Share Certificate(s) and/or other documents of title to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to be received by not later than 11.00 a.m. on 24 September 2015. Qualifying ZDP Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders and ZDP Shareholders with registered addresses in the United States or who are otherwise located in the United States) holding 2016 ZDP Shares in uncertificated form (that is through CREST), none of whom will receive a Separate ZDP Election Form, and who wish to make an election for 2022 ZDP Shares pursuant to the ZDP Rollover Offer should send the TTE instruction through CREST so as to settle by no later than 11.00 a.m. on 1 October 2015.

**The latest time and date for election pursuant to the ZDP Rollover Offer is 11.00 a.m. on 24 September 2015. The procedures for election and the action to be taken by Qualifying ZDP Shareholders is set out in the Separate ZDP Circular and, where relevant in the Separate ZDP Election Form.**

#### **JPMC and Information in Prospectus and Separate ZDP Circular**

J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove) (“**JPMC**”), which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the United Kingdom, is acting solely for the Company and no one else in connection with the Placing and Open Offer and Admission of the New Ordinary Shares, the ZDP Rollover Offer and Admission of the 2022 ZDP Shares and the proposed investment in Spruceview Capital Partners and will not be responsible to anyone other than the Company for providing the protections afforded to clients of JPMC, or for affording advice in relation to the Placing and Open Offer, Admission of the New Ordinary Shares, the ZDP Rollover Offer, Admission of the 2022 ZDP Shares, the proposed investment in Spruceview Capital Partners, the contents of this Prospectus or any matters referred to herein, or the Separate ZDP Circular or any matters referred to therein, and will not regard any other person (whether or not a recipient of this Prospectus or the Separate ZDP Circular) as its client in relation to the Placing and Open Offer, the ZDP Rollover Offer and the proposed investment in Spruceview Capital Partners.

This does not exclude or limit any responsibility which JPMC may have under the FSMA or the regulatory regime established thereunder. Apart from the responsibilities and liabilities, if any, which may be imposed on JPMC by the FSMA or the regulatory regime established thereunder, JPMC or any person affiliated with it, does not accept any responsibility whatsoever and makes no representation or warranty, express or implied, in respect of the contents of this Prospectus or the Separate ZDP Circular including their accuracy, completeness or verification or for any other statement made or purported to be made by any of them, or on behalf of them, or by or on behalf of the Company, in connection with the Company, the Investment Adviser, the New Ordinary Shares, the Placing and Open Offer, the 2016 ZDP Shares, the 2022 ZDP Shares, the ZDP Rollover Offer, or the proposed investment in Spruceview Capital Partners and nothing in this Prospectus or the Separate ZDP Circular is or shall be relied upon as a promise or representation in this respect, whether as to the past or future. JPMC and its affiliates accordingly disclaim to the fullest extent permitted by applicable law, all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have to any person, other than the Company, in respect of this Prospectus, the Separate ZDP Circular or any such statement.

Shareholders should rely only on the information in this Prospectus and any information contained in any supplementary prospectus and, in the case of Qualifying ZDP Shareholders, the information in the Separate ZDP Circular and any information contained in any supplementary document, published prior to Admission of the New Ordinary Shares and Admission of the 2022 ZDP Shares, as applicable. No person has been authorised to give any information or make any representations other than those contained in this Prospectus, any supplementary prospectus, the Separate ZDP Circular and any supplementary document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Investment Adviser or JPMC or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to any legal or regulatory obligation on the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and Rule 3.4 of the Prospectus Rules, neither the publication or delivery of this Prospectus or the Separate ZDP Circular nor any subscription or sale or election made thereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or the Separate ZDP Circular or that the information in this Prospectus or the Separate ZDP Circular is correct as at any time subsequent to their respective dates.

The contents of this Prospectus and the Separate ZDP Circular are not to be construed as legal, business or tax advice. Each Shareholder should consult their own legal, financial or tax adviser for legal, financial or tax advice.

#### **Overseas Territories**

Neither this Prospectus, the Application Form, the Separate ZDP Circular nor the Separate ZDP Election Form constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the New Ordinary Shares or the 2022 ZDP Shares to any person with a registered address, or who is resident or located, in the United States or any of the Excluded Territories or to any US Person, subject to certain exceptions, or to any person in any jurisdiction in which such an offer or solicitation is unlawful.

The New Ordinary Shares and the 2022 ZDP Shares have not been and will not be registered under the applicable securities laws of any Excluded Territory. Accordingly, subject to certain exceptions, the New Ordinary Shares and the 2022 ZDP Shares may not be offered or sold in such jurisdictions or to, or for the account or benefit of, any resident of such jurisdictions except pursuant to an applicable exemption from and in compliance with any applicable securities laws. There will be no public offer of the New Ordinary Shares or the 2022 ZDP Shares in any of the Excluded Territories.

In relation to the Placing and Open Offer only, all Overseas Ordinary Shareholders and any person (including, without limitation, an agent custodian, nominee, or trustee) who is holding Existing Ordinary Shares for the benefit of such persons or who has a contractual or other legal obligation to forward any documents issued by the Company in connection with the Placing and Open Offer including this Prospectus or any Application Form, if and when received, to a jurisdiction outside the United Kingdom, should read paragraph 7 of Part XII (*Terms and Conditions of the Placing and Open Offer*) of this Prospectus entitled “*Overseas Ordinary Shareholders*”. In relation to the ZDP Rollover Offer only, all Overseas ZDP Shareholders should read Part XIII (*Details of the 2022 ZDP Shares*) of this Prospectus and refer to and read the Separate ZDP Circular.

Subject to certain exceptions, this Prospectus, the Application Form, the Separate ZDP Circular and the Separate ZDP Election Form should not be distributed, forwarded to or transmitted in or into the United States or the Excluded Territories, to US Persons or in or into any jurisdiction or to any person (including US Persons) where the extension or availability of the Placing and Open Offer and/or the ZDP Rollover Offer would breach any applicable law.

The New Ordinary Shares, the Open Offer Entitlements and the 2022 ZDP Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “**US Securities Act**”), or under the securities laws of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered, sold, resold, taken up, transferred, delivered or distributed, directly or indirectly, in, into or within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act (“**Regulation S**”)). There will be no public offer of the New Ordinary Shares, Open Offer Entitlements or 2022 ZDP Shares in the United States. The Company has not been and will not be registered under the US Investment Company Act of 1940, as amended (the “**US Investment Company Act**”), and investors will not be entitled to the benefits of that Act.

The New Ordinary Shares made available pursuant to the Placing and Open Offer are being offered and sold: (i) in the United States only to qualified purchasers (each a “**QP**” or “**qualified purchaser**”) as defined in section 2(a)(51) of the US Investment Company Act and the related rules thereunder who are also either (a) reasonably believed to be qualified institutional buyers (each a “**QIB**” or “**qualified institutional buyer**”) as defined in Rule 144A under the US Securities Act (“**Rule 144A**”); or (b) accredited investors (each an “**AI**” or “**accredited investor**”) as defined in Rule 501(a) of Regulation D under the US Securities Act (“**Regulation D**”), pursuant to an exemption from the registration requirements of the US Securities Act; and (ii) outside of the United States to persons who are not, and are not acting for the account or benefit of, US Persons (as defined in Regulation S) in offshore transactions in reliance on Regulation S. For a description

of these and certain further restrictions on offers, sales and transfers of the New Ordinary Shares and the distribution of this Prospectus, see paragraph 7 of Part XII (*Terms and Conditions of the Placing and Open Offer*) of this Prospectus.

Until the expiry of 40 days after the commencement of the Placing and Open Offer, an offer or sale of New Ordinary Shares within the United States by a dealer (whether or not it is participating in the Placing and Open Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an applicable exemption from registration under the US Securities Act.

The ZDP Rollover Offer will only be available to Qualifying ZDP Shareholders. All Overseas ZDP Shareholders should read Part XIII (*Details of the 2022 ZDP Shares*) of this Prospectus and refer to and read the Separate ZDP Circular. The ZDP Rollover Offer is not being and will not be made, and the 2022 ZDP Shares will not be offered or sold, to any person with a registered address in, or who is resident or located in, the United States or to any US Person.

The New Ordinary Shares, the Open Offer Entitlements and the 2022 ZDP Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares, the Open Offer Entitlements or the 2022 ZDP Shares or the accuracy or adequacy of this Prospectus or the Separate ZDP Circular. Any representation to the contrary is a criminal offence in the United States.

The New Ordinary Shares are subject to selling and transfer restrictions in certain jurisdictions. Prospective purchasers should read the restrictions that apply to the New Ordinary Shares as described in paragraphs 7 and 8 of Part XII (*Terms and Conditions of the Placing and Open Offer*) of this Prospectus. Each purchaser of the New Ordinary Shares will be deemed to have made the relevant representations described therein and elsewhere in Part XII (*Terms and Conditions of the Placing and Open Offer*) of this Prospectus. The 2022 ZDP Shares are also subject to selling and transfer restrictions in certain jurisdictions and prospective electees should refer to and read the Separate ZDP Circular in this regard.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, AS AMENDED (“RSA”), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

#### **General Notice**

JPMC and any of its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company and the Investment Adviser, for which they would have received customary fees. JPMC and any of its affiliates may provide such services to the Company and the Investment Adviser and any of its affiliates in the future.

In connection with the Placing and Open Offer and the ZDP Rollover Offer, each of JPMC and any of its affiliates, acting as an investor for its or their own account(s), in accordance with applicable legal and regulatory provisions, and subject to the provisions of the Placing Agreement, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in relation to the New Ordinary Shares and/or related instruments in connection with the Placing and Open Offer, the 2016 ZDP Shares, 2022 ZDP Shares and/or related instruments in connection with the ZDP Rollover Offer or otherwise. Accordingly, references in this Prospectus to the New Ordinary Shares, the 2016 ZDP Shares and the 2022 ZDP Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, JPMC and any of its affiliates acting as investors for its or their own account(s). Except as required by applicable law or regulation, JPMC does not propose to make any public disclosure in relation to such transactions. In addition, JPMC and its affiliates may enter into financing arrangements (including swaps or contracts for difference) with investors in connection with which JPMC (or its affiliates) may from time to time acquire, hold or dispose of New Ordinary Shares, 2016 ZDP Shares and/or 2022 ZDP Shares.

The contents of this Prospectus or the Separate ZDP Circular should not be construed as legal, financial, business, investment, tax or other professional advice. Each Shareholder should consult his, her or its legal adviser, independent financial adviser or tax adviser for legal, financial, business, investment or tax advice. Shareholders must inform themselves as to: (i) the legal requirements within their own countries for the purchase, election, holding, transfer, redemption or other disposal of the New Ordinary Shares, the Existing Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares; (ii) any foreign exchange restrictions applicable to the purchase, election, holding, transfer, redemption or other disposal of the New Ordinary Shares, the Existing Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares which they might encounter; and (iii) the income and other tax consequences which may apply in their own countries as a result of the purchase, election, holding, transfer, redemption or other disposal of the New Ordinary Shares, the Existing Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares. This Prospectus and the Separate ZDP Circular is for your information only and nothing in this Prospectus or the Separate ZDP Circular is intended to endorse or recommend a particular course of action.

In making an investment decision, each Shareholder must rely on its own examination, analysis and enquiry of the Company and the terms of the Placing and Open Offer and the ZDP Rollover Offer, including the merits and risks involved. Each Shareholder acknowledges that: (i) it has not relied on JPMC or any person affiliated with JPMC in connection with any investigation of the accuracy of any information contained in this Prospectus, the Separate ZDP Circular or its investment decision; and (ii) it has relied only on the information contained in this Prospectus, any information contained in any supplementary prospectus and, in the case of Qualifying ZDP Shareholders, the information in the Separate ZDP Circular and any information contained in any supplementary document, published prior to Admission of the New Ordinary Shares and Admission of the 2022 ZDP Shares, as applicable, and that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the New Ordinary Shares, the 2016 ZDP Shares or the 2022 ZDP Shares (other than as contained in this Prospectus, any supplementary prospectus and, in the case of Qualifying ZDP Shareholders, the Separate ZDP Circular and any supplementary document and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Investment Adviser or JPMC or any of their respective affiliates, officers, directors, employees or agents.

Certain terms used in this Prospectus, including certain technical and other items, are explained and defined in Part XIV (*Definitions and Glossary*) of this Prospectus.

This Prospectus should be read in its entirety before making any investment in the New Ordinary Shares and/or making an election for the 2022 ZDP Shares pursuant to the ZDP Rollover Offer. Qualifying ZDP Shareholders should also read in its entirety the Separate ZDP Circular before making an election for the 2022 ZDP Shares pursuant to the ZDP Rollover Offer.

If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or financial adviser.

It should be remembered that the price of the New Ordinary Shares and the income from them as well as the price of the 2016 ZDP Shares and the 2022 ZDP Shares can go down as well as up and that Shareholders may not receive, on sale or the cancellation or redemption, the amount that they invested and/or their final capital entitlement, as applicable.

The Directors of the Company have taken all reasonable care to ensure that the facts stated in this Prospectus are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document, whether of facts or of opinion. All the Directors accept responsibility accordingly.

This Prospectus is dated 4 September 2015

# TABLE OF CONTENTS

	<i>Page</i>
SUMMARY	1
RISK FACTORS	23
IMPORTANT INFORMATION	55
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	60
STATISTICS RELATING TO THE PLACING AND OPEN OFFER ONLY	63
STATISTICS RELATING TO THE ZDP ROLLOVER OFFER ONLY AND THE ZDP ROLLOVER OFFER ASSUMPTIONS	64
DEALING CODES	66
FORMS ACCOMPANYING THIS PROSPECTUS AND ACTION TO BE TAKEN	67
DIRECTORS, INVESTMENT ADVISER, OTHER ADVISERS AND SERVICE PROVIDERS	70
PART I LETTER FROM THE CHAIRMAN	72
PART II INFORMATION ON THE COMPANY	92
PART III INFORMATION ON THE INVESTMENT ADVISER	99
PART IV DETAILS OF THE COMPANY'S PORTFOLIO	105
PART V DIRECTORS, CORPORATE GOVERNANCE AND ADMINISTRATION	112
PART VI OPERATING AND FINANCIAL REVIEW	118
PART VII HISTORICAL FINANCIAL INFORMATION	141
PART VIII TAXATION	144
PART IX CERTAIN ERISA CONSIDERATIONS	165
PART X ADDITIONAL INFORMATION	168
PART XI TERMS AND CONDITIONS OF APPLICATION UNDER THE PLACING	216
PART XII TERMS AND CONDITIONS OF THE PLACING AND OPEN OFFER	226
PART XIII DETAILS OF THE 2022 ZDP SHARES	255
PART XIV DEFINITIONS AND GLOSSARY	263
NOTICE OF CLASS MEETING OF ORDINARY SHAREHOLDERS	275
NOTICE OF CLASS MEETING OF ZDP SHAREHOLDERS	278
NOTICE OF EXTRAORDINARY GENERAL MEETING	281

THIS PAGE IS INTENTIONALLY LEFT BLANK



## SUMMARY

Summaries are made up of disclosure requirements known as “**Elements**”. These Elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

<b>Section A – Introduction and Warnings</b>		
A.1	<b>Introduction and warnings</b>	This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of this Prospectus as a whole by the investor and, in the case of Qualifying ZDP Shareholders, the Separate ZDP Circular in respect of the ZDP Rollover Offer which will be sent to Qualifying ZDP Shareholders, as well. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member state of the European Union, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	<b>Subsequent resale of securities or final placement of securities through financial intermediaries</b>	Not applicable. No consent has been given by the Company to the use of this Prospectus for the subsequent resale or final placement of securities by financial intermediaries.

<b>Section B – Issuer</b>		
B.1	<b>Legal and commercial name</b>	JZ Capital Partners Limited.
B.2	<b>Domicile and legal form</b>	The Company is a Guernsey domiciled closed-ended investment company which was incorporated on 14 April 2008 with limited liability under The Companies (Guernsey) Law, 1994 with registration no. 48761. The Company is now subject to and operates under The Companies (Guernsey) Law, 2008 (as amended).
B.3	<b>Key factors relating to the nature of the issuer’s current operations and its principal activities</b>	The Company is a closed-ended investment company with a portfolio of investments primarily in businesses in the United States and Europe and in US real estate. The Company’s investment policy permits investments in small or micro cap buyouts in the form of debt and equity and preferred stock, real estate or real estate-linked investments and natural resources investments, debt opportunities including mezzanine investments comprising loans and high yield securities and listed bank debt including senior secured debt and second lien loans, and other debt and equity opportunities including distressed debt and structured and off-balance sheet financings, derivatives and publicly traded securities. The Company’s

		<p>corporate objective is to create a portfolio of investments providing a superior overall return comprised of a current yield and significant capital appreciation.</p>																														
B.5	<b>Group description</b>	<p>The Company meets the definition of an investment entity and therefore does not consolidate its subsidiaries but rather recognises them as investments at fair value through profit or loss.</p> <p>The Company owns 100 per cent. of the shares and voting rights of JZCP Realty Fund which is incorporated in the Cayman Islands, and through which the Company holds all its interests and makes its investments in real estate. JZCP Realty Fund in turn owns and controls a number of Delaware incorporated subsidiaries.</p> <p>The Company also owns 100 per cent. of the shares and voting rights of JZCP Bright Spruce, which is incorporated in the Cayman Islands, and through which the Company holds its interests in collective investment vehicles.</p> <p>In addition, the Company makes its US private investments and other non-real estate US investments directly into the relevant business, or into a holding company which directly or indirectly owns the business. Its European equity investments have historically been made through the EuroMicrocap Fund, in which the Company has a 75 per cent. interest, and prospectively will be made through the JZI Fund III, the follow on fund to the EuroMicrocap Fund. The Company announced on 2 September 2015 completion of the first closing of the JZI Fund III as part of which approximately €237 million was raised in the first round of fundraising. The Company has committed €75 million and David W. Zalaznick and John (Jay) Jordan II, among others, have committed €25 million, with the balance of the funds committed by a number of other third party co-investors. According to its limited partnership agreement, the JZI Fund III may raise up to €350 million.</p> <p>The Company has no employees. The Company's Investment Adviser is Jordan/Zalaznick Advisers, Inc. (in which the Company has no ownership interest), and the Company is administered by Northern Trust International Fund Administration Services (Guernsey) Limited.</p>																														
B.6	<b>Major Shareholders</b>	<p>So far as the Company is aware, as at 3 September 2015 (being the latest practicable date prior to the publication of this Prospectus) and as they will be immediately following Admission of the New Ordinary Shares, the following persons (other than the Directors) had notifiable interests in five per cent. or more of the issued share capital of the Company:</p> <table border="1"> <thead> <tr> <th></th> <th><i>No. of Existing Ordinary Shares as at 3 September 2015</i></th> <th><i>% of Existing Ordinary Capital as at 3 September 2015</i></th> <th><i>No. of Ordinary Shares immediately following Admission of the New Ordinary Shares<sup>(1)</sup></i></th> <th><i>% of Ordinary Shares immediately following Admission of the New Ordinary Shares<sup>(1)</sup></i></th> </tr> </thead> <tbody> <tr> <td>Edgewater<sup>(2)</sup></td> <td>13,494,037</td> <td>20.75</td> <td>19,323,194</td> <td>21.85</td> </tr> <tr> <td>Jordan<sup>(3)</sup></td> <td>7,764,318</td> <td>11.94</td> <td>11,118,349</td> <td>12.57</td> </tr> <tr> <td>Zalaznick<sup>(4)</sup></td> <td>6,000,443</td> <td>9.23</td> <td>11,118,349</td> <td>12.57</td> </tr> <tr> <td>Leucadia<sup>(5)</sup></td> <td>6,427,563</td> <td>9.89</td> <td>8,454,105</td> <td>9.56</td> </tr> <tr> <td>Abrams<sup>(6)</sup></td> <td>5,694,389</td> <td>8.76</td> <td>7,774,349]</td> <td>8.76</td> </tr> </tbody> </table> <p>(1) Assuming no Placing Shares are clawed back to satisfy valid applications under the Open Offer.</p>		<i>No. of Existing Ordinary Shares as at 3 September 2015</i>	<i>% of Existing Ordinary Capital as at 3 September 2015</i>	<i>No. of Ordinary Shares immediately following Admission of the New Ordinary Shares<sup>(1)</sup></i>	<i>% of Ordinary Shares immediately following Admission of the New Ordinary Shares<sup>(1)</sup></i>	Edgewater <sup>(2)</sup>	13,494,037	20.75	19,323,194	21.85	Jordan <sup>(3)</sup>	7,764,318	11.94	11,118,349	12.57	Zalaznick <sup>(4)</sup>	6,000,443	9.23	11,118,349	12.57	Leucadia <sup>(5)</sup>	6,427,563	9.89	8,454,105	9.56	Abrams <sup>(6)</sup>	5,694,389	8.76	7,774,349]	8.76
	<i>No. of Existing Ordinary Shares as at 3 September 2015</i>	<i>% of Existing Ordinary Capital as at 3 September 2015</i>	<i>No. of Ordinary Shares immediately following Admission of the New Ordinary Shares<sup>(1)</sup></i>	<i>% of Ordinary Shares immediately following Admission of the New Ordinary Shares<sup>(1)</sup></i>																												
Edgewater <sup>(2)</sup>	13,494,037	20.75	19,323,194	21.85																												
Jordan <sup>(3)</sup>	7,764,318	11.94	11,118,349	12.57																												
Zalaznick <sup>(4)</sup>	6,000,443	9.23	11,118,349	12.57																												
Leucadia <sup>(5)</sup>	6,427,563	9.89	8,454,105	9.56																												
Abrams <sup>(6)</sup>	5,694,389	8.76	7,774,349]	8.76																												

- (2) Edgewater Growth Capital Partners.
  - (3) John (Jay) W. Jordan II and affiliates.
  - (4) David W. Zalaznick and affiliates.
  - (5) Leucadia Financial Corporation and Leucadia National Corporation.
  - (6) Abrams Capital Management.
- Abrams Capital Management also has an interest in £661,055 CULS as at 3 September 2015 (being the latest practicable date prior to publication of this Prospectus). The CULS are convertible into Ordinary Shares in accordance with their terms.

The issue of the 2022 ZDP Shares pursuant to the ZDP Rollover Offer will not affect the number of Ordinary Shares.

The issue of New Ordinary Shares pursuant to the Placing and Open Offer will not affect the number of 2016 ZDP Shares or 2022 ZDP Shares. The issue of the 2022 ZDP Shares pursuant to the ZDP Rollover Offer will affect the number of 2016 ZDP Shares as Qualifying ZDP Shareholders may elect to exchange all or some of their 2016 ZDP Shares for 2022 ZDP Shares pursuant to the ZDP Rollover Offer. The number of 2022 ZDP Shares to be issued pursuant to the ZDP Rollover Offer (and the reduction in the number of 2016 ZDP Shares) will depend on the terms and conditions of the ZDP Rollover Offer. The number of 2022 ZDP Shares to be issued pursuant to the ZDP Rollover Offer and the number of 2016 ZDP Shares remaining in issue following completion of the ZDP Rollover Offer will be announced via an RIS.

The Company is not aware of any persons who, immediately following the Placing and Open Offer and the ZDP Rollover Offer, will or could, directly or indirectly, jointly or severally, exercise control over the Company.

There are no different voting rights for any Ordinary Shareholder. However, in respect of a resolution concerning the appointment and removal of one or more Directors, each Ordinary Shareholder shall be required to certify that it is not a US resident and to the extent it holds Ordinary Shares for the account or benefit of any other person, that such person is not a US resident. Those Ordinary Shareholders who do not certify on those terms would still be able to vote on the resolution, but the aggregate total of the votes that such Ordinary Shareholders are entitled to cast would be limited to 49 per cent. of the total number of votes that all Ordinary Shareholders are entitled to cast. The New Ordinary Shares, if issued and fully paid pursuant to the Placing and Open Offer, will be identical to and rank *pari passu* with the Existing Ordinary Shares (including with respect to voting rights) except that they will not be eligible to receive the first interim dividend for the year ended 29 February 2016 if the dividend is declared and paid.

ZDP Shareholders do not have the right to vote at any general meeting of the Company except upon any resolution to alter, modify or abrogate the special rights or privileges attached to the 2016 ZDP Shares, and if the Company is unable to redeem all of the 2016 ZDP Shares on the 2016 ZDP Share Repayment Date then also upon a resolution to wind up the Company voluntarily or upon a resolution the effect of which would be that ZDP Shareholders would be repaid in respect of their 2016 ZDP Shares an amount not less than they would otherwise have been entitled on a winding-up. The 2022 ZDP Shares, if issued and fully paid pursuant to the ZDP Rollover Offer, will have substantially the same rights as those attaching to the 2016 ZDP Shares (save for a different final capital entitlement and

		<p>repayment date) including with respect voting rights. The 2022 ZDP Shares will rank <i>pari passu</i> with the 2016 ZDP Shares for the period when both classes of Shares are in issue until the 2016 ZDP Shares are redeemed on the 2016 ZDP Share Repayment Date.</p> <p>In addition, CULS Holders also do not have the right to vote as a class at any general meeting of the Company but they do have the right to vote upon any modification, abrogation, or compromise of or arrangement in respect of their rights against the Company and to assent to any modification of the provisions of the CULS Trust Deed. CULS Holders will on conversion of the CULS to Ordinary Shares become an Ordinary Shareholder and have the same rights attaching to the Ordinary Shares.</p>																																												
B.7	<b>Key financial information</b>	<p>The selected historical financial information relating to the Company, which summarises the financial condition of the Company for the three financial years ended 28 February 2015 is set out in the following table:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th colspan="3" style="text-align: center;"><b>For the three financial years ended</b></th> </tr> <tr> <th></th> <th style="text-align: center;"><b>28 February 2013</b></th> <th style="text-align: center;"><b>28 February 2014</b></th> <th style="text-align: center;"><b>28 February 2015</b></th> </tr> </thead> <tbody> <tr> <td colspan="4"><b>Capital</b></td> </tr> <tr> <td>Total assets (US\$'000)</td> <td style="text-align: right;">731,574</td> <td style="text-align: right;">804,255</td> <td style="text-align: right;">995,677</td> </tr> <tr> <td>Net Asset Value (US\$'000)</td> <td style="text-align: right;">630,182</td> <td style="text-align: right;">666,456</td> <td style="text-align: right;">705,510</td> </tr> <tr> <td>NAV per Existing</td> <td></td> <td></td> <td></td> </tr> <tr> <td>    Ordinary Share (US\$)</td> <td style="text-align: right;">9.69</td> <td style="text-align: right;">10.25</td> <td style="text-align: right;">10.85</td> </tr> <tr> <td colspan="4"><b>Income</b></td> </tr> <tr> <td>Total income (US\$'000)</td> <td style="text-align: right;">68,090</td> <td style="text-align: right;">86,898</td> <td style="text-align: right;">107,749</td> </tr> <tr> <td>Earnings per Existing</td> <td></td> <td></td> <td></td> </tr> <tr> <td>    Ordinary Share (cents)<sup>(1)</sup></td> <td style="text-align: right;">55.14</td> <td style="text-align: right;">85.29</td> <td style="text-align: right;">91.07</td> </tr> </tbody> </table> <p>(1) Basic and diluted profit per Existing Ordinary Share using the weighted average number of Existing Ordinary Shares in issue during the year.</p> <p>Since 28 February 2015 (being the end of the last financial period of the Company for which audited financial information has been published), there has been no significant change to the Company's financial or trading position.</p>		<b>For the three financial years ended</b>				<b>28 February 2013</b>	<b>28 February 2014</b>	<b>28 February 2015</b>	<b>Capital</b>				Total assets (US\$'000)	731,574	804,255	995,677	Net Asset Value (US\$'000)	630,182	666,456	705,510	NAV per Existing				Ordinary Share (US\$)	9.69	10.25	10.85	<b>Income</b>				Total income (US\$'000)	68,090	86,898	107,749	Earnings per Existing				Ordinary Share (cents) <sup>(1)</sup>	55.14	85.29	91.07
	<b>For the three financial years ended</b>																																													
	<b>28 February 2013</b>	<b>28 February 2014</b>	<b>28 February 2015</b>																																											
<b>Capital</b>																																														
Total assets (US\$'000)	731,574	804,255	995,677																																											
Net Asset Value (US\$'000)	630,182	666,456	705,510																																											
NAV per Existing																																														
Ordinary Share (US\$)	9.69	10.25	10.85																																											
<b>Income</b>																																														
Total income (US\$'000)	68,090	86,898	107,749																																											
Earnings per Existing																																														
Ordinary Share (cents) <sup>(1)</sup>	55.14	85.29	91.07																																											
B.8	<b>Key <i>pro forma</i> financial information</b>	Not applicable. No <i>pro forma</i> financial information is included in this Prospectus.																																												
B.9	<b>Profit forecast</b>	Not applicable. No profit forecast is included in this Prospectus.																																												
B.10	<b>Description of the nature of any qualifications in the audit report on the historical financial information</b>	Not applicable. The audit reports on the historical financial information contained within this Prospectus are not qualified.																																												
B.11	<b>Working capital qualifications</b>	Not applicable. The Company is of the opinion that, taking into account the Minimum Net Proceeds receivable by the Company, the working capital available to the Company is sufficient for the Company's present requirements, that is for at least the next 12 months from the date of this Prospectus.																																												
B.34	<b>Investment policy</b>	<p><b>Corporate Objective</b></p> <p>To create a portfolio of investments providing a superior overall return comprised of a current yield and significant capital appreciation.</p>																																												

		<p><b><i>Investment Policy</i></b></p> <p>The Company targets predominantly private investments, seeking to back exceptional management teams to deliver on attractive investment propositions. In executing this strategy, the Company takes a long-term view. The Company seeks to invest directly in its target investments, although it may also invest through other collective investment vehicles. The Company may also invest in listed investments, whether arising on the listing of its private investments or directly.</p> <p>The Company's investment policy permits:</p> <ul style="list-style-type: none"> <li>(a) small or micro cap buyouts in the form of debt and equity and preferred stock;</li> <li>(b) real estate or real estate-linked investments and natural resources investments;</li> <li>(c) debt opportunities, including mezzanine investments, comprising loans and high yield securities, and listed bank debt, including both senior secured debt and second lien loans; and</li> <li>(d) other debt and equity opportunities, including distressed debt and structured and off-balance sheet financings, derivatives and publicly traded securities.</li> </ul> <p>The Investment Adviser takes a dynamic approach to asset allocation and, though it does not expect to, in the event that the Company were to invest 100 per cent. of gross assets in one area, the Company will, nevertheless always seek to maintain a broad spread of investment risk. Exposures are monitored and managed by the Investment Adviser under the supervision of the Board.</p> <p>The Investment Adviser is able to invest globally but with a particular focus on opportunities in the United States and Europe.</p> <p><b><i>Borrowing Policy</i></b></p> <p>The Company has the power to borrow money under the Articles and may employ gearing to enhance investment returns. Under the Articles, the Company may borrow up to 100 per cent. of net assets. In addition, the Company may utilise borrowings on a short-term basis to meet investment commitments pending the realisation of assets.</p>
B.35	<b>Borrowing limits</b>	The Company has the power to borrow money under the Articles and may employ gearing to enhance investment returns. Under the Articles, the Company may borrow up to 100 per cent. of net assets.
B.36	<b>Regulatory status</b>	The Company is an authorised closed-ended investment scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) and the Authorised Closed-Ended Investment Schemes Rules 2008 issued by the Guernsey Financial Services Commission.
B.37	<b>Typical investors</b>	The typical investors for whom the Company is designed are institutional investors, investment funds, private client fund managers and private client brokers, as well as other professionally advised private investors, seeking long-term

		capital growth and income from debt and equity investments primarily in businesses in the United States and Europe and in US real estate providing a superior overall return comprised of a current yield and significant capital appreciation.
B.38	<b>Investment in 20 per cent. or more in single underlying asset or investment company</b>	Not applicable. The Company has not invested 20 per cent. or more in aggregate of the value of its gross assets in a single asset or investment company.
B.39	<b>Investment of 40 per cent. or more in another collective investment undertaking</b>	Not applicable. The Company has not invested 40 per cent. or more in aggregate of the value of its gross assets in another collective investment undertaking.
B.40	<b>Applicant's service providers</b>	<p><i>Management</i></p> <p>Jordan/Zalaznick Advisers, Inc. is the Investment Adviser to the Company pursuant to the terms of the Investment Advisory Agreement. The Investment Adviser manages the Company's investments and advises on its investment strategies, and subject to the overall supervision of the Board and to the Articles, is responsible for the management of the Company's assets.</p> <p>The Investment Adviser is entitled to a base management fee payable quarterly in arrears although the Investment Advisory Agreement provides that payments in advance on account of the base management fee will be made. The base management fee is calculated at an annual rate of 1.5 per cent. of the Company's gross assets excluding those assets, if any, which are excluded from the calculation of the fee in accordance with the Investment Advisory Agreement.</p> <p>The Investment Adviser is also entitled to an incentive fee, which consists of two parts. The first part, being the income incentive fee, is calculated based on the Company's net investment income for each quarter and is payable quarterly in arrears provided that the net investment income for the quarter exceeds 2 per cent. of the average of NAV of the Company at the end of that quarter (the "hurdle") (8 per cent. on an annualised basis). The fee is an amount equal to: (a) 100 per cent. of that proportion of the net investment income for the quarter as exceeds the hurdle, up to an amount equal to a hurdle of 2.5 per cent.; and (b) 20 per cent. of the net investment income of the Company above a hurdle of 2.5 per cent. Assets which are excluded from the calculation of the income incentive fee in accordance with the Investment Advisory Agreement, as well as investments categorised in the Investment Advisory Agreement as legacy investments (such assets insofar as still held by the Company representing less than 2 per cent. of the gross assets of the Company as at 31 July 2015), are excluded from the calculation of the fee. A true-up calculation is also prepared at the end of each financial year whereby the fee will be adjusted at the end of such financial year to "true up" quarterly payments against an annual hurdle of 8 per cent. per annum, with any shortfall being paid by the Company and excess payments being set off against future income incentive fees earned. The second part of the incentive fee, being the capital gains incentive fee, is payable for each financial year of the Company and equals 20 per cent. of all realised capital gains of the Company, if any, on a cumulative</p>

basis to the end of the relevant financial year, computed net of all realised capital losses of the Company, if any, again on a cumulative basis to the end of the relevant financial year, less the aggregate amount of all capital gains incentive fees previously paid by the Company to the Investment Adviser. The capital gains incentive fee is payable in arrears within 90 days of the financial year end. Assets which are excluded from the calculation of the capital gains incentive fee in accordance with the Investment Advisory Agreement, as well as investments categorised in the Investment Advisory Agreement as legacy investments (such investments, insofar as still held by the Company, representing less than 2 per cent. of the gross assets of the Company as at 31 July 2015), are excluded from the calculation of the fee. Further, the Company's interests in the EuroMicrocap Fund (and, prospectively, the JZI Fund III) and their assets are also excluded for the purposes of calculating the capital gains incentive fee.

The Company (together with the Investment Adviser) may ring fence certain investments and their assets in relation to the Company's investments by signing separate letter(s) with the Investment Adviser as contemplated by the Investment Advisory Agreement so that the Company will not suffer the double payment of fees in relation to the Company's investments.

#### ***Administration***

Northern Trust International Fund Administration Services (Guernsey) Limited acts as the Administrator, Company Secretary and Registrar for the Company pursuant to the terms of the Administration Agreement. The Administrator provides accounting and financial reporting services (including the calculation of NAV), registrar services, compliance services, corporate secretarial services and administrative services to the Company.

The Administrator is entitled to receive: (a) a fee of US\$350,000 per annum in respect of the services; and (b) an initial set-up fee of US\$20,000 (both exclusive of VAT, if applicable). The annual fee was fixed for three years from 1 September 2012 and thereafter will be reviewed annually. The annual fee is paid quarterly in arrears within 15 days of the end of each quarter.

#### ***Custodian***

HSBC Bank (USA) NA acts as Custodian to the Company's investments, cash and other assets pursuant to the terms of the Custodian Agreement. The Custodian in its capacity as custodian, is responsible for the safe custody of the property of the Company and dealing with settlement arrangements.

The Custodian is entitled to quarterly payment of fees calculated based upon the activities of the Custody Accounts as follows: a) the number of items on deposit x \$175.00; b) the number of items withdrawn x \$125.00; and c) the number of items deposited x \$50. The Custodian is not entitled to a minimum fee.

The Custodian's fees include domestic and global custody respectively.

		<p><b><i>UK Transfer and Paying Agent</i></b></p> <p>Equiniti Limited acts as UK Transfer and Paying Agent to the Company pursuant to the terms of the UK Transfer Agent Agreement. The UK Transfer and Paying Agent acts as the UK transfer agent for the Company and provides transfer agent services, including a securities registration service for the Company's securities.</p> <p>The UK Transfer and Paying Agent is entitled to receive fees for each action undertaken in respect of maintenance of the Register, transfers of securities, annual general meetings, analysis of the Register and reporting, access to the selector portal and dividend payment services, subject to a minimum annual fee for certain of those actions for the first year in 2008 of £13,500 (plus retail price index linked in subsequent years) (exclusive of VAT). Payment shall be made within 30 days of receipt by the Company of a written invoice from the UK Transfer and Paying Agent.</p>
B.41	<b>Regulatory status of Investment Adviser and Custodian</b>	The Investment Adviser is registered as an investment adviser with the US Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended. The Custodian is a member of the Federal Deposit Insurance Corporation and is regulated by the Office of the Comptroller of the Currency (OCC), a part of the US Department of the Treasury.
B.42	<b>Calculation of Net Asset Value</b>	NAV is calculated by the Administrator based upon valuations of the investments in the investment portfolio derived from the application of the valuation methodologies set out below. NAV is published monthly through an RIS. As regards the private investments, those whose value cannot be determined by reference to quoted market prices and for which there are no active markets, the Directors, with the assistance of the Investment Adviser, value these in accordance with such methodologies each quarter and that valuation of such investments, subject to adjustment for accruals, is adopted in the NAV published for the two succeeding months following each quarter. Investments are valued in accordance with IFRS and a number of general principles in the IPEVCA are followed. The Company's investments are valued at fair value.
B.43	<b>Cross liability</b>	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes of investment in another collective undertaking.
B.44	<b>No financial statements have been made up</b>	Not applicable. The Company has commenced operations and historical financial information is included within this Prospectus.
B.45	<b>Portfolio</b>	<p>As at 31 July 2015 (being the latest practicable date prior to the publication of this Prospectus), the Company's portfolio comprised:</p> <ul style="list-style-type: none"> <li>• 33 per cent. US micro cap portfolio</li> <li>• 25 per cent. European micro cap portfolio</li> <li>• 25 per cent. real estate investments</li> <li>• 2 per cent. listed debt</li> <li>• 8 per cent. mezzanine/ other</li> <li>• 8 per cent. cash and cash equivalents</li> </ul>



		(Note: Percentages are percentages of the Company's gross assets based on an unaudited valuation of the Company's assets as at 31 July 2015).
B.46	<b>Net Asset Value</b>	The published unaudited NAV per Existing Ordinary Share as at 31 July 2015 (being the latest practicable date prior to the publication of this Prospectus) was US\$10.60 per Existing Ordinary Share.

<b>Section C – Securities</b>		
C.1	<b>Type of class of securities</b>	<p><b><i>New Ordinary Shares</i></b></p> <p>The Company is proposing to issue in aggregate up to 23,406,698 New Ordinary Shares pursuant to the Placing and Open Offer. When admitted to trading the ISIN of the New Ordinary Shares will be GG00BZ0RXZ12, being a different ISIN to that of the Existing Ordinary Shares. This is as a result of the New Ordinary Shares not being eligible to receive the first interim dividend for the year ended 29 February 2016 if the dividend is declared and paid. Following a record date on or after Admission of the New Ordinary Shares by reference to which holders of New Ordinary Shares will be entitled to receive dividends, the ISIN of the New Ordinary Shares will become the same as that of the Existing Ordinary Shares, being GG00B403HK58. The ISIN for the Open Offer Entitlements will be GG00BYNQL092.</p> <p><b><i>2022 ZDP Shares</i></b></p> <p>The Company is also proposing to issue 2022 ZDP Shares pursuant to the ZDP Rollover Offer. The ISIN of the 2022 ZDP Shares will be GG00BZ0R036.</p>
C.2	<b>Currency</b>	The New Ordinary Shares and the 2022 ZDP Shares will both be denominated in Pounds Sterling.
C.3	<b>Number of securities to be issued</b>	<p><b><i>New Ordinary Shares</i></b></p> <p>Immediately prior to Admission of the New Ordinary Shares, the Company has 65,018,607 Existing Ordinary Shares and 20,707,141 2016 ZDP Shares in issue. Assuming the Placing and Open Offer are fully subscribed and are completed, on Admission of the New Ordinary Shares, the Company will have 23,406,698 New Ordinary Shares (all of which will be issued fully paid) and 65,018,607 Existing Ordinary Shares (all of which are fully paid), together being a total of 88,425,305 Ordinary Shares in issue.</p> <p><b><i>2022 ZDP Shares</i></b></p> <p>Immediately prior to Admission of the 2022 ZDP Shares, the Company is expected to have 88,425,305 Ordinary Shares (assuming the Placing and Open Offer are fully subscribed and are completed) and 20,707,141 2016 ZDP Shares in issue. On Admission of the 2022 ZDP Shares, the number of 2022 ZDP Shares to be issued pursuant to the ZDP Rollover Offer will depend on the terms and conditions of the ZDP Rollover Offer. The ZDP Rollover Offer will also affect the number of 2016 ZDP Shares in issue on Admission of the 2022 ZDP Shares. This is because pursuant to the ZDP Rollover Offer the Company will offer Qualifying ZDP Shareholders the option of: (a) exchanging a proportion of their 2016 ZDP Shares for</p>

		<p>2022 ZDP Shares on 1 October 2015; (b) repayment of the 2016 ZDP Share Final Capital Entitlement in respect of their 2016 ZDP Shares plus a further 3.7 pence per 2016 ZDP Share held to be paid on the 2016 ZDP Share Repayment Date, being 22 June 2016, in accordance with the terms and conditions of the 2016 ZDP Shares; or (c) a combination of (a) and (b) above. Accordingly, the number of 2022 ZDP Shares to be issued pursuant to the ZDP Rollover Offer (and the reduction in the number of 2016 ZDP Shares) will depend on the terms and conditions of the ZDP Rollover Offer. The number of 2022 ZDP Shares to be issued pursuant to the ZDP Rollover Offer and the number of 2016 ZDP Shares remaining in issue following completion of the ZDP Rollover Offer will be announced via an RIS.</p>
C.4	<p><b>Rights attaching to the securities</b></p>	<p><b><i>New Ordinary Shares</i></b></p> <p>The New Ordinary Shares, if issued and fully paid pursuant to the Placing and Open Offer, will be identical to and rank <i>pari passu</i> with the Existing Ordinary Shares except that they will not be eligible to receive the first interim dividend for the year ended 29 February 2016 if the dividend is declared and paid.</p> <p>Ordinary Shareholders have the rights to receive notice of, to attend and to vote at all general meetings of the Company. However, in respect of a resolution concerning the appointment and removal of one or more Directors, each Ordinary Shareholder shall be required to certify that it is not a US resident and to the extent it holds Ordinary Shares (being the Existing Ordinary Shares and the New Ordinary Shares) for the account or benefit of any other person, that such person is not a US resident. Those Ordinary Shareholders who do not certify on those terms would still be able to vote on the resolution, but the aggregate total of the votes that such Ordinary Shareholders are entitled to cast would be limited to 49 per cent. of the total number of votes that all Ordinary Shareholders are entitled to cast.</p> <p>Existing Ordinary Shares carry a right to receive the profits of the Company available for distribution by dividend and resolved to be distributed by way of dividend to be made at such time as determined by the Directors. The New Ordinary Shares, if issued and fully paid, will rank in full for all dividends and other distributions declared, made or paid on the Existing Ordinary Shares by reference to a record date on or after Admission of the New Ordinary Shares. The New Ordinary Shares will not be eligible to receive the first interim dividend for the year ended 29 February 2016 if the dividend is declared and paid.</p> <p>In addition to receiving the profits distributed, the Ordinary Shares are entitled to the net assets of the Company on a winding-up, after all liabilities have been settled and the entitlements of prior ranking securities of the Company (including the CULS and the entitlements of the 2016 ZDP Shares and the 2022 ZDP Shares) have been met in their order of priority.</p> <p><b><i>2022 ZDP Shares</i></b></p> <p>The 2022 ZDP Shares, if issued and fully paid pursuant to the ZDP Rollover Offer, will have substantially the same rights as those attaching to the 2016 ZDP Shares save for a different</p>

		<p>final capital entitlement and repayment date. The 2022 ZDP Share Final Capital Entitlement will be the accrued capital entitlement of a 2022 ZDP Share on the 2022 ZDP Share Repayment Date as determined by the terms and conditions of the ZDP Rollover Offer and the 2022 ZDP Share Repayment Date will be 1 October 2022. The 2016 ZDP Share Final Capital Entitlement is 369.84 pence and the 2016 ZDP Share Repayment Date is 22 June 2016. Qualifying ZDP Shareholders who do not make a valid election to exchange all or some of their 2016 ZDP Shares for 2022 ZDP Shares pursuant to the ZDP Rollover Offer will also, if the ZDP Rollover proceeds, receive a further 3.7 pence per 2016 ZDP Share not the subject of valid elections which will be paid on the 2016 ZDP Share Repayment Date.</p> <p>The 2022 ZDP Shares will rank behind the Company's creditors and prior ranking securities including the CULS but in priority to the final capital entitlements of the Ordinary Shares. The 2022 ZDP Shares will rank <i>pari passu</i> with the 2016 ZDP Shares for the period when both classes of Shares are in issue until the 2016 ZDP Shares are redeemed on the 2016 ZDP Share Repayment Date. The 2022 ZDP Shares, the same as the 2016 ZDP Shares, carry no entitlement to income and the whole of their return will therefore take the form of capital.</p> <p>The 2022 ZDP Shares, the same again as the 2016 ZDP Shares, will not have the right to vote at any general meetings of the Company except in certain circumstances as detailed in the New Articles. Holders of 2022 ZDP Shares will have the right to vote upon any resolution to alter, modify or abrogate the special rights or privileges attached to the 2022 ZDP Shares, and if the Company is unable to redeem all of the 2022 ZDP Shares on the date of their repayment then, also upon a resolution to wind up the Company voluntarily or upon a resolution the effect of which would be that holders of 2022 ZDP Shares would be repaid in respect of their 2022 ZDP Shares an amount not less than they would otherwise have been entitled on a winding-up.</p>
C.5	<p><b>Restrictions on the rights attaching to the securities</b></p>	<p>Subject to the Articles and, subject to Shareholder approval, the New Articles (and the restrictions on transfer contained therein) and the terms of issue of the Ordinary Shares and the 2022 ZDP Shares, all or any of the Ordinary Shares (being the Existing Ordinary Shares and the New Ordinary Shares) and the 2022 ZDP Shares may be transferred in any manner which is permitted by Guernsey law.</p> <p>The Ordinary Shares are and the 2022 ZDP Shares will be subject to certain United States ownership and transfer restrictions. The Directors may decline to register a person as a holder of Ordinary Shares and/or 2022 ZDP Shares or to require the transfer of those Ordinary Shares and/or 2022 ZDP Shares (including by way of a disposal effected by the Company itself) if in certain circumstances they believe that the person: (a) is a US Person and not a qualified purchaser and either a qualified institutional buyer or an accredited investor; (b) is a Benefit Plan Investor; or (c) is, or is related to, a citizen or resident of the United States, a US partnership, a US corporation or a certain type of estate or trust and that ownership of those Ordinary Shares and/or 2022 ZDP Shares by the person would</p>

		<p>materially increase the risk that the Company could be or become a Controlled Foreign Corporation. Investment in the Company by Benefit Plan Investors is prohibited and the fiduciary provisions of Non-ERISA Plans may impose limitations on investment in the Company.</p> <p>The 2016 ZDP Shares are also subject to the above United States ownership and transfer restrictions.</p> <p>In addition, subject to certain exceptions, no person may acquire Ordinary Shares (and similar forced transfer provisions apply) if, immediately after such acquisition, a US person (within the meaning of the US Code) would directly, indirectly or constructively (by application of certain prescribed attribution rules) own more than 9.9 per cent. of the Ordinary Shares in issue.</p> <p>Any person known or reasonably believed by the Board to be a US Person may only hold Shares in certificated form and not through CREST.</p>
C.6	<b>Admission</b>	<p><b><i>New Ordinary Shares</i></b></p> <p>The Existing Ordinary Shares are admitted to trading on the London Stock Exchange's Specialist Fund Market. Subject to Ordinary Shareholder approval of the Placing and Open Offer and the Placing and Open Offer Related Party Transactions at the Extraordinary General Meeting, application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its Specialist Fund Market. It is expected that Admission of the New Ordinary Shares will become effective and that dealings will commence in the New Ordinary Shares at 8.00 a.m. on 30 September 2015.</p> <p><b><i>2022 ZDP Shares</i></b></p> <p>Subject to Ordinary Shareholder and ZDP Shareholder approval of the ZDP Rollover Offer at the Separate Class Meetings and Shareholder approval of the ZDP Rollover Offer and the amendments to the Articles at the Extraordinary General Meeting, application will also be made to the London Stock Exchange for the 2022 ZDP Shares to be admitted to trading on its Specialist Fund Market. It is expected that Admission of the 2022 ZDP Shares will become effective and that dealings will commence in the 2022 ZDP Shares at 8.00 a.m. on 1 October 2015.</p>
C.7	<b>Dividend policy</b>	<p>The Company's current dividend policy is to distribute in each financial year in the form of dividends paid through semi-annual instalments in US Dollars an aggregate amount equal to approximately three per cent. of the Company's net assets. Ordinary Shareholders can elect to receive dividends in Pounds Sterling. The Company may declare dividends but the ability of the Company to pay dividends is restricted by Guernsey law, the Articles and the Guggenheim Credit Agreement. The Guggenheim Credit Agreement restricts the payment of dividends other than for dividends payable semi-annually in the ordinary course of business in an amount not exceeding 5 per cent. of NAV of the Company in any financial year (and measured at the time of such payment) unless an event of default has occurred and is continuing in which case no dividends at all shall be payable. In addition, the terms of the CULS require the Company to make an adjustment to the</p>

		Conversion Price of the CULS if and whenever, in any financial year, it pays or makes a dividend to Ordinary Shareholders which, either alone or in the aggregate, is more than 5 per cent. of the Company's NAV at the time of paying or making the dividend.
--	--	--

<b>Section D – Risks</b>		
D.2	<b>Key information on the key risks specific to the issuer</b>	<ul style="list-style-type: none"> <li>• <b><i>The effects of normal market fluctuations and the state of the global economy may negatively impact the Company's business, financial condition or results of operations.</i></b> Certain macroeconomic developments could negatively affect the business, financial condition or results of operations of the Company and its portfolio companies or the Company's return on its investments. The Company's portfolio companies may suffer from cash flow or liquidity constraints or lower profitability. These portfolio companies and other investments of the Company may decline in value and its income may be reduced as dividend and interest payments decrease. In addition, if the banking system or the fixed income, credit or equity markets deteriorate or are volatile, the values, liquidity, default rates, interest income, gains on investments and/or the level of impairment provisions in respect of the Company's investments could be adversely affected. The Company's portfolio companies are typically small companies with fewer resources than larger businesses and an economic downturn may therefore have a more material adverse effect on them than their larger counterparts.</li> <li>• <b><i>The Company's financial performance will depend on the success of its investment strategy and the Company is dependent on the skill and judgment of the Investment Adviser.</i></b> There is no guarantee that the investment strategy adopted by the Company will provide the returns sought by the Company or even any return at all. There can be no guarantee, therefore, that the Company will achieve its corporate objective. The success of the Company in the pursuit of its corporate objective is also significantly dependent upon the expertise of the Investment Adviser, whose assessment of investments are based on assumptions and estimates that cannot be confirmed readily or at all and involve subjective judgements and forward-looking determinations by the Investment Adviser. If the Investment Adviser misjudges an investment, the actual returns on the investment may be less than anticipated at the time of acquisition, and it may prove difficult for the Company to dispose of the investment at a price similar to that of the original acquisition price. In addition, the Company is dependent on the skill and judgment of the Investment Adviser in effecting its investment strategy and believes that its success depends to a significant extent upon the skills and experience of the members of the Investment Adviser's team. Accordingly, the termination of the Investment Advisory Agreement or the departure of any key personnel from the Investment Adviser may have a material adverse effect on the Company's business, financial condition or results of operations.</li> </ul>

		<ul style="list-style-type: none"> <li>• <b><i>The Company may be unable to generate its expected, or even any, returns if it cannot identify and execute sufficient suitable opportunities for investment and reinvestment.</i></b> In order for the Company to continue to implement its investment strategy and generate returns for Ordinary Shareholders (whilst at the same time meeting the Company’s other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares), it must be able to identify and execute a sufficient number of suitable investment opportunities. There can be no assurance that suitable investment opportunities will materialise, prove attractive or be sufficient in quantity or size to permit the Company to invest its funds, in a timely manner, or at all, or that upon achieving the full or partial realisation of a given investment, the Company will be able to use those funds to make a further investment with a return the Company believes to be adequate. The Board expects that any uninvested funds may be invested in temporary investments pending their investment in longer-term investments such as portfolio companies or real estate; however, it is likely that the Company will not be able to generate the same level of returns on these temporary investments as it seeks to achieve through its investment strategy.</li> <li>• <b><i>Competition for investment opportunities may result in the Company being unable to find adequate investment opportunities.</i></b> Other funds, lenders, banks and institutions make investments that are similar to those that the Company targets. Many of these investors may be more established and have greater financial, technical and/or marketing resources than the Company. Some of them may have a lower cost of funds, greater access to funding sources, higher risk tolerances and/or different risk assessments. The Company may find it difficult to invest in an environment that includes investors of this type, as while the Company has a less restrictive investment policy following the amendments approved by Ordinary Shareholders earlier this year, it is the Company’s policy to be selective as to new business and to seek to maintain its credit discipline. The Company may lose future investment opportunities as it may be unwilling or unable to match investment prices, structures and terms offered by other investors on account of its selective approach and credit discipline. The existence of other investors together with the Company’s approach to selectivity and credit discipline even in light of its less restrictive investment policy may prevent the Investment Adviser from being able to identify and make investments on behalf of the Company that are consistent with its investment strategy or that generate attractive returns, which could have a material adverse effect on the Company’s business, financial condition or results of operations.</li> <li>• <b><i>The Company is subject to concentration risk in its investment portfolio.</i></b> The Company owns a relatively limited number of investments across a relatively few number of industries at any one time and is therefore subject to concentration risks in its portfolio. The Company may therefore be vulnerable to being significantly affected by events or developments in one or more of the sectors in which it has invested.</li> </ul>
--	--	---

		<ul style="list-style-type: none"> <li>• <b><i>The Company's investments may be illiquid.</i></b> Many of the Company's investments are illiquid and the Company expects that its future investments will typically also be illiquid. The Company's ability to sell its investments at short notice or at all – for example, in response to economic and other conditions – or to receive a fair price may therefore be limited.</li> </ul>
D.3	Key information on the key risks specific to the securities	<p><b><i>New Ordinary Shares only</i></b></p> <ul style="list-style-type: none"> <li>• <b><i>The Placing and Open Offer is conditional on, among other things, Ordinary Shareholder approval of the Placing and Open Offer and the Placing and Open Offer Related Party Transactions at the Extraordinary General Meeting.</i></b> If any of the Placing and Open Offer Resolution or the Placing and Open Offer Related Party Transaction Resolutions, each of which is to be proposed at the Extraordinary General Meeting, are not passed, the Placing and Open Offer will not proceed. In these circumstances, the Company will not receive the Net Proceeds of the Placing and Open Offer.</li> <li>• <b><i>Ordinary Shareholders who do not take up their Open Offer Entitlements in full will experience a dilution in their interests in the Company.</i></b> A Qualifying Ordinary Shareholder (or an Ordinary Shareholder in the United States or an Excluded Territory who is not eligible to participate in the Open Offer) that: (a) does not take up its Open Offer Entitlements in full will experience a dilution in its interests in the Company; and (b) does not take up any Open Offer Shares under the Open Offer will experience a dilution of approximately 36.0 per cent. to its interest in the Company as a result of the Placing and Open Offer.</li> <li>• <b><i>There are restrictions on the Company with respect to the payment of dividends.</i></b> Such restrictions may result in the Company being unable to pay dividends in line with its current dividend policy or at all.</li> <li>• <b><i>Ordinary Shareholders who hold their Ordinary Shares in certificated form will be required to dematerialise such Ordinary Shares prior to transfer on the London Stock Exchange.</i></b> Due to applicable regulatory requirements, any Ordinary Shareholders who hold their Ordinary Shares in certificated form will be required to dematerialise such Ordinary Shares prior to any transfer in, on or through the facilities of the London Stock Exchange. Dematerialising Ordinary Shares held in certificated form will require additional time and procedural steps, which Ordinary Shareholders holding Ordinary Shares in certificated form should factor in when contemplating any proposed transfer in, on or through the facilities of the London Stock Exchange.</li> </ul> <p><b><i>2016 ZDP Shares and 2022 ZDP Shares only</i></b></p> <ul style="list-style-type: none"> <li>• <b><i>ZDP Shareholders and/or holders of 2022 ZDP Shares may not receive their respective final capital entitlements.</i></b> The final capital entitlements are not guaranteed repayment amounts. On a return of assets, including pursuant to the winding-up of the Company, ZDP Shareholders and holders of 2022 ZDP Shares would receive their accrued entitlement only if there are sufficient surplus assets of the</li> </ul>

		<p>Company to the date of winding-up or return of such assets. Neither the 2016 ZDP Shares nor the 2022 ZDP Shares are protected or guaranteed investments.</p> <ul style="list-style-type: none"> <li>• <b><i>Interest rate rises are likely to lead to reductions in the market value of the 2016 ZDP Shares and/or the 2022 ZDP Shares.</i></b> The market value of the 2016 ZDP Shares and the 2022 ZDP Shares will be affected by changes in general interest rates, with upward movements in interest rates likely to lead to reductions in the market value of the 2016 ZDP Shares and/or the 2022 ZDP Shares.</li> </ul> <p><b><i>New Ordinary Shares, 2016 ZDP Shares and 2022 ZDP Shares</i></b></p> <ul style="list-style-type: none"> <li>• <b><i>There may be potential structural conflicts of interest between the different classes of shares of the Company.</i></b> The different rights and expectations of the share classes in issue from time to time may give rise to conflicts of interest between them. While the Company’s corporate objective and investment strategy will need to seek to balance the interests of shareholders, there can be no guarantee that such a balance can be achieved.</li> <li>• <b><i>There may not be a liquid secondary market for the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares, the price of which may all fluctuate.</i></b> There can be no assurance as to the liquidity of the trading market for the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares, and it may be difficult to realise an investment in the Company’s shares at their quoted market prices or at all. The price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares may rise or fall.</li> <li>• <b><i>The Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares are or will be subject to certain United States ownership and transfer restrictions.</i></b> The Company may in certain circumstances take unilateral action for the purposes of forcing the sale of the Company’s shares where such restrictions have been contravened.</li> </ul>
--	--	---

<b>Section E – Issues</b>		
E.1	<b>Net proceeds and expenses</b>	<p><b><i>Placing and Open Offer</i></b></p> <p>The total gross proceeds of the Placing and Open Offer are expected to be £98.1 million. The costs and expenses (exclusive of VAT) of, or incidental to, the Placing and Open Offer will be payable by the Company in full and are estimated to be approximately £3.0. No such costs or expenses will be directly charged to the purchasers of the New Ordinary Shares in connection with the Placing and Open Offer. The Net Proceeds receivable by the Company (after the deduction of costs and expenses (exclusive of VAT) of, or incidental to, the Placing and Open Offer payable by the Company) are therefore estimated to be approximately £95.1 million.</p> <p><b><i>ZDP Rollover Offer</i></b></p> <p>No proceeds will be generated by the ZDP Rollover Offer. The costs and expenses (exclusive of VAT) of, or incidental to, the ZDP Rollover Offer will be payable by the Company in full and are estimated to be approximately £0.5 million.</p>



E.2a	<p><b>Reasons for the Issue and use of proceeds</b></p>	<p>The Placing and Open Offer is the result of discussions between the Board and certain major Ordinary Shareholders who, together with the Investment Adviser, see a number of attractive potential investment opportunities being and becoming available to the Company for which it presently has insufficient capital. The Board also understands there to be an appetite from these Ordinary Shareholders to deploy additional capital to pursue such investment opportunities within the framework of the Company's investment policy. Ordinary Shareholders are reminded of the less restrictive nature of the Company's investment policy following the amendments approved by Ordinary Shareholders earlier this year. The Investment Adviser believes there to be opportunities to acquire high quality companies led by strong management teams at reasonable prices in both the United States and Europe as well as value-added opportunities in the property markets of Brooklyn, New York and Miami, Florida.</p> <p>The Board acknowledges that the Placing and Open Offer is unusual, particularly given that the Company is in good financial health, has a strong balance sheet and a record of achieving NAV growth in 23 out of the last 25 quarters. Notwithstanding this, the Company's Ordinary Shares remain at a discount to NAV. There are undoubtedly a number of reasons for this persistent discount, including lack of size and market liquidity. In the Board's opinion, traditional discount control mechanisms are either likely to be ineffective or, to the extent that they involve the return of capital to Ordinary Shareholders or shrinking the Company's portfolio, unappealing to Shareholders who are long-term investors in the Company.</p> <p>The plan outlined in the Chairman's statement accompanying the results for the year ended 28 February 2015 as it relates to a programme of realisations principally of identified US micro cap investments and select refinancings of assets within the US real estate portfolio remains in place and is unaffected by the Placing and Open Offer. The Board and the Investment Adviser in light of strong market conditions believe there to be the potential for achieving significant realisations out of the Company's US micro cap portfolio in the foreseeable future. The Board also believes that speculation about the impending redemption of the 2016 ZDP Shares is another factor affecting the discount to NAV of the Company's Ordinary Share price. In this context, the Company has become aware that there is appetite from certain investors who invest in zero dividend preference shares for the continuance of the 2016 ZDP Shares on terms which the Board believes will be beneficial to the Company. As a result, the Company is also proposing to issue 2022 ZDP Shares pursuant to the ZDP Rollover Offer and to seek Admission of the 2022 ZDP Shares to trading on the London Stock Exchange's Specialist Fund Market. Pursuant to the ZDP Rollover Offer, the Company will offer Qualifying ZDP Shareholders the option of: (a) exchanging a proportion of their 2016 ZDP Shares for 2022 ZDP Shares on 1 October 2015; or (b) repayment of the 2016 ZDP Share Final Capital Entitlement in respect of their 2016 ZDP Shares plus a further 3.7 pence per 2016 ZDP Share held to be paid on the 2016 ZDP Share Repayment Date, being 22 June 2016, in accordance</p>
------	---	---

		<p>with the terms and conditions of the 2016 ZDP Shares; or (c) a combination of (a) and (b) above.</p> <p>Although the Placing and Open Offer and the ZDP Rollover Offer have been driven by a desire to take advantage of new investment opportunities, an immediate consequence will be a reduction in gearing. The Placing and Open Offer and the ZDP Rollover Offer will enable the Company to degear its balance sheet and rebalance its debt maturity profile. Gross gearing on NAV will be reduced from approximately 46 per cent. to approximately 33 per cent. if both the Placing and Open Offer and the ZDP Rollover Offer proceed (assuming £50 million of 2016 ZDP Shares are rolled over into 2022 ZDP Shares).</p> <p>The pre-emptive nature of the Placing and Open Offer gives Ordinary Shareholders the opportunity to take up their <i>pro rata</i> share of the offering of the New Ordinary Shares. However, the Board recognises there will be a dilutive effect on Ordinary Shareholders who do not take up their entitlements in full. The Offer Price of 419.19 pence per New Ordinary Share represents a 2 per cent. discount to NAV as at 31 July 2015 and at this price a Qualifying Ordinary Shareholder (or an Ordinary Shareholder in the United States or an Excluded Territory who is not eligible to participate in the Open Offer) that does not take up any Open Offer Shares under the Open Offer will experience a dilution of approximately 36.0 per cent. It is therefore hoped that as many Qualifying Ordinary Shareholders as possible will support the Placing and Open Offer. In this regard, the Board can confirm that the Company has received irrevocable undertakings from certain existing Ordinary Shareholders to, among other things, vote in favour of each of the Resolutions that are required for the Placing and Open Offer to proceed. The commitments to vote in favour represent greater than 50 per cent. of the voting rights of the Ordinary Shares entitled to vote on such Resolutions. The support and investment of these investors further aligns the interests of the Company with certain of its existing Ordinary Shareholders.</p> <p>The Board has considered the Placing and Open Offer and the ZDP Rollover Offer and has concluded them both to be in the best interests of the Company and its Shareholders as a whole.</p> <p>The Net Proceeds of the Placing and Open Offer will allow the Company greater flexibility to fund future investments in accordance with its investment policy. In addition, the Net Proceeds will provide the Company with similarly greater flexibility for its general corporate purposes including managing the Company's liquid resources, in conjunction with loan facilities that the Company has arranged or may arrange in the future. The Company also intends to use a portion of the Net Proceeds to pay down the current outstanding balance of US\$40.1 million under the Deutsche Bank Facility. No proceeds will be generated by the ZDP Rollover Offer.</p>
--	--	--

E.3	<p><b>Terms and conditions</b></p>	<p><b><i>Placing and Open Offer</i></b></p> <p>The Company intends to issue by way of the Placing and Open Offer an aggregate of up to 23,406,698 New Ordinary Shares at an Offer Price of 419.19 pence per New Ordinary Share to raise total gross proceeds of £98,118,537 million (and Net Proceeds receivable by the Company (after the deduction of costs and expenses (exclusive of VAT) of, or incidental to, the Placing and Open Offer payable by the Company) of approximately £3.0 million).</p> <p>The Offer Price of 419.19 pence per New Ordinary Share represents a 2 per cent. discount to the Closing Price of an Existing Ordinary Share of 427.75 pence on 3 September 2015 (being the latest practicable date prior to the announcement of the Placing and Open Offer).</p> <p>JPMC has agreed, pursuant to the Placing Agreement, to place conditionally all the Placing Shares at the Offer Price with certain existing Ordinary Shareholders, being the Placees. Each of these Placees has agreed to place their subscription monies in respect of their Open Offer Shares at the Offer Price in full into escrow prior to the scheduled time for Admission of the New Ordinary Shares, to be automatically released to JPMC on behalf of the Company upon such Admission. The commitments of these Placees are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Ordinary Shareholders pursuant to the Open Offer. Subject to waiver or satisfaction of the conditions and the Placing and Open Offer not being terminated, any Open Offer Shares which are not applied for in respect of the Open Offer will be issued to the Placees with the proceeds retained for the benefit of the Company.</p> <p>The Placing and Open Offer is not being underwritten by JPMC.</p> <p>Qualifying Ordinary Shareholders are being given the opportunity to apply for the Open Offer Shares at the Offer Price and, subject to the terms and conditions of the Open Offer, <i>pro rata</i> to their holdings of Existing Ordinary Shares on the Open Offer Record Date on the following basis:</p> <p style="text-align: center;"><b>9 New Ordinary Shares for every 25 Existing Ordinary Shares</b></p> <p>registered in the name of the Qualifying Ordinary Shareholder on the Open Offer Record Date and so in proportion to any other number of Existing Ordinary Shares then registered.</p> <p>Fractions of New Ordinary Shares will not be allotted and each Qualifying Ordinary Shareholder's entitlement under the Open Offer will be rounded down to the nearest whole number of New Ordinary Shares. Fractional entitlements will be aggregated and will be placed pursuant to the Placing for the benefit of the Company.</p> <p>The New Ordinary Shares, if issued and fully paid, will be identical to and rank <i>pari passu</i> with the Existing Ordinary Shares except that they will not be eligible to receive the first interim dividend for the year ended 29 February 2016 if the dividend is declared and paid. The New Ordinary Shares will otherwise rank in full for all dividends and other distributions declared, made or paid on the Existing Ordinary Shares by</p>
-----	------------------------------------	---

		<p>reference to a record date on or after Admission of the New Ordinary Shares.</p> <p>No application in excess of a Qualifying Ordinary Shareholder's Open Offer Entitlement will be met, and any Qualifying Ordinary Shareholder so applying will be deemed to have applied for its Open Offer Entitlement only.</p> <p>The Company has also received irrevocable undertakings from certain existing Ordinary Shareholders to, among other things, subscribe for Open Offer Shares for or in excess of their <i>pro rata</i> entitlements at the Offer Price. These irrevocable undertakings amount to £88.8 million in aggregate. The Company has agreed to pay commissions to these Ordinary Shareholders in respect of their irrevocable undertakings. The commissions are calculated as being 1.00 per cent. on the value at the Offer Price of the total number of New Ordinary Shares the subject of the relevant Ordinary Shareholder's irrevocable undertaking (being the number of Open Offer Shares up to their <i>pro rata</i> entitlement plus any number in excess of such entitlement (if any)). These Ordinary Shareholders have also agreed pursuant to the irrevocable undertakings to vote in favour of the Resolutions at the Separate Class Meetings and the Extraordinary General Meeting in respect of which they are entitled.</p> <p>Admission of the New Ordinary Shares will be conditional upon, amongst other things: (a) Ordinary Shareholders who have provided irrevocable undertakings to the Company to subscribe for New Ordinary Shares remitting their subscription monies in cleared funds either with the UK Transfer and Paying Agent or into an escrow account, in each case at least the Business Day prior to such Admission; and (b) such subscription monies being equal to the Minimum Net Proceeds.</p> <p><b>ZDP Rollover Offer</b></p> <p>The Company is proposing to issue 2022 ZDP Shares pursuant to the ZDP Rollover Offer and to seek Admission of the 2022 ZDP Shares to trading on the London Stock Exchange's Specialist Fund Market. Pursuant to the ZDP Rollover Offer, the Company will offer Qualifying ZDP Shareholders the option of: (a) exchanging a proportion of their 2016 ZDP Shares for 2022 ZDP Shares on 1 October 2015; (b) repayment of the 2016 ZDP Share Final Capital Entitlement in respect of their 2016 ZDP Shares plus a further 3.7 pence per 2016 ZDP Share held to be paid on the 2016 ZDP Share Repayment Date, being 22 June 2016, in accordance with the terms and conditions of the 2016 ZDP Shares; or (c) a combination of (a) and (b) above.</p> <p>The rollover value attributed to a 2016 ZDP Share will be equal to its Accrued Capital Entitlement as at the ZDP Rollover Offer Date, being 349.6 pence. The 2022 ZDP Shares arising on the exchange of 2016 ZDP Shares pursuant to the ZDP Rollover Offer will be deemed to be issued at the 2022 ZDP Share Issue Price. The ZDP Rollover Offer will be effected by the exchange of those 2016 ZDP Shares that are validly elected and accepted to participate in the ZDP Rollover Offer for 2022 ZDP Shares issued pursuant to the ZDP Rollover Offer on the terms set out in the Company's New Articles. Subject to the</p>
--	--	--

		<p>ZDP Rollover Offer becoming unconditional and completed in accordance with its terms, each 2016 ZDP Share validly elected to be rolled over will be exchanged for one 2022 ZDP Share to be issued pursuant to the ZDP Rollover Offer.</p> <p>The ZDP Rollover Offer will, subject to certain exceptions, only be available to Qualifying ZDP Shareholders. All Overseas ZDP Shareholders should read Part XIII (<i>Details of the 2022 ZDP Shares</i>) of this Prospectus and refer to and read the Separate ZDP Circular.</p> <p>The holders of 2022 ZDP Shares will be entitled to receive a capital sum, being the 2022 ZDP Share Final Capital Entitlement, on the 2022 ZDP Share Repayment Date. The 2022 ZDP Share Final Capital Entitlement will be 349.6 pence increased at an equivalent annual rate equal to the 2022 ZDP Share GRY from the date of issue compounding daily until (but excluding) the 2022 ZDP Share Repayment Date.</p> <p>The 2022 ZDP Share Gross Redemption Yield has not been set at the date of this Prospectus but will be determined by way of a book-build reflecting orders received pursuant to the ZDP Rollover Offer. The 2022 ZDP Share GRY will be announced by the Company, on or around 25 September 2015, by way of an announcement through an RIS.</p> <p>Qualifying ZDP Shareholders wishing to make an election for 2022 ZDP Shares pursuant to the ZDP Rollover Offer will be required to indicate the number of 2016 ZDP Shares they wish to exchange for 2022 ZDP Shares pursuant to the ZDP Rollover Offer at different gross redemption yields ranging from 3.50 per cent. to 4.75 per cent. or at the Strike GRY. These orders will be aggregated by Equiniti Limited indicating the amount of demand at each gross redemption yield.</p> <p>The 2022 ZDP Share GRY will be set at the lowest gross redemption yield at which valid elections under the ZDP Rollover Offer have been received in respect of 2022 ZDP Shares with an aggregate value, at the 2022 ZDP Share Issue Price of at least £20 million and of not more than £50 million. Valid elections will therefore be subject to scaling back in the event of excess demand; the details of which are included in the Separate ZDP Circular. All valid elections under the ZDP Rollover Offer that are accepted will be exchanged at the 2022 ZDP Share GRY.</p> <p>A Separate ZDP Circular and a Separate ZDP Election Form containing, among other things, the terms and conditions of the ZDP Rollover Offer and the process for electing to exchange 2016 ZDP Shares for 2022 ZDP Shares should Qualifying ZDP Shareholders wish to do so, will be sent to such Qualifying ZDP Shareholders.</p> <p>Qualifying ZDP Shareholders who do not make a valid election to exchange all or some of their 2016 ZDP Shares for 2022 ZDP Shares pursuant to the ZDP Rollover Offer will be deemed to have elected to be repaid the 2016 ZDP Share Final Capital Entitlement in respect of their 2016 ZDP Shares not validly elected plus a further 3.7 pence per 2016 ZDP Share not the subject of a valid election, to be paid on the 2016 ZDP Share Repayment Date. Payment of such further amount will be conditional upon the Admission of the 2022 ZDP Shares</p>
--	--	--

		and the ZDP Rollover Offer becoming unconditional and completed in accordance with its terms.
E.4	<b>Material/conflicting interests</b>	Not applicable. No interest is material to the Placing and Open Offer or the ZDP Rollover Offer, including conflicting interests.
E.5	<b>Name of the person or entity offering to sell the securities Lock-up agreements</b>	Not applicable. No persons or entities are offering to sell the securities. There are no lock-up agreements.
E.6	<b>Dilution</b>	<p>The New Ordinary Shares issued pursuant to the Placing and Open Offer will represent approximately 26.5 per cent. of the Ordinary Shares on Admission of the New Ordinary Shares.</p> <p>A Qualifying Ordinary Shareholder (or an Ordinary Shareholder in the United States or an Excluded Territory who is not eligible to participate in the Open Offer) that:</p> <ul style="list-style-type: none"> <li>• does not take up its Open Offer Entitlements in full will experience a dilution in its interests in the Company; and</li> <li>• does not take up any Open Offer Shares under the Open Offer will experience a dilution of approximately 36.0 per cent. to its interest in the Company as a result of the Placing and Open Offer.</li> </ul> <p>The ZDP Rollover Offer will not have any dilutionary effect on Shareholders' interests in the Company.</p>
E.7	<b>Estimated expenses charged to investors</b>	Not applicable. There are no direct costs charged to investors.

## RISK FACTORS

*Any investment in the New Ordinary Shares and/or an election for the 2022 ZDP Shares pursuant to the ZDP Rollover Offer or continuing an investment in the 2016 ZDP Shares is subject to a number of risks. Accordingly, prior to making any investment and/or election decision, Shareholders should carefully consider all the information contained in this Prospectus and, in particular, the risk factors described below. Qualifying ZDP Shareholders should also read in its entirety the Separate ZDP Circular in respect of the ZDP Rollover Offer which will be sent to Qualifying ZDP Shareholders before making any election for the 2022 ZDP Shares pursuant to the ZDP Rollover Offer.*

*Shareholders should note that the risks relating to the Company, its investments and the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares, as applicable, summarised in the section of this Prospectus entitled “Summary” are the risks that the Directors believe to be the most essential to an assessment by Shareholders of whether to consider an investment in the New Ordinary Shares and/or an election for the 2022 ZDP Shares pursuant to the ZDP Rollover Offer or continuing an investment in the 2016 ZDP Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, Shareholders should consider not only the information on the key risks summarised in the section of this Prospectus entitled “Summary” but also, among other things, the risks and uncertainties described below.*

*The Board considers the following risks to be material for Shareholders. However, the following is not an exhaustive list or explanation of all risks that Shareholders may face when making an investment in the New Ordinary Shares and/or an election for the 2022 ZDP Shares pursuant to the ZDP Rollover Offer or continuing an investment in the 2016 ZDP Shares and should be used as guidance only. Additional risks and uncertainties not currently known to the Board, or that the Board currently deems immaterial, may also have a material adverse effect on the Company’s financial condition, business, prospects and/or results of operations. In such a case, the market price of the Ordinary Shares, the 2016 ZDP Shares and/or 2022 ZDP Shares could decline and Shareholders may lose all or part of their investment and, in the case of the 2016 ZDP Shares and the 2022 ZDP Shares, their respective final capital entitlements. Shareholders should consider carefully whether an investment in the New Ordinary Shares and/or an election for the 2022 ZDP Shares pursuant to the ZDP Rollover Offer or continuing an investment in the 2016 ZDP Shares is suitable for them in light of the information in this Prospectus and, in the case of Qualifying ZDP Shareholders, the Separate ZDP Circular. If Shareholders are in any doubt about any action they should take, they should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the FSMA or, in the case of Shareholders outside the United Kingdom, another appropriately authorised independent financial adviser. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Company’s financial condition, business, prospects and/or results of operations.*

*Shareholders should read this section in conjunction with this entire Prospectus and, in the case of Qualifying ZDP Shareholders, the Separate ZDP Circular.*

### **1. Risks relating to the Company’s business and its investments**

#### **1.1 *The state of the global economy, as well as normal market fluctuations, may negatively impact the business, financial condition or results of operations of the Company and its portfolio companies or the Company’s return on its investments.***

The overall state of the global economy, economic conditions in the United States and Europe where the Company focuses its micro cap buy-out business, as well as normal fluctuations in credit and capital markets have a significant impact on the Company’s business and the profitability of its investments. The global financial system began to experience difficulties in mid-2007. This resulted in severe dislocation of financial markets around the world, significant declines in the values of nearly all asset classes and unprecedented levels of illiquidity in capital markets. Although conditions have improved in many markets, uncertainty continues to surround the pace and scale of economic recovery and conditions could deteriorate. Performance in the European Union and the Eurozone

overall has generally improved since the global downturn, helped by measures taken by the European Central Bank to boost prices and growth in the form of quantitative easing. In addition, the US Federal Reserve ended its bond-buying programme but interest rates have continued to remain low although both the Federal Reserve and the Bank of England have indicated that interest rates may increase later this year. However, the financial turmoil in Greece, the outcome of which is still uncertain, together with broader uncertainty with respect to the European Union and the Eurozone (including the possibility of sovereign debt defaults, further austerity measures and European Union and/or Eurozone exits, including the possible exit of the UK from the European Union) has the potential to further unsettle markets. These macroeconomic developments along with others could negatively affect the business, financial condition or results of operations of the Company and the companies within the Company's micro cap buy-out portfolios, which may suffer from cash flow or liquidity constraints, lower profitability or other adverse effects. The Company's portfolio companies are typically small companies with fewer resources than larger businesses and an economic downturn may therefore have a more material adverse effect on them than their larger counterparts. These portfolio companies and other investments of the Company (including debt and equity securities and real estate) may decline in value during an economic downturn and the Company's income may be reduced as dividend and interest payments decrease. A renewed deterioration of the economy, or its failure to further recover, whether globally, in the United States or in Europe, could have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

In addition, the Company's investments are subject to normal market fluctuations and the risks inherent in the purchase, holding or selling of businesses, their securities and real estate. There can be no assurance that the value of these investments will appreciate or not depreciate or that the Company will be able to realise any investment on a basis which reflects the Company's valuation of that investment for the purposes of calculating the Company's NAV. Furthermore, if the banking system or the fixed income, credit or equity markets deteriorate or are volatile, the values, liquidity, default rates, interest income, gains on investments and/or the level of impairment provisions in respect of the Company's investments could be adversely affected. Any one, or any combination, of these factors could have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

#### 1.2 ***The Company's investment strategy may fail to generate anticipated, or even any, returns.***

The Company's financial performance depends on the success of its investment strategy, which focuses primarily on investments in businesses in the United States and Europe and in US real estate. The Company's investment policy permits investments in:

- small or micro cap buyouts in the form of debt and equity and preferred stock;
- real estate or real estate-linked investments and natural resources investments;
- debt opportunities including mezzanine investments comprising loans and high yield securities and listed bank debt including senior secured debt and second lien loans; and
- other debt and equity opportunities, including distressed debt and structured and off-balance sheet financings, derivatives and publicly traded securities.

The Company aims to make investments that will create long-term value for Ordinary Shareholders through both significant capital appreciation and investment income, including income from dividends and interest, whilst at the same time meeting the Company's other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares. However, there is no guarantee that the investment strategy adopted by the Company will provide the returns sought by the Company or even any return at all.



Economic and industry conditions (including, for example, interest rates, recession, inflation, deflation, foreign exchange rates, demand for or production of commodities and competition), social, political and diplomatic events, tax and other laws or regulations and other factors, whether affecting the United States or Europe alone or other countries and regions more widely, can substantially and adversely affect the value of the Company's investments.

Investments that the Company makes may not appreciate in value and, in fact, may decline in value. In addition, issuers of debt securities which the Company holds as investments may default on payments of interest, principal or both, issuers of equity securities may not declare or pay dividends, and issuers of equity and debt securities can go bankrupt. The Company may also make debt investments in portfolio companies which are subject to the same risks with respect to defaults on payments of interest, principal or both and bankruptcy. Accordingly, the Company cannot assure investors that its investments will generate gains or income or that the gains or income generated will be sufficient to offset any losses that may be sustained. Any of these effects may be further exacerbated where the Company uses gearing in its investments, for example if the Company has borrowed funds required to make the investments and the costs of borrowing exceeds the returns generated by the investments. Any failure by the Company to achieve anticipated returns from its investment strategy, whether due to the above factors or otherwise, could have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares. If NAV and/or the Company's investment income decline, the amount of dividends receivable by the Ordinary Shareholders will be reduced.

1.3 ***The Company may fail to realise the value of the investments that it reports from time to time.***

A substantial majority of the Company's portfolio is in the form of investments for which market quotations are not readily available, and the Board expects this will continue to be the case for nearly all of the Company's future investments. The Company's investments are valued at fair value on the basis described in Part II (*Information on the Company*) of this Prospectus. The valuation methodologies involve a significant degree of judgement. Valuations, particularly valuations of investments for which market quotations are not readily available, are inherently uncertain, may fluctuate over short periods of time and are based on estimates. As a consequence, determinations of fair value may differ materially from values that would have resulted if a ready market had existed and from the values the Company is ultimately able to realise.

Even where market quotations are available for the Company's investments, the quotations may not reflect the value that would be realised because of various factors, including the possible illiquidity associated with a large ownership position, subsequent illiquidity in the market for a company's securities, future market price volatility or the potential for a future loss in market value based on poor industry conditions and the market's view of overall company and management performance.

With respect to the Company's real estate investments, the valuation of property is inherently subjective and is based on a number of assumptions, which may not turn out to be accurate. In determining the fair value of real estate assets, one aspect of the valuation process is third party appraisals on the subject property, where available. Appraisals may be made subject to assumptions in respect of matters including, but not limited to, the existence of willing sellers or buyers in uncertain market conditions, title, condition of structure and services, deleterious materials, environmental matters, statutory requirements and planning, expected future rental revenues from the asset and other information. Incorrect assumptions underlying the valuations could negatively affect the value of any of the Company's real estate investments or investments of this type that the Company acquires. As a result, the values of third party appraisals of the Company's properties, or the prices paid by the Company to acquire those properties in reliance on those appraisals in combination with the Company's other parts of its valuation methodology for real estate investments, may not accurately reflect their current or future values, or the price at which the Company will be able to liquidate its investment in that asset.

The Company's NAV could be adversely affected if the values of investments recorded are materially higher than the values that are ultimately realised upon the disposal of the investments. Furthermore, changes in values attributed to investments from quarter to quarter may result in volatility in NAV and results of operations that the Company reports from period to period. The Company cannot give any assurance that the investment values that are recorded from time to time in its financial statements, or the unrealised investment values that are presented in this Prospectus, will ultimately be realised, even where a disposal occurs shortly after the relevant valuation date. If the Company fails to realise these investment values, this could have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

1.4 ***The Company may be unable to generate its expected, or even any, returns if it cannot identify and execute sufficient suitable opportunities for investment and reinvestment.***

In order for the Company to continue to implement its investment strategy and generate returns for Ordinary Shareholders (whilst at the same time meeting the Company's other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares), it must be able to identify and execute a sufficient number of suitable investment opportunities. There can be no assurance that suitable investment opportunities will materialise, prove attractive or be sufficient in quantity or size to permit the Company to invest its funds, in a timely manner, or at all, or that upon achieving the full or partial realisation of a given investment, the Company will be able to use those funds to make a further investment with a return the Company believes to be adequate. The Board expects that any uninvested funds may be invested in temporary investments pending their investment in longer-term investments such as portfolio companies or real estate; however, it is likely that the Company will not be able to generate the same level of returns on these temporary investments as it seeks to achieve through its investment strategy. If the Company is unable to identify and execute a sufficient number of suitable investment and/or reinvestment opportunities to implement its investment strategy, this could have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

1.5 ***Competition for investment opportunities may result in the Company being unable to find adequate investment opportunities.***

The Company faces competition for investments from many sources including private equity funds, mezzanine lenders, commercial and investment banks and other institutions. With regard to its real estate investments, the Company will also face competition from real estate portfolio investors and other types of investors for the purchase of desirable real estate assets in the geographical markets on which the Company is focused, currently Brooklyn, New York, and Miami, Florida. Many of these investors may, among other things, be more established in the relevant markets and/or have greater financial, technical and/or marketing resources than the Company. Some of them may have a lower cost of funds or access to funding sources that are not available to the Company. In addition, some of them may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than the Company. The Company may find it difficult to invest in an environment that includes investors of this type, as while the Company has a less restrictive investment policy following the amendments approved by Ordinary Shareholders earlier this year, it is the Company's policy to be selective as to new investments and to seek to maintain its credit discipline. The Company may lose future investment opportunities as it may be unwilling or unable to match investment prices, structures and terms offered by other investors. The existence of other investors together with the Company's approach to selectivity and credit discipline even in light of its less restrictive investment policy may prevent the Investment Adviser from being able to identify and make investments on behalf of the Company that are consistent with its investment strategy or that generate attractive returns for Ordinary Shareholders (whilst at the same time meeting the Company's other financial obligations including in relation to the 2016 ZDP Shares and the 2022

ZDP Shares). Furthermore, for the Company's real estate investments, there is a limited supply of properties existing in the localities and having the characteristics targeted by the Company which coupled with long lead-in times for the development of new assets results in strong competition which may exacerbate these factors. Any one, or any combination, of these factors could have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

**1.6 *The Company is subject to concentration risk in its investment portfolio which may render the Company vulnerable to being significantly affected by events or developments in one or more markets.***

The Company owns a relatively limited number of investments across a relatively few number of industries at any one time and is therefore subject to concentration risks in its portfolio. For example, a large proportion of the Company's current investment portfolio is comprised of United States and Europe-based micro cap portfolio companies, which means that the Company may be significantly affected by events or developments outside of its control that impact the United States and Europe micro cap markets generally or the specific sectors in which the Company's portfolio companies operate including the industry sectors or verticals in which the Company invests as part of its US micro cap segment. There can be no assurance that the Company will not be negatively affected by events or developments in one or more of the sectors in which it has invested. These events or developments may have a larger impact on the Company than they would have on companies with larger, more diverse investment portfolios. Furthermore, the Company's real estate investments consist of a portfolio of properties in Brooklyn, New York and Miami, Florida, which means that the Company is significantly exposed to the risk of negative events or developments in the real estate markets in these two locations, including with respect to real estate prices and liquidity. As a result of the various ways in which risks in the Company's portfolio may be concentrated, whether with respect to geographic, industry, sectoral or market characteristics, an adverse event or development in any one or more markets may have an impact on the overall value or profitability of the Company's portfolio, which could have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

**1.7 *The Company's investments may be illiquid, which may limit the Company's ability to realise its investments at short notice or at all or at a fair price.***

Many of the Company's investments are illiquid and the Company expects that its future investments will typically also be illiquid. The Company's ability to sell its investments at short notice or at all – for example, in response to economic and other conditions or in the event the Company has to meet financial obligations in excess of its capital reserves – or to receive a fair price may therefore be limited.

Any securities and loans which the Company may purchase in connection with privately negotiated transactions, including in its micro cap buy-out portfolios, may be subject to contractual or other restrictions on transfers and may not be registered under relevant securities laws, resulting in restrictions on their transfer, sale, pledge or other disposition. With respect to some of the Company's co-investments, the ability of the Company to transfer its interests is subject to restrictions such as the requirement for majority investor consent prior to transfer. These restrictions may adversely affect the marketability and liquidity of those investments. Further, there is no public trading market for unlisted microcap securities and therefore, their securities are illiquid by nature. As at the date of this Prospectus, a substantial majority of the Company's investments are less liquid than publicly traded securities. Illiquidity in the Company's investments may make it difficult for the Company to obtain cash equal to the recorded value of the investment should the need arise.

Additionally, senior secured debt, mezzanine loans and second lien loans are typically issued as private loans which have no, or a limited, trading market and therefore these types of investments will be illiquid. In order to induce banks and institutional investors to invest in senior secured debt and mezzanine and second lien loans, and to obtain a favourable rate of interest, an issuer often provides the investors therein with extensive information about its business, which is not generally available to the public. Due to the provision of confidential information (and consequent restrictions on trading), the unique and customised nature of agreements and the private syndication, these loans are often illiquid. Furthermore, where there is not a readily available market for these investments, the ability to deal in any of these investments or obtain reliable information about the secondary market value of the investment or risks to which the investment is exposed may be limited.

Further, real estate assets can be relatively illiquid due to the unique nature of each asset, the specialist nature of the market participants, the size of the property or development, the potential time and cost implications of disposing of the assets and the varying demand for real estate assets. In addition, investments in commercial real estate assets can be relatively illiquid for reasons including, but not limited to, the long-term nature of leases and commercial properties being tailored to tenants' specific requirements. Illiquidity in real estate assets, especially during periods of financial stress, may affect the Company's ability to vary its investment portfolio or dispose of real estate assets in a timely fashion and/or at satisfactory prices in response to changes in economic, real estate market and/or other conditions.

As a result of illiquidity in the Company's investments, the ability of the Company to sell any investment held in its portfolio at short notice or at all, or at a fair price, in response to changes in economic and other conditions or other funding requirements may be limited, which could have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

1.8 ***Small private investments are risky specialist investments and the Company cannot ensure that there will be sufficient, or any, returns on these types of investments.***

The Company's debt and equity investments in its small private portfolio companies are exposed to significant risks. These risks include the following:

- (a) portfolio companies may be highly leveraged and subject to significant debt service obligations, stringent operating and financial covenants and/or risks of default under financing and other contractual arrangements, which could trigger severe adverse consequences for the portfolio company and for the value of the Company's investment in the company if a default were to occur;
- (b) portfolio companies may have limited financial resources, especially if they are "distressed companies", and may be unable to meet their obligations under their securities, which may be accompanied by a deterioration in the value of their equity securities or any collateral or guarantees provided with respect to their debt;
- (c) portfolio companies typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which may render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- (d) portfolio companies are more likely to depend on the management talents and efforts of a small group of persons and, as a result, the death, disability, resignation or termination of one or more of those persons could have a material adverse impact on their business and prospects and the investment made;
- (e) portfolio companies generally have less predictable operating results, may be engaged in rapidly changing businesses with products and/or services subject to a substantial risk of obsolescence and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; and

- (f) portfolio companies may have weaknesses or deficiencies in their accounting systems, which may make it more difficult for the Company to accurately assess their financial condition and operating results.

Additionally, the Company's primary investment strategy in its US micro cap portfolio is the vertical strategy, which involves the Company investing in a number of companies in the same industry sector with the intention of integrating them, as appropriate, and ultimately reselling the resulting larger company as one entity. Each of the companies being combined to form the vertical will, at least initially, have different structures and systems in place, as well as different accounting and financial policies, procedures and controls, and the Company may face difficulties in successfully managing the integration of the acquired businesses and their accounting and financial systems and controls.

If any one, or any combination, of these risks materialises, the Company may not generate the expected, or even any, returns on the current or future investments made in the portfolio companies, which could have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

**1.9 *The Company typically does not control its portfolio companies and cannot therefore ensure that they do not make decisions that decrease the returns to the Company from that investment.***

While the Company may acquire controlling stakes in some portfolio companies, it typically does not, and does not expect to, control the companies in its investment portfolio, even though its agreements with some of those companies may contain certain restrictive covenants. Portfolio companies will have their own management teams and the Investment Adviser may or may not have board representation. As a result, the Company is subject to the risk that its portfolio companies may make business decisions with which it disagrees.

The Company also invests in some portfolio companies as well as certain real estate projects through co-investments. Such co-investments typically involve two or more private investors serving together or collectively as co-investors. In co-investments, other co-investors may have governance rights (which the Company may not have) and may pursue investment approaches with which the Company may not agree. The Company may not be able to realise some or all of the benefits that it was seeking to achieve from these investments such as cost savings or revenue enhancements and it may be unable to exit these investment at a time when the Company believes it is beneficial to do so. Participation in co-investments could also expose the Company to the risks that:

- co-investors may have economic or other interests that are inconsistent with the Company's interests and may be in a position to take or influence actions that are contrary to the Company's interests and plans;
- disputes may develop between the Company and co-investors, with any litigation or arbitration resulting from any disputes increasing the Company's expenses and distracting the Board and/or the Investment Adviser from their other managerial tasks;
- the Company could be required to exit its investment earlier than anticipated or desired as a result of contractual provisions requiring the Company to sell its interest upon a sale by the majority investor;
- co-investors may become insolvent or bankrupt, or fail to fund their share of any capital contribution that might be required, which may result in the Company having to pay the co-investor's share or risk losing the co-investment;
- co-investors may breach agreements related to a co-investment, which may cause a default under those agreements and result in liability for the Company; and
- the Company may become liable for, or suffer reputational damage as a result of, the actions of co-investors.

Where the Company makes a debt investment in a portfolio company, the management of the portfolio company, as representatives of the holders of the Company's common equity, may take risks or otherwise act in ways that do not serve the Company's interests as a debt investor. As a result, a portfolio company may make decisions that could decrease the value of the Company's debt investment.

Because of the limited control the Company typically has over its portfolio companies and any debt investment the Company makes in those portfolio companies, as well as, the risks associated with the participation of co-investors, the Company cannot ensure that these types of investments will generate the returns expected, or any returns. The failure to do so could have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

**1.10 *Investments in the real estate sector are risky and the Company cannot ensure that there will be sufficient, or any, returns on these types of investments.***

The Company holds its interests and makes its investments in US real estate through JZCP Realty Fund (in which the Company owns 100 per cent. of the shares and voting rights). Its investments consist of a portfolio of properties, both residential and commercial (including retail and office), as well as development properties, in Brooklyn, New York and Miami, Florida. The Company's real estate investments are exposed to significant risks, including:

- (a) the United States economy and real estate market conditions both generally and locally impact the Company's real estate investments and may negatively impact the revenues earned from property assets and the price and time at which the Company is able to acquire and dispose of those assets. Market conditions may also have a negative impact on the Company's ability to identify and execute sufficient suitable opportunities for investment in real estate. The performance of the Company's real estate investments will also depend on the performance of the residential, commercial (including retail and office) and development sectors in the local markets in which it invests;
- (b) the Company, which makes its real estate investments through JZ Realty Fund, relies upon RedSky Capital to source suitable real estate investment opportunities and manage its properties;
- (c) the Company may invest, through JZ Realty Fund acting in concert with RedSky Capital, in certain real estate projects controlled by third parties; as a result, the Company may be subject to certain investment restrictions and may not be in a position to exit such real estate projects without the consent of the project entity or the controlling third party;
- (d) the performance of the Company's real estate investments may be adversely affected by changes to planning legislation or practice. The Company's ability to carry out proposals to maximise returns from properties, including extensions and structural changes, together with new development, will be subject to planning decisions which could lead to delays and constraints on the performance of those investments;
- (e) the Company will be dependent on the performance of third party contractors and sub-contractors who may fail to perform their contractual obligations or who may fail to do so on time or at the expected cost, particularly where the Company has invested in development property assets. Any failure of a contractor to perform its contractual obligations could adversely impact the value of those assets. In addition, there is a risk of disputes with third party contractors or sub-contractors should they fail to perform contractual obligations; and
- (f) particularly in relation to the Company's development properties there is a risk that it will be unable to achieve projected rental levels or anticipated lease take-up. There is also a risk that tenants of the Company's properties may default on their leases or, where permitted, assign their leases to an assignee that is less creditworthy than they are, in which case the Company's

exposure to the risk of tenant default would increase, which could result in delays in receipt of rental and other contractual payments, inability to collect these payments at all or the termination of a tenant's lease. The terms contained within the leases of the Company's properties are likely to vary from lease to lease and will be dependent upon the terms agreed between the Company (or the original landlord) and the tenant.

If any one, or any combination, of these risks materialises, the Company may not generate the expected, or even any, returns on its current or future real estate investments, which could have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

**1.11 *The Company may suffer losses in respect of its real estate assets in excess of insurance proceeds, if any, or from uninsurable events.***

The Company's properties, some of which are located in areas susceptible to hurricanes and tropical storms, may suffer physical damage resulting in losses (including loss of rent) which may not be compensated by insurance fully, or at all. There are also certain types of losses, generally of a catastrophic nature, that may be uninsurable or are not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations and other factors might also result in insurance proceeds being unavailable or insufficient to repair or replace a real estate asset or pay for environmental clean-up costs. Should any uninsured loss or loss in excess of insured amounts be incurred, the Company may lose capital invested in that property as well as anticipated future revenue therefrom. In addition, the Company may be liable to repair damage caused by uninsured risks, as well as retaining debt or other obligations against the property. Any material uninsured losses may have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

**1.12 *The Company may be subject to environmental liabilities in respect of its real estate assets.***

The Company may be exposed to future environmental liabilities and/or obligations with respect to its real estate assets. The discovery of previously undetected environmentally hazardous conditions in the Company's properties could result in unforeseen remedial work or future liabilities even after disposal of the property. The Company may be liable for the cost of removing or remediating hazardous or toxic substances on, under or in the property, which cost could be substantial. While the Investment Adviser and the management team perform or procure the performance of environmental due diligence before acquiring properties, there is still a risk that third parties may seek to recover from the Company for personal injury or property damage associated with exposure to any release of hazardous substances. Furthermore, the presence of environmentally hazardous substances, or the failure to remediate damage caused by these substances, may adversely affect the Company's ability to sell or lease the relevant property which would, in turn, have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

**1.13 *The Company's investments in senior secured debt, mezzanine and second lien loans, high yield securities and other debt including the Company's debt investments in portfolio companies may involve significant risks and the Company may not generate the expected, or even any, returns on these types of investments.***

The Company invests partly in senior secured debt, mezzanine and second lien loans, high yield securities and other debt and fixed income securities and a portion of the Company's income is derived from interest and other payments on these assets. A wide range of factors could adversely

affect the ability of borrowers to make interest or other payments on these loans and securities including:

- adverse changes in the financial condition of those borrowers, or the industries or regions in which they operate;
- systemic risk in the financial system;
- changes in law and taxation;
- a downturn in general economic conditions;
- changes in interest rates, governmental regulations or other policies; and
- natural disasters, terrorism, social unrest and civil disturbances.

The Company may also make debt investments in portfolio companies which are also subject to these risks.

If any one, or any combination, of these factors affects the ability of the borrowers to make any payments due under any of the Company's debt investments and/or the Company's debt investment in a portfolio company, the Company may not generate the expected, or even any, returns on its current or future debt investments, which could have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

In addition, if the Company makes any of these types of investments in the securities and obligations of distressed companies, it might not receive the payments due to the Company. These types of investments are generally considered to be speculative and the repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer of those obligations might not make any interest or other payments. The Company can therefore not ensure the level or timing of any payment or returns it will receive from its investments in distressed companies or even if it will receive any payments at all.

1.14 ***Market values of publicly traded securities that are held as investments may be volatile, which may impair the ability of the Company to generate returns from these types of investments.***

The Company's debt and equity investments may include investments in publicly traded securities such as listed equity or high yield bonds. The Company's debt and equity investments may also include investments in private portfolio companies that subsequently become publicly listed, sometimes in connection with the exit strategy of the Company or other investors. The market prices and values of publicly traded securities of companies in which the Company has invested may be volatile and are likely to fluctuate due to a number of factors beyond the Company's control, including:

- actual or anticipated fluctuations in the quarterly, interim and annual results of the companies in which investments are made and other companies in the industries in which they operate;
- market perceptions concerning the availability of additional securities for sale;
- general economic, social or political developments;
- changes in industry conditions;
- changes in government regulation;
- shortfalls in operating results from levels forecast by securities analysts;
- the general state of the securities markets; and



- other material events, such as significant management changes, refinancings, acquisitions and dispositions.

Any changes in the values of these investments could reduce or eliminate the Company's gains or result in losses on these investments, and could prevent or delay the Company from realising these investments at the time and for the price it anticipated, which could have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

**1.15 *The Company's due diligence may not identify all risks and liabilities in respect of its investments.***

The Investment Adviser's, the Company's other advisers and partners and other third parties' due diligence may not identify all risks and liabilities in respect of the investments that it makes prior to the time of execution. Prior to execution of an investment, the Investment Adviser carries out the investment process as described in Part III (*Information on the Investment Adviser*) in this Prospectus which includes, among other things, due diligence on the investment. The Investment Adviser may also rely in part on the Company's other advisers and partners and other third parties to conduct a significant portion of this due diligence, in particular in relation to its real estate investments which the Company makes through JZ Realty Fund and relies upon RedSky Capital to, among other things, source suitable real estate investment opportunities. To the extent the Investment Adviser, the Company's other advisers and partners or other third parties underestimate or fail to identify risks and liabilities associated with the investment in question, the Company may incur, directly or indirectly, unexpected liabilities. This may, in turn, have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

**1.16 *The private companies in which the Company invests may not provide information for due diligence or ongoing monitoring by the Company, which may impair the Company's ability to adequately assess, or if necessary mitigate, the risks associated with an investment.***

Prior to making an investment in a company, whether through equity or debt, the Company or the Investment Adviser may have access to little or no publicly available information and may only have had the opportunity to carry out a limited due diligence exercise. Furthermore, there can be no assurance as to the adequacy or accuracy of information provided during any due diligence exercise or that the information provided will remain accurate in the period from conclusion of the due diligence exercise until the making of the investment. As a result, the investment may expose the Company to risks that it did not take into consideration when calculating the expected returns and deciding to make its investment.

When acquiring interests in companies for the Company's micro cap portfolios and making other investments, actual or uncertain potential risks or liabilities which may have become apparent during due diligence (for example tax, environmental, capital expenditure or other risks or costs) may not have been reflected, fully or at all, in the purchase price of the relevant investment, or protected against through contractual arrangements, and the value of the investment in the Company's portfolio may be reduced. Similarly, the Company or the Investment Adviser may have made decisions about the materiality of contingent or actual risks or liabilities identified during due diligence that may not in practice turn out to have been accurate.

The agreements which the Company enters into in making investments in portfolio companies and other investments may contain only limited representations and warranties from the relevant vendors in favour of the Company or the relevant entity through which the Company invests. The vendor's liability may be limited in, for example, time and amount, and the agreements may contain limited or no other contractual protection. In addition, there can be no assurance as to the ability of the relevant vendor to satisfy any claims which may be made under any the relevant agreement.

Where the Company makes an investment as part of a debt syndication process, the due diligence reports prepared for the original transaction will typically not be addressed to, and hence would not be able to be relied upon by, the Company and may not have been updated prior to the Company's participation. Even if the Company is able to rely upon a due diligence report, the Company's reliance will be limited by the scope of the report and any applicable contractual limitations on liability.

Furthermore, once the Company makes an investment, while the Company typically has a right to information with respect to that investment including for ongoing monitoring purposes, it may be the case that information is not provided in a timely manner or at all.

Any investment that exposes the Company to risks of which it was not aware through either due diligence or ongoing monitoring or against which it failed or was unable to protect itself in an adequate manner may not perform as anticipated, which may have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

**1.17 *The Company may be subject to liability following the disposal of investments, which could cause the Company to incur additional costs.***

The Company has disposed of and expects to continue to dispose of investments from each of its portfolios in the ordinary course of its business in line with its investment and realisation strategy. Upon the occurrence of any disposals, the Company may be required to give representations and warranties about investments and to pay damages to the extent that any representations or warranties turn out to be inaccurate. In certain circumstances, it is possible that any incorrect representations or warranties could give rise to a right by the counterparty to unwind the disposal and/or require the Company to pay damages. Certain obligations and liabilities associated with the ownership of investments can also continue to exist notwithstanding any disposal, for example environmental liabilities in the case of the Company's real estate investments. If the Company has to pay any damages as a result of any liability or is forced to incur any additional costs, for example in connection with unwinding a previous disposal, this could have a material adverse effect on the Company's financial condition and results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

**1.18 *The Company uses its relationships with, and the services of, third parties to help source investment opportunities the loss of which could adversely affect future investment opportunities available to the Company.***

The Company, through the Investment Adviser, uses its relationships with, and the services of, business brokers, private equity houses and banks to source new opportunities. In addition, the Company which makes its real estate investments through JZ Realty Fund relies upon RedSky Capital to, among other things, source suitable real estate investment opportunities. The loss of these relationships could affect the number and quality of future investment opportunities that become available to the Company and/or the terms on which those investment opportunities can be made which may have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

**1.19 *The Company's investment strategy includes the use of leverage, which exposes the Company to risks associated with borrowing.***

The Company uses leverage itself and in its portfolio companies to assist in the fulfilment of its corporate objective. Although the Investment Adviser and the Company seek to use leverage in a manner they believe is prudent, the use of leverage exposes the Company to a variety of risks associated with borrowing, including adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the Company's investments.

To the extent the Company itself incurs a substantial level of indebtedness, this could also reduce the Company's financial flexibility and cash available to pay dividends to Ordinary Shareholders and/or the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares due to the need to service its debt obligations. Prior to agreeing to the terms of any debt financing, the Company considers its potential debt servicing costs and other financial obligations and all relevant financial and operating covenants and other restrictions, including restrictions that might limit the Company's ability to make distributions to Ordinary Shareholders. However, if certain extraordinary or unforeseen events occur, including breach of financial covenants, the Company's borrowings and any hedging arrangements entered into in respect of them may be repayable prior to the date on which they are scheduled for repayment or could otherwise become subject to early termination. The Company is also subject to certain financial covenants with respect to its borrowings including, for example, in the Guggenheim Facility where the Company is required to comply with certain minimum asset coverage ratios and minimum liquidity thresholds. If the Company is required to repay borrowings early or is unable to comply with its financial covenants, it may be forced to sell assets when it would not otherwise choose to do so in order to make the payments and it may be subject to pre-payment and other penalties. Creditors could also force the sale of an asset through foreclosure or through the Company being put into administration. In addition, in the event that the income from the Company's portfolio falls, the use of leverage increases the impact on the net income of the Company and, accordingly, may have a material adverse effect on the Company's ability to pay dividends to Ordinary Shareholders and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares. Moreover, in circumstances where the value of the Company's assets is declining, the use of leverage by the Company may depress its NAV. The Company may also find it difficult, costly or not possible to refinance indebtedness as it matures and, if interest rates are higher when the indebtedness is refinanced, the Company's costs could increase.

Capital structures of certain underlying entities or businesses in which the Company may invest may also involve significant leverage including as a result of the Company making debt investments in those entities or businesses. The Company and the Investment Adviser may not have any influence over an underlying entity or business' use of leverage beyond its investment over which it too may have minimal influence and, if the entity cannot generate adequate cash flows to meet its debt obligations, the Company could suffer a partial or total loss of capital and debt invested in the entity.

Certain financing agreements entered into by the Company's real estate portfolio companies, which it controls through JZCP Realty Fund, contain restrictive covenants regarding, among other things, creating any lien or other encumbrances on such properties, undertaking redevelopment or improvement work in relation to such properties, or entering into, renewing, extending, amending or modifying any provisions of the lease arrangements in respect of such property. These financing agreements also require the relevant real estate portfolio company to comply with certain financial covenants and ratios. There can be no assurance that these portfolio companies will be able to comply with these financial or other covenants. The failure of the portfolio company to obtain waivers for any existing or future non-compliance of, or its inability to comply with, such undertakings or restrictive covenants in a timely manner, or at all, could also result in an event of default under its financing agreements, as a result of which it may be required to immediately repay its debt either in whole or in part, together with any related costs. In the event the relevant real estate portfolio company is not able to repay its debt, the Company may lose control over such entity or its real estate assets, which in turn may have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

Any one, or any combination, of the foregoing events may have a material adverse effect on the Company's financial condition, results of operations or NAV or ability to make distributions to Ordinary Shareholders and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares and may lead to further equity capital raisings by the Company or forced sales of assets. It could also have a material adverse effect on the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares.

**1.20 *The Company and its portfolio companies may have incurred, and may in the future incur further, floating rate debt which exposes the Company to risks associated with movements in interest rates.***

The Company has incurred (including through the Guggenheim Facility and the Deutsche Bank Facility), and may in the future incur further, debt with floating interest rates. Interest rates are highly sensitive to many factors, including international and domestic economic and political conditions, and other factors beyond the Company's control. The level of interest rates can fluctuate due to, among other things, inflationary pressures, disruption to financial markets and the availability of bank credit. If interest rates rise, the Company will be required to use a greater proportion of its income to pay interest expenses on its floating rate debt (including the Guggenheim Facility and the Deutsche Bank Facility). Whilst the Company will consider hedging its interest rate exposure on any borrowings subject to floating interest rates, these types of measures may not be sufficient to protect the Company from risks associated with movements in prevailing interest rates. In addition, hedging arrangements expose the Company to credit risk in respect of the hedging counterparty. Portfolio companies may also have incurred, and may in the future incur further, floating rate debt and may therefore also be exposed to the same risks associated with movements in interest rates. The Company would be indirectly exposed to these risks through the portfolio companies. For the above reasons, the incurrence of substantial floating rate debt by the Company or its portfolio companies (including the Guggenheim Facility and the Deutsche Bank Facility in the case of the Company) combined with adverse interest rate movements could have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

**1.21 *The Company is, and expects to continue to be, exposed to foreign currency exchange risk including potentially adverse effects from translational and transactional foreign currency exchange risk.***

The Company accounts for its activities and report its results in US Dollars. Some of the Company's investments including the Company's US micro cap segment are made and realised in US Dollars. Other investments are however made and realised in currencies other than US Dollars such as Pounds Sterling and Euros, including in particular investments included in the Company's European micro cap segment. As a further matter, the Company's Ordinary Shares, 2016 ZDP Shares, 2022 ZDP Shares if issued pursuant to the ZDP Rollover Offer and CULS are denominated in Pounds Sterling. As a result and by way of example, the Company's investments in its European micro cap segment may be made in Euros, reported in US Dollars and reflected in the Company's securities in Pounds Sterling. As a consequence of its reporting and the denomination of investments and securities, the Company is exposed to both translational and transactional foreign currency exchange risk.

Translational foreign currency exchange risk arises when translating the value of assets, liabilities, income and expenses denominated in currencies other than US Dollars (including Pounds Sterling and Euros) into US Dollars. To the extent that there are fluctuations in exchange rates between the US Dollar and these other currencies, this would have an impact on the figures included in the Company's accounts, which could have a material impact on the Company's financial position, results of operations and NAV as shown in the accounts going forward, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

Transactional foreign currency exchange risk arises as a result of payments the Company makes or receives in local currencies and as a result of differences in exchange rates on the dates these payments are settled. The Company is subject to transactional foreign currency exchange risk in relation to its investments outside of the United States and in relation to financial liabilities denominated in currencies other than US Dollars including, without limitation, the 2016 ZDP Shares, the 2022 ZDP Shares and the CULS. Again, to the extent that there are fluctuations in exchange rates between the US Dollar and other relevant currencies, this could have a material impact on the Company's financial position, results of operations, NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

The Euro Microcap Fund has limited hedging arrangements in place to manage its exposure to foreign currency exchange risk. In the future, the Company may engage in currency hedging arrangements as the Board sees fit. Whether or not the Company (or its investee companies) hedge their currency exposure, the movement of applicable exchange rates may have a material effect, which may be unfavourable, on the Company's reported results of operations. Any currency hedging of the Company (or its investee companies) that performs unfavourably to the Company may create a liability that requires the Company to realise underlying investments, and may also affect the overall value of the investment portfolio, NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

1.22 ***The Company's or its investee companies' use of derivatives for the purposes of efficient portfolio management and risk mitigation may not be effective.***

The Company (or its investee companies) may use derivatives for the purposes of efficient portfolio management and risk mitigation, including for hedging purposes, such as in relation to exchange rate or interest rate risk. However, a hedge may not be effective in eliminating all risks inherent in any particular position. For example, the Euro Microcap Fund has hedged against movements in the value of the Euro due to its Euro-denominated investments but the hedge is not sufficient to entirely eliminate the negative impact of changes in the exchange rate between Euros and US Dollars on the Company's reported results in US Dollars. Additionally, there can be no guarantee that suitable instruments for hedging will be available at times when the Company (or its investee companies) wish to use them. If the Company's or its investee companies use of derivatives for hedging purposes is not effective, or if there are no suitable hedging instruments available to the Company (or its investee companies) at the time they seek to mitigate certain risks, the Company would be exposed to those risks not mitigated, which could have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

1.23 ***The Company may purchase investments that may be subject to exchange controls or withholding taxes in various jurisdictions, which could impair the returns the Company is able to generate through its investment.***

In the event that exchange controls or withholding taxes are imposed with respect to any of the Company's investments, the effect will generally be to reduce the income received by the Company on its investments and the capital value of the affected investments. Any reduction in the income received by the Company as a result may lead to a reduction in the dividends paid on the Ordinary Shares or affect the ability of the Company to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares. It could also have a material adverse effect on the Company's financial condition, results of operations or NAV and the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares.

1.24 ***The Company's investments will be subject to differing laws regarding creditors' rights and enforceability of security and the Company's treatment as a creditor in an insolvency proceeding may therefore be less favourable than it would be under the UK, Guernsey or the United States regime.***

The Company's investments may be subject to various laws for the protection of creditors in the jurisdictions of incorporation of the issuers or borrowers and, if different, the jurisdictions in which they conduct business and in which they hold assets, which may adversely affect an issuer's or borrower's ability to make payment in full or on a timely basis. These insolvency considerations will differ depending on the country in which an obligor or its assets are located and may differ depending on the legal status of the obligor. In particular, it should be noted that a number of European jurisdictions operate unpredictable insolvency regimes which may cause delays to the recovery of amounts owed by insolvent borrowers subject to those regimes. The Company, as a creditor, may experience less favourable treatment under different insolvency regimes than in the UK, Guernsey or

the United States, including where seeking to enforce any security it may hold as a creditor, which could have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

1.25 ***A material fall in the value of the assets in the Company's portfolio may lead to the winding-up of the Company.***

If there is a material fall in the value of the assets in the Company's portfolio, the Company may find that its asset base is so small that it is impracticable for the Company to continue in existence. For instance, this may occur if the Company's operating costs significantly exceed its income and there is no prospect of recovery in asset values within a reasonable period. In this event, the Directors may resolve that the Company be wound-up voluntarily and will then convene an extraordinary general meeting for that purpose. Should the Shareholders approve a winding-up, the Directors would instruct the Investment Adviser to commence an orderly realisation of the investments of the Company and to distribute the proceeds of the realisations to creditors, CULS Holders and Shareholders as they become available and in order of priority. Any orderly realisation process of the Company's investments could take several years following its commencement due to the illiquid nature of these investments.

1.26 ***The ability of the Company to raise further capital from retail investors may be affected if the Company is unable to meet the conditions of exclusion from the scope of the NMPI Regulations.***

On 1 January 2014, the Unregulated Collective Investment Schemes and Close Substitutes Instrument 2013 (the "NMPI Regulations") came into force in the UK. The NMPI Regulations extend the application of the existing UK regime restricting the promotion of unregulated collective investment schemes by FCA authorised persons (such as independent financial advisers) to other "non-mainstream pooled investments" (or NMPIs). With effect from 1 January 2014, FCA authorised independent financial advisers and other financial advisers are restricted from promoting NMPIs to retail investors who do not meet certain high net worth tests or who cannot be treated as sophisticated investors.

Although consultations on this subject by the FCA had suggested the Company and entities like it would be excluded from the scope of the NMPI Regulations (and thereby capable of promotion to all retail investors), the final NMPI Regulations and guidance from the FCA mean that in order for the Company to be outside of the scope of the NMPI Regulations, the Company will need to rely on the exemption available to non-UK resident companies that are equivalent to investment trusts. This exemption provides that a non-UK resident company that would qualify for approval by HMRC as an investment trust were it resident and listed in the UK will be excluded from the scope of the NMPI Regulations. The principal relevant requirements to qualify as an investment trust are that: (a) the Company's business must consist of investing its funds in shares, land or other assets with the aim of spreading investment risk and giving members of the Company the benefit of the results of the management of its funds; (b) the Ordinary Shares must be admitted to trading on a regulated market; (c) the Company must not be a close company (as defined in Chapter 2 of Part 10 Corporation Tax Act 2010); and (d) the Company must not retain in respect of any accounting period an amount which is greater than 15 per cent. of its income.

The Company has received legal advice confirming that its understanding as to the basis upon which it is excluded from the scope of the NMPI Regulations (and therefore capable of promotion to all retail investors) is correct. It is the Board's intention that the Company will continue to conduct its affairs in this manner and as such the Company will be outside of the scope of the NMPI Regulations for such time as it continues to satisfy the conditions to qualify as an investment trust. If the Company is unable to meet those conditions in the future, for any reason, consideration would be given to applying to the FCA for a waiver of the application of the NMPI Regulations in respect of the Company's shares.

If the Company ceases to conduct its affairs so as to satisfy the non-UK investment trust exemption to the NMPI Regulations and the FCA does not otherwise grant a waiver, the ability of the Company to raise further capital from retail investors may be affected. In this regard, it should be noted that, whilst the publication and distribution of a prospectus (including this Prospectus) is exempt from the NMPI Regulations, other communications by “approved persons” could be restricted (subject to any exemptions or waivers).

## **2. Risks relating to the Investment Adviser**

### **2.1 *The Company is dependent on the skill and judgement of the Investment Adviser and, to a lesser extent, the Company’s other advisers and partners and other third parties in effecting its investment strategy.***

The Company’s success in the pursuit of its corporate objective is significantly dependent upon the expertise of the Investment Adviser, which has significant influence on the evaluation, selection and monitoring of investments and the implementation of the Company’s investment policy. To a lesser extent, the Company is also dependent on its other advisers and partners and other third parties in effecting its investment strategy. For example, the Company relies upon RedSky Capital to, among other things, source suitable real estate investment opportunities.

The ability of the Company to generate attractive returns for investors and to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares will depend upon the Investment Adviser’s ability to make a correct assessment as to future values that can be realised in connection with the Company’s investments. In assessing any future investment, the Investment Adviser will evaluate the strengths and weaknesses of the underlying business of a potential portfolio company or other types of potential investments and prepare financial models based on assumptions and estimates, many of which cannot be confirmed readily or at all, to test the resilience of the investment under specified assumptions. These assessments involve subjective judgements and forward-looking determinations by the Investment Adviser. The ability to accurately assess future investment values may be particularly important in the case of investments that are made in businesses or other asset classes in which the Company invests over which the Company and the Investment Adviser have relatively limited or no control. In the event that the Investment Adviser misjudges an investment, the actual returns on the investment may be less than anticipated at the time of acquisition and the Company may not be able to dispose of the investment at a price similar to the original acquisition price.

The markets for credit, securities and other investments (including real estate investments) may experience volatility and unpredictability and no assurance can be given that the Investment Adviser will be successful in making assessments regarding future trends in prices, including the timing of any price changes, that it will be able to effectively react to those changes or that gains will be generated on investments. No assurance can therefore be given that the advice of the Investment Adviser will achieve the Company’s financial objectives, the failure of which could have a material adverse effect on the Company’s financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company’s ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

### **2.2 *The Investment Advisory Agreement may be difficult and costly to terminate and, if terminated, the Company may be unable to find a suitable replacement for the Investment Adviser on a timely basis or at all.***

The Investment Advisory Agreement continues in effect until terminated in accordance with its terms. The Investment Advisory Agreement provides that either party may terminate the Investment Advisory Agreement on not less than two and one-half years’ (i.e. 913 days’) prior notice (or such lesser period as may be agreed by the parties) to the other party, without cause. Should the Company wish to terminate the Investment Advisory Agreement without cause, it could be subject to long delays before the termination is effective and the payment of substantial fees during that time.

The circumstances under which the Investment Advisory Agreement may be terminated by either party on shorter notice is limited to instances of material breach of the agreement by the other party,

insolvency events of the other party or the other party ceasing to hold any licence, permission, authorisation or consent necessary for the performance of its duties under the agreement.

No warranty is given by the Investment Adviser as to the performance or profitability of the Company's portfolio and poor investment performance would not, of itself, constitute an event allowing the Company to terminate the Investment Advisory Agreement.

A summary of the Investment Advisory Agreement is set out in Part III (*Information on the Investment Adviser*) of this Prospectus.

If the Investment Advisory Agreement is terminated, the Company is subject to the risk that no suitable replacement investment adviser will be found on a timely basis or at all. If a suitable replacement is found, there is no guarantee that it will not charge higher fees than the Investment Adviser. If the Investment Adviser's performance does not meet the expectations of investors and the Company is unable to terminate the Investment Advisory Agreement on a timely basis pursuant to the limited termination rights thereunder or is unable to find a suitable replacement Investment Adviser, NAV could suffer and the Company's financial condition and results of operations could be materially adversely affected.

**2.3 *The Company's financial performance is dependent on the Investment Adviser's ability to recruit and retain key personnel.***

The Company believes that its success depends to a significant extent upon the skills and experience of the members of the Investment Adviser's team. In particular, David W. Zalaznick, John (Jay) W. Jordan II and Gordon L. Nelson, Jr. being the individuals key to the activities of the Investment Adviser in its dealing with the Company are the individuals who the Company believes its success depends to a significant extent upon. However, the Company cannot ensure that these individuals and other key personnel of the Investment Adviser will remain with the Investment Adviser or that the Investment Adviser will be able to recruit and retain suitable staff. In common with most investment advisers, the compensation of the Investment Adviser's personnel may contain significant performance-related elements, and poor performance by the Company may make it difficult for the Investment Adviser to recruit and retain key personnel and suitable staff. Any key personnel of the Investment Adviser could also become unavailable due, for example, to death or incapacity, as well as due to resignation. In the event of the departure or unavailability of key personnel at the Investment Adviser, there can be no guarantee that the Investment Adviser would be able to find and attract other individuals with similar levels of investment advisory expertise and experience or similar relationships with market participants in the Company's target markets. If alternative personnel are found, it may take time for the transition of those persons to the Investment Adviser and the transition might be costly and ultimately might not be successful. The loss of key personnel at the Investment Adviser could result in lost business relationships and reputational damage and, in particular, if any key personnel transfer to a competitor this could have a material adverse effect on the Company's competitive position. The departure of any key personnel from the Investment Adviser without timely and adequate replacement may hinder the ability of the Company successfully to pursue its investment strategy and may consequently have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

**2.4 *The Investment Adviser's compensation structure may encourage it to advise the Company to invest in or place undue emphasis on high risk investments or to make investments and take other actions that increase or maintain the aggregate gross assets over the near term when other investments or actions may be more favourable to Shareholders.***

Pursuant to the Investment Advisory Agreement, the Company pays to the Investment Adviser a base management fee and an incentive fee, the details of which are set out in Part III (*Information on the Investment Adviser*) of this Prospectus. The incentive fees payable to the Investment Adviser may result in substantially higher payments to the Investment Adviser than alternative arrangements in other types of investment vehicles.



The incentive fees payable to Investment Adviser include an income incentive fee determined by reference to the Company's net investment income and a capital gains fee determined by reference to realised capital gains of the Company but net of all realised capital losses. The existence of the incentive fees may create an incentive for the Investment Adviser to make riskier or more speculative investments than it would otherwise make in the absence of these fees, and any resulting losses could have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

The base management fee is calculated at an annual rate of 1.5 per cent. of the Company's gross assets other than the assets which are excluded from the calculation of the fee in accordance with the Investment Advisory Agreement. This fee may create an incentive for the Investment Adviser to make investments and take other actions that increase or maintain the Company's gross assets over the near term when other investments or actions may be more favourable to Shareholders (for example, investments where there is a longer-term prospect for capital appreciation or where returns from investment income are expected to be greater than capital appreciation). Although the Company has sought to balance the impact of the base management fee with the incentive fees payable to the Investment Adviser, including components with reference to both investment income and capital gains, there can be no assurance that the fee structure as a whole will be successful in aligning the Investment Adviser's interests with those of Shareholders in the Company or in incentivising the Investment Adviser to make investments that will result in more favourable returns to Shareholders.

**2.5 *The involvement of the Investment Adviser's investment professionals in the Company's valuation process may create conflicts of interest which may incentivise the Investment Adviser to make assumptions or other determinations in connection with the valuations that would increase its compensation.***

The Company's portfolio investments are generally not in publicly traded securities. As a result, market quotations for these securities are not readily available. The Company values these securities at fair value on the basis described in Part II (*Information on the Company*) of this Prospectus. The participation of the Investment Adviser and/or the Investment Adviser's investment professionals in the determination of fair value could result in a conflict of interest as the Investment Adviser's compensation is based, in part, on the valuation of the Company's portfolio – including the base management fee, which is calculated by reference to the Company's gross assets other than certain assets which are excluded from the calculation of the fee in accordance with the Investment Advisory Agreement and the capital gains component of the incentive fees. This conflict of interest may incentivise the Investment Adviser to make assumptions or other determinations in connection with the valuations that would increase its compensation. To the extent the valuations turn out to be incorrect (for example, upon the ultimate realisation of the investment), this could have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

**2.6 *The Investment Adviser and some members of the Investment Adviser's team are able to pursue other business activities and provide services to third parties that could compete directly with the Company and give rise to conflicts of interest which may reduce or limit the time and attention devoted to the Company's affairs.***

The Investment Adviser is not required to commit its full time to the Company's affairs, and is able to pursue other business activities and provide services to third parties that could compete directly with the Company. In addition, some members of the Investment Adviser's team are not required to devote their full time to the Investment Adviser's affairs and are able to pursue other business activities and provide services to other entities. These activities or services may give rise to conflicts of interest and, insofar as the Investment Adviser or members of its team devote time and attention to its responsibilities to other individual business interests, their ability to devote time and attention to the

Company's affairs will be limited. This could adversely affect the Company's ability to achieve its investment strategy and corporate objective, which could have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

**2.7 *The Investment Adviser's liability to the Company is limited and accordingly the rights of the Company against the Investment Adviser may not be adequate to compensate fully for any loss that the Company may suffer as a result of the Investment Adviser's actions.***

The Investment Advisory Agreement between the Company and the Investment Adviser limits the liability of the Investment Adviser to the Company or its security holders to circumstances of wilful misfeasance, bad faith or gross negligence in the performance of the Investment Adviser's duties or a reckless disregard of its duties and obligations under the Investment Advisory Agreement. No warranty is given by the Investment Adviser as to the performance or profitability of the Company's portfolio and the Investment Adviser would have no liability to the Company solely for poor investment performance. Accordingly, the rights of the Company against the Investment Adviser may not be adequate to compensate fully for any loss that the Company may suffer as a result of the Investment Adviser's actions, which could have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

**2.8 *There may be uncertainty in relation to marketing shares in the Company by the Investment Adviser or its agents under the AIFM Directive in the EEA.***

The EU Alternative Investment Fund Managers Directive (No. 2011/61/EU) (the "AIFM Directive") imposes a new regime for managers of investment funds if those managers are located in the EEA and in respect of the marketing of funds by non-EEA managers in the EEA. The AIFM Directive has been transposed into the national legislation of EEA Member States. The AIFM Directive is likely to significantly increase management costs, including regulatory and compliance costs, of the investment managers and investment funds that are subject to the AIFM Directive.

The AIFM Directive regulates alternative investment fund managers (each, an "AIFM") based in the EEA and prohibits such AIFMs from managing any alternative investment fund ("AIF") which is registered, or has its registered office, in the EEA unless authorisation is granted to the AIFM.

As the Company is not domiciled in the EEA, it is a non-EEA AIF. The AIFM of the Company is the Investment Adviser which is a non-EEA AIFM.

The AIFM Directive allows marketing of the Company (the non-EEA AIF) by the Investment Adviser (the non-EEA AIFM) or its agent under national private placement regimes where individual states so choose. The United Kingdom has adopted such a private placement regime. Such marketing to investors in the United Kingdom will be subject to, *inter alia*: (a) the requirement that appropriate cooperation agreements continue to be in place between the FCA and the Guernsey Financial Services Commission; (b) Guernsey not being on the Financial Action Task Force money-laundering blacklist; and (c) compliance with certain aspects of the AIFM Directive.

In order to market shares of the Company to investors in the United Kingdom, the FCA must be notified and approve the marketing of shares of the Company before any marketing can take place.

Therefore, marketing into the United Kingdom under the AIFM Directive is likely to involve additional compliance costs related to additional and ongoing investor disclosures and reports to regulators. The operating requirements imposed by the AIFM Directive include, among other things, rules relating to the remuneration of certain personnel, minimum regulatory capital requirements, restrictions on use of leverage, restrictions on early distributions, disclosure and reporting requirements to both investors and home state regulators and independent valuation of an AIF's assets.

Article 23 of the AIFM Directive requires that AIFMs make available certain information to investors in an AIF, before such investors make an investment in such AIF. The requirements of Article 23 of the AIFMD are met by way of the information and disclosures contained within this Prospectus.

### **3. Risks relating to taxation**

#### **3.1 *Changes in the Company's non-UK tax residence status or tax status generally and changes in applicable tax legislation or practice could adversely affect the Company.***

In order to maintain its non-UK tax residence status, the Company is required to be controlled and managed outside the United Kingdom. Continued attention must be paid to ensure that decisions which go to the management and control of the Company are made by the Company's Board and are not made in the United Kingdom, or else the Company may lose its non-UK tax residence status. The composition of the Board, the places of residence of the Directors and the location(s) in which the Board makes decisions will be important in determining and maintaining the non-UK tax residence status of the Company. If the Company were to be considered a UK tax resident, it would be subject to UK corporation tax on its worldwide profits or if the Company were treated as having a permanent establishment, or as otherwise being engaged in a trade or business, in any country other than Guernsey, income attributable to or effectively connected with such permanent establishment or trade or business may be subject to tax under the taxation laws of that country, which might have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

In addition, any other changes in the Company's tax status or in taxation legislation in Guernsey, the United Kingdom, the United States or any other tax jurisdiction relevant to the Company or its investments could adversely affect the value of the investments held by the Company or affect the Company's ability to achieve its corporate objective. Those changes in the Company's tax status or tax legislation could also have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

#### **3.2 *If the Company were treated as engaged in a US trade or business, some portion of its income could be subject to US federal income tax on a net basis and to a 30 per cent. branch profits tax on such income. In addition, some of the Company's income from US sources may be subject to US withholding tax on a gross basis.***

The Company is treated as a non-US corporation for US federal income tax purposes. In general, non-US corporations are subject to US federal tax only with respect to income that is "effectively connected with the conduct of a trade or business within the United States" ("ECI"), which is subject to income tax on a net basis, and to certain types of US source income that is not effectively connected with the conduct of a US trade or business, which is subject to withholding tax on a gross basis.

The Company intends to continue its policy that its affairs be managed in a manner so that it should not be treated as being engaged in a US trade or business for US federal income tax purposes. If, however, the Company is treated as engaged in a US trade or business, some portion of its income will be treated as ECI. To the extent the Company's income is treated as ECI, it will be subject to US federal income tax at regular US tax rates on any such income (state and local income taxes and filings may also apply in that event). It may also be subject to a 30 per cent. branch profits tax on such income. Further, the Company may not be entitled to deductions for expenses incurred in computing its net income. In addition, certain income from US sources, including dividends, that is not ECI may be reduced by US withholding taxes imposed at a 30 per cent. tax rate. The Company intends to structure its investments in a manner that, consistent with its investment policy, generally will minimise any US withholding taxes. However, there can be no assurance that US withholding taxes will not be significant and some approaches to reducing withholding taxes may reduce the gross income from and the proceeds of sale of the Company's investments.

Some of the Company's investments are in US corporations. In these cases, the US corporation will be subject to US federal (and possibly state and local) income taxation and dividends, if any, paid by the US corporation will be subject to a 30 per cent. withholding tax.

The Company indirectly invests in interests in real property in the United States, including through investments in corporations that own interests in real property in the United States. The proceeds and/or gain from the sale of these interests (including the sale by the Company of investments in corporations that own interests in real property in the United States as well as the sale by such corporations of interests in real property in the United States) may also be subject to US federal income taxation and to collection of such tax through US withholding as described in more detail in paragraph 3 of Part A in Part VIII (*Taxation*) of this Prospectus.

**3.3 *If the Company were to be treated as a Controlled Foreign Corporation, certain "US Shareholders" would have adverse US federal income tax consequences.***

In general, a non-US corporation is treated as a Controlled Foreign Corporation only if its "US Shareholders" collectively own more than 50 per cent. of the total combined voting power or total value of the corporation's stock. A "US Shareholder" means any US person (within the meaning of the US Code) who owns, directly or indirectly through non-US entities, or is considered to own (by application of certain constructive ownership rules), 10 per cent. or more of the total combined voting power of all classes of stock of a non-US corporation, such as the Company. For these purposes, the 2016 ZDP Shares and the 2022 ZDP Shares will likely not be treated as voting stock. If the Company were to be treated as a Controlled Foreign Corporation, "US Shareholders" would generally include in their gross income for US federal income tax purposes their *pro rata* share of the Company's subpart F income for the year even if the subpart F income is not distributed. "US Shareholders" may also be deemed to receive taxable distributions to the extent that the Company increases the amount of its earnings that are invested in certain types of US property. Subpart F income includes, *inter alia*, "foreign personal holding company income", such as interest, dividends, and other types of passive investment income. In addition, if the Company were to be treated as a Controlled Foreign Corporation, a portion of any gain recognised by certain "US Shareholders" on the sale or exchange of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares of the Company would generally be taxed as dividend income, rather than as capital gain income.

**3.4 *There is a risk that the Company could be or become a "passive foreign investment company" for US federal income tax purposes, which could result in adverse US tax consequences for US investors.***

The Company was a passive foreign investment company ("PFIC") for US federal income tax purposes in certain prior years and is unsure of whether it is currently a PFIC. Accordingly, no assurance can be given that it will not be considered a PFIC for the current or any future tax year. Adding the Net Proceeds of this Placing and Open Offer to the Company's assets will increase the likelihood, at least temporarily, that the Company will be treated as a PFIC. The determination of whether the Company is a PFIC is made on an annual basis and generally cannot be determined until the end of each taxable year. Also, the PFIC determination will depend upon the application of complex US federal income tax rules (which are subject to differing interpretations) concerning the classification of the income and assets of the Company for this purpose, and the application of these rules to the Company is uncertain in some respects. There can be no assurance that the IRS will not take a different position than the Company concerning application of the PFIC rules to the Company or that any such position would not be sustained by a court.

If the Company were to be a PFIC, Shareholders that are US taxpayers or are otherwise subject to US tax rules would likely be subject to adverse US tax consequences as described in more detail in paragraph 3 of Part A in Part VIII (*Taxation*) of this Prospectus. If the Company were to be a PFIC, it intends to provide, upon written request from any Shareholder that is a US taxpayer or is otherwise subject to US tax rules, the information necessary for such Shareholder to make a "qualified electing fund" or "QEF" election with respect to such Shareholder's equity interests in the Company. In addition, such Shareholders may not be able to make a mark-to-market election in respect of their equity interests in the Company if the Company were to be treated as a PFIC.

In addition, the Company may, directly or indirectly through its ownership of interests in its subsidiaries and/or portfolio investments hold equity interests in other PFICs. In that event, Shareholders that are US taxpayers or are otherwise subject to US tax rules generally would be subject to adverse tax consequences with respect to their indirect interests in such lower-tier PFICs. The Company will endeavour to obtain from any lower-tier PFIC in which it directly or indirectly invests information necessary for such Shareholders to make a QEF election with respect to the lower-tier PFIC. However, there can be no assurance that the Company would be able to obtain such information and documentation from any one or more lower-tier PFICs, and thus there can be no assurance that Shareholders that are US taxpayers or are otherwise subject to US tax rules will be able to make or maintain a QEF election with respect to lower-tier PFICs.

Prospective US investors should review paragraph 3 of Part A in Part VIII (*Taxation*) of this Prospectus and are urged to consult with their own tax advisers regarding application of these rules in their particular circumstances.

**3.5 *The Company and certain investors will be subject to the requirements of FATCA (the application of which is uncertain at this time) which imposes an information reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments.***

Under US legislation commonly referred to as the Foreign Account Taxpayer Compliance Act (FATCA) and Treasury Department guidance implementing this legislation, a 30 per cent. withholding tax will apply to: (a) certain US source payments, such as payments of US source interest, dividends, and other fixed or determinable annual or periodic income made after 30 June 2014; and (b) payments of gross proceeds from a disposition of property of a type which can produce US source interest or dividends made after 31 December 2016, made to a non-US financial institution (an “FFI”) that fails to comply with certain information reporting requirements with respect to its “United States accounts,” unless an exception applies. The Company is treated as an FFI subject to the information reporting requirements of FATCA.

Guernsey and the United States entered into a Model 1 intergovernmental agreement (the “IGA”) on 13 December 2013 which modifies the FATCA withholding and information reporting requirements applicable to an FFI resident in Guernsey (such as the Company). A Guernsey FFI that complies with the terms of the IGA, as well as applicable local law requirements, will not be subject to withholding under FATCA. Under the terms of the IGA, the Company will be required to: (a) obtain information regarding each investor as is necessary to determine which investors, if any, are specified US persons or foreign entities that are controlled by specified US persons; (b) provide annually to the States of Guernsey the name, address, taxpayer identification number and certain other information with respect to certain investors that are specified US persons or foreign entities that are controlled by specified US persons; and (c) comply with certain other due diligence procedures, withholding and other requirements. To comply with these requirements, the Company may require that investors provide additional certifications or other information. The IGA currently does not require a Guernsey FFI to withhold tax on payments that it makes to its accountholders or investors. However, the IGA could be amended in the future (but not before 1 January 2017) to require a Guernsey FFI (such as the Company) to withhold on certain payments to accountholders or investors that fail to provide the required certifications or other information or that otherwise fail to comply with the IGA.

The Company has undertaken to comply with the IGA and applicable local legislation in order not to be subject to the 30 per cent. withholding tax under FATCA. However, no assurance can be given that the Company or any intermediary will be able to take all necessary actions to comply with the terms of the IGA and applicable local legislation.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance, and the IGA and applicable local law, all of which are subject to change or may be implemented in a materially different form. Potential investors should consult their own tax advisers to determine how FATCA may apply to them in their particular circumstances.

**3.6 *Actions by the Company or changes in UK tax law or HMRC practice could lead to the Company being regarded as an “offshore fund” for UK tax purposes.***

On the basis of advice received, the Company considers that it should not be categorised as an “offshore fund” for the purposes of UK taxation and that the provisions of Part 8 of the Taxation (International and Other Provisions) Act 2010 (“**TIOPA**”) (the “**Offshore Funds Rules**”) should not apply. However, the Company gives no assurance that it will not be categorised as an offshore fund. In particular, certain actions by the Company or changes in UK tax law and/or HMRC practice could lead to the Company being regarded as an offshore fund for UK tax purposes. If the Company is treated as an offshore fund, then investors in it will be taxed on amounts distributed to them by the offshore fund as income and any capital gains realised on disposal of their interests in the offshore fund will be taxed as if those gains were income.

Furthermore if the Company is treated as an offshore fund and more than 60 per cent. of the Company’s total investments comprise debt investments (or interests in funds which themselves exceed the 60 per cent. debt invested threshold), then, it is likely that:

- (a) individual Ordinary Shareholders would be subject to income tax on any dividends or other income distributions from the Company as if they were interest. The applicable rate of income tax would be 20 per cent. for basic rate taxpayers, 40 per cent. for higher rate taxpayers and 45 per cent. for additional rate taxpayers, in each case with no notional tax credit. Such Ordinary Shareholders would also be subject to income tax on any gains realised in respect of the disposal of their shares; and
- (b) corporate Ordinary Shareholders would be subject to UK corporation tax in respect of their shareholding in the Company as if it were a loan relationship.

Prospective investors should review the section entitled “*Offshore Funds Rules*” in Part VIII (*Taxation*) of this Prospectus for further matters to consider regarding the possible treatment of the Company as an offshore fund.

**3.7 *Provisions in the Finance Act 2013 may result in returns on the 2022 ZDP Shares being subject to tax as income in the hands of UK resident individuals.***

The Finance Act 2013 contains new rules (the “**New Rules**”) intended to make returns which are economically equivalent to interest subject to income tax as income. If the New Rules apply to the 2022 ZDP Shares, it is likely that the return on the 2022 ZDP Shares would be subject to tax as income in the hands of UK resident individuals and others who are subject to UK income tax. The Directors and their advisers have concluded that an exception to the New Rules should apply to the ZDP Shares but more detailed information is given on the New Rules in Part VIII of this document.

**3.8 *OECD consultations on changes in tax law could result in additional reporting and disclosure obligations for investors and/or additional tax being suffered by the Company.***

Prospective investors should be aware that the OECD published its Action Plan on Base Erosion and Profit Shifting (“**BEPS**”) in 2013 and that a public consultation process is currently underway. The BEPS project is ongoing, with further consultation and recommendations (in addition to those which have already been made) expected during 2015. Depending on how BEPS is introduced, any changes to tax laws based on recommendations made by the OECD in relation to BEPS may result in additional reporting and disclosure obligations for investors and/or additional tax being suffered by the Company or its underlying subsidiaries which may have a material adverse effect on the value of the investments held by the Company and market price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or the Company’s ability to meet its other financial obligations including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.

**4. Risks relating to the Placing and Open Offer and the Ordinary Shares only**

**4.1 *If any of the conditions of the Placing and Open Offer are not satisfied, the Placing and Open Offer will not proceed.***

The Placing and Open Offer is conditional on, among other things, Ordinary Shareholder approval of the Placing and Open Offer and the Placing and Open Offer Related Party Transactions at the

Extraordinary General Meeting. If any of the Placing and Open Offer Resolution or the Placing and Open Offer Related Party Transaction Resolutions each of which is to be proposed at the Extraordinary General Meeting are not passed, the Placing and Open Offer will not proceed. In these circumstances, the Company will not receive the Net Proceeds of the Placing and Open Offer.

**4.2 *Ordinary Shareholders who do not take up their Open Offer Entitlements in full will experience a dilution in their interests in the Company.***

Qualifying Ordinary Shareholders are being given the opportunity to apply for the Open Offer Shares at the Offer Price and, subject to the terms and conditions of the Open Offer, *pro rata* to their holdings of Existing Ordinary Shares on the Open Offer Record Date. A Qualifying Ordinary Shareholder (or an Ordinary Shareholder in the United States or an Excluded Territory who is not eligible to participate in the Open Offer) that:

- does not take up its Open Offer Entitlements in full will experience a dilution in its interests in the Company; and
- does not take up any Open Offer Shares under the Open Offer will experience a dilution of approximately 36.0 per cent. to its interest in the Company as a result of the Placing and Open Offer.

**4.3 *Restrictions on the Company with respect to the payment of dividends may result in the Company being unable to pay dividends in line with its current dividend policy or at all.***

The Company's current dividend policy is to distribute in each financial year in the form of dividends paid through semi-annual instalments in US Dollars an aggregate amount equal to approximately three per cent. of the Company's net assets. Ordinary Shareholders can elect to receive dividends in Pounds Sterling. The Company may declare dividends but the ability of the Company to pay dividends is restricted by Guernsey law, the Articles and the Guggenheim Credit Agreement. The Guggenheim Credit Agreement restricts the payment of dividends other than for dividends payable semi-annually in the ordinary course of business in an amount not exceeding 5 per cent. of NAV of the Company in any financial year (and measured at the time of such payment) unless an event of default has occurred and is continuing in which case no dividends at all shall be payable. In addition, the terms of the CULS require the Company to make an adjustment to the Conversion Price of the CULS if and whenever, in any financial year, it pays or makes a dividend to Ordinary Shareholders which, either alone or in the aggregate, is more than 5 per cent. of the Company's NAV at the time of paying or making the dividend. As a result of these restrictions, the Company may be unable to pay dividends in line with its current dividend policy or at all.

**4.4 *A resolution concerning the appointment and removal of Directors could lead to a voting scale back in respect of US residents.***

In respect of a resolution concerning the appointment and removal of one or more Directors, each Ordinary Shareholder shall be required to certify that it is not a US resident and to the extent it holds Ordinary Shares for the account or benefit of any other person, that such person is not a US resident. Those Shareholders who do not certify on those terms would still be able to vote on the resolution, but the aggregate total of the votes that such Ordinary Shareholders are entitled to cast would be limited to 49 per cent. of the total number of votes that all Ordinary Shareholders are entitled to cast.

**4.5 *Ordinary Shareholders who hold their Ordinary Shares in certificated form will be required to dematerialise such Ordinary Shares prior to transfer on the London Stock Exchange.***

Due to applicable regulatory requirements, any Ordinary Shareholders who hold their Ordinary Shares in certificated form will be required to dematerialise such Ordinary Shares prior to any transfer in, on or through the facilities of the London Stock Exchange. In the absence of dematerialisation, Ordinary Shareholders holding Ordinary Shares in certificated form will only be able to transfer such Ordinary Shares in off exchange transactions. Dematerialising Ordinary Shares held in certificated form will require additional time and procedural steps, which Ordinary Shareholders holding Ordinary Shares in certificated form should factor in when contemplating any proposed transfer in,

on or through the facilities of the London Stock Exchange. As a result, Ordinary Shareholders holding Ordinary Shares in certificated form may not be able to transfer their Ordinary Shares in the timeframe and at the price they anticipate.

*Further risks which relate to the Ordinary Shares, the 2016 ZDP Shares and the 2022 ZDP Shares are included in paragraph 6 of this section of this Prospectus entitled "Risk Factors".*

**5. Risks relating to the ZDP Rollover Offer, the 2016 ZDP Shares and the 2022 ZDP Shares only**

**5.1 *If any of the conditions of the ZDP Rollover Offer are not satisfied, the ZDP Rollover Offer will lapse and Admission of the 2022 ZDP Shares will not proceed.***

The ZDP Rollover Offer is conditional on, among other things, Ordinary Shareholder and ZDP Shareholder approval of the ZDP Rollover Offer at the Separate Class Meetings, Shareholder approval of the ZDP Rollover Offer and the amendments to the Articles at the Extraordinary General Meeting and the Placing Agreement becoming unconditional in all respects in relation to the ZDP Rollover Offer and not having been terminated in accordance with its terms. If any of the Resolutions to be proposed at the Separate Class Meetings or the ZDP Rollover Offer Resolution or the Articles Amendment Resolution, each of which is to be proposed at the Extraordinary General Meeting, are not passed, or if the Placing Agreement does not become unconditional in all respects in relation to the ZDP Rollover Offer or is terminated in accordance with its terms, the ZDP Rollover Offer will lapse and Admission of the 2022 ZDP Shares will not proceed. In these circumstances, the Company will not exchange any 2016 ZDP Shares for 2022 ZDP Shares and therefore will not issue any 2022 ZDP Shares pursuant to the ZDP Rollover Offer. The Company's obligation to redeem all of the 2016 ZDP Shares on the 2016 ZDP Share Repayment Date in accordance with the terms and conditions of the 2016 ZDP Shares will remain in place.

**5.2 *ZDP Shareholders and/or holders of 2022 ZDP Shares may not receive their respective final capital entitlements.***

The 2016 ZDP Share Final Capital Entitlement is 369.84 pence and the 2016 ZDP Share Repayment Date is 22 June 2016. Qualifying ZDP Shareholders who do not make a valid election to exchange all or some of their 2016 ZDP Shares for 2022 ZDP Shares pursuant to the ZDP Rollover Offer will, if the ZDP Rollover proceeds, also receive a further 3.7 pence per 2016 ZDP Share not the subject of a valid election, to be paid on the 2016 ZDP Share Repayment Date. The 2022 ZDP Share Final Capital Entitlement will be the accrued capital entitlement of a 2022 ZDP Share on the 2022 ZDP Share Repayment Date as determined by the terms and conditions of the ZDP Rollover Offer and the 2022 ZDP Share Repayment Date will be 1 October 2022. The 2016 ZDP Shares and the 2022 ZDP Shares, whilst ranking ahead of the Ordinary Shares in respect of the repayment of their respective final capital entitlements from the assets in the Company, rank behind any borrowings made by the Company that remain outstanding and any prior ranking securities of the Company including the CULS. The 2022 ZDP Shares will rank *pari passu* with the 2016 ZDP Shares for the period when both classes of Shares are in issue until the 2016 ZDP Shares are redeemed on the 2016 ZDP Share Repayment Date. The final capital entitlements of both the 2016 ZDP Shares and the 2022 ZDP Shares are not guaranteed repayment amounts. On a return of assets, including pursuant to the winding-up of the Company, ZDP Shareholders and holders of 2022 ZDP Shares would receive their accrued entitlement only if there are sufficient surplus assets of the Company (less any prior charges and winding-up expenses and less the revenue profits (including accumulated revenue reserves) of the Company) to the date of winding-up or return of such assets. ZDP Shareholders and holders of 2022 ZDP Shares may also receive less than their accrued entitlement if a liquidation resolution, recommended resolution, or reconstruction resolution in respect of the 2016 ZDP Shares or the 2022 ZDP Shares is approved in accordance with the Articles and, subject to Shareholder approval, the New Articles. 2016 ZDP Shares and 2022 ZDP Shares are both not protected or guaranteed investments.



**5.3 *Interest rate rises are likely to lead to reductions in the market value of the 2016 ZDP Shares and/or the 2022 ZDP Shares.***

The market value of the 2016 ZDP Shares and the 2022 ZDP Shares will be affected by changes in general interest rates, with upward movements in interest rates likely to lead to reductions in the market value of the 2016 ZDP Shares and/or the 2022 ZDP Shares.

*Further risks which relate to the Ordinary Shares, the 2016 ZDP Shares and the 2022 ZDP Shares are included in paragraph 6 of this section of this Prospectus entitled “Risk Factors”.*

**6. Risks relating to the Ordinary Shares, the 2016 ZDP Shares and the 2022 ZDP Shares and the Company’s capital structure**

**6.1 *There may be potential structural conflicts of interest between the different classes of shares of the Company.***

The Company currently has two classes of Shares in issue – the Existing Ordinary Shares and the 2016 ZDP Shares.

The New Ordinary Shares, if issued and fully paid, will be identical to and rank *pari passu* with the Existing Ordinary Shares except that they will not be eligible to receive the first interim dividend for the year ended 29 February 2016 if the dividend is declared and paid.

Following the ZDP Rollover Offer, the Company will also have a third class of shares in issue, being the 2022 ZDP Shares, if issued pursuant to the ZDP Rollover Offer, as pursuant to the ZDP Rollover Offer, the Company will offer Qualifying ZDP Shareholders the option of, among other things, exchanging a proportion of their 2016 ZDP Shares for 2022 ZDP Shares. The 2022 ZDP Shares, if issued and fully paid, will have substantially the same rights as those attaching to the 2016 ZDP Shares save for a different final capital entitlement and repayment date. The 2022 ZDP Shares will rank *pari passu* with the 2016 ZDP Shares for the period when both classes of Shares are in issue until the 2016 ZDP Shares are redeemed on the 2016 ZDP Share Repayment Date.

The different rights and expectations of holders of the share classes in issue from time to time may give rise to conflicts of interest between them. ZDP Shareholders will have the expectation that the capital value of the investment portfolio will be sufficient to repay the final capital entitlement of the 2016 ZDP Shares on the 2016 ZDP Share Repayment Date. Similarly, holders of 2022 ZDP Shares will have the expectation that the capital value of the investment portfolio will be sufficient to repay the final capital entitlement of the New ZDP Shares on the 2022 ZDP Share Repayment Date. ZDP Shareholders and holders of 2022 ZDP Shares can be expected to have no interest in any growth in capital in excess of that pre-determined amount. Conversely, Ordinary Shareholders will be interested in increases in the capital value of the investment portfolio in the period up to the repayment dates in excess of the respective final capital entitlements of the 2016 ZDP Shares and the 2022 ZDP Shares since this will form the basis of capital returns to be made in respect of the Ordinary Shares. Ordinary Shareholders will also be interested in the revenue that the investment portfolio produces and hence the level of distributions which will be capable of being paid on the Ordinary Shares. However, Ordinary Shareholders should note that achieving income is only a secondary objective of the Company.

While the Company’s corporate objective and investment strategy will need to seek to balance the interests of Ordinary Shareholders in maximising capital growth (with income as a secondary objective) with the interests of ZDP Shareholders and holders of 2022 ZDP Shares in meeting their respective final capital entitlements with as little capital risk as possible (and with little focus on revenue generation other than to meet the Company’s operating expenses), there can be no guarantee that such a balance can be achieved.

If there is a material fall in the capital value of the investment portfolio such that the respective final capital entitlements of the 2016 ZDP Shares and the 2022 ZDP Shares is significantly uncovered, the Directors may find it impossible to meet fully the expectations of all classes of shareholders. In such circumstances, the Directors will need to act in a manner which they consider to be fair and equitable

to all classes of shares but having regard to the entitlements of all classes of shares under the Articles in accordance with their terms.

**6.2 *The Ordinary Shares, the 2016 ZDP Shares and the 2022 ZDP Shares will rank behind the interests of the Company's creditors and prior ranking securities (including the CULS) and the Ordinary Shares will also rank behind the respective final capital entitlements of ZDP Shareholders and holders of 2022 ZDP Shares.***

In the event of a winding-up of the Company, the Ordinary Shares will rank behind any creditors of the Company and prior ranking securities of the Company (including the CULS and the respective final capital entitlements of ZDP Shareholders and holders of 2022 ZDP Shares). Also in the event of a winding-up of the Company, the 2016 ZDP Shares and the 2022 ZDP Shares will rank behind any creditors of the Company and prior ranking securities of the Company including the CULS but in priority to the final capital entitlements of the Ordinary Shares. The 2022 ZDP Shares will rank *pari passu* with the 2016 ZDP Shares for the period when both classes of Shares are in issue until the 2016 ZDP Shares are redeemed on the 2016 ZDP Share Repayment Date. Therefore, any positive return for Ordinary Shareholders, ZDP Shareholders and holders of 2022 ZDP Shares will depend on the Company's assets being sufficient to meet the relevant prior entitlements.

**6.3 *There may not be a liquid secondary market for the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares, the price of which may all fluctuate.***

There may not be a liquid secondary market for the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares, the price of which may all fluctuate, and an investment in the Company should be regarded as long-term in nature and may not be suitable as a short-term investment. In addition, the value of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares can go down as well as up. The market price and the realisable value of the Ordinary Shares, the 2016 ZDP Shares and the 2022 ZDP Shares, as well as being affected by the underlying value of the Company's net assets, will be affected by interest rates, supply and demand for the Ordinary Shares, the 2016 ZDP Shares or the 2022 ZDP Shares, as applicable, market conditions and general investor sentiment. As such, the market value and the realisable value of the Ordinary Shares, the 2016 ZDP Shares and the 2022 ZDP Shares will fluctuate and may vary considerably from the underlying value of the Company's net assets and may fall when the underlying value of the Company's net assets is rising, or vice versa. Accordingly, the value of an investment in the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares may go down as well as up and Ordinary Shareholders, ZDP Shareholders and/or holders of 2022 ZDP Shares may not be able to realise the amount of their original investment and, in the case of ZDP Shareholders and holders of 2022 ZDP Shares, their respective final capital entitlements. In addition, the published market price of the Ordinary Shares, the 2016 ZDP Shares and the 2022 ZDP Shares will be, typically, their respective middle market prices. Due to the potential difference between the middle market price and the price at which the Ordinary Shares, the 2016 ZDP Shares or the 2022 ZDP Shares, as applicable, can be sold, there is no guarantee that the realisable value of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares will be the same as the published market price.

The Company is a closed-ended vehicle and does not have a fixed winding-up date. Accordingly, Ordinary Shareholders, ZDP Shareholders and holders of 2022 ZDP Shares have no right to have their Ordinary Shares, 2016 ZDP Shares or 2022 ZDP Shares, as applicable, redeemed by the Company at any time (other than, in the case of ZDP Shareholders and holders of 2022 ZDP Shares, on the respective repayment dates of the 2016 ZDP Shares and the 2022 ZDP Shares). Ordinary Shareholders wishing to realise their investment in the Company will therefore be required to dispose of their Ordinary Shares through the market and they may be unable to realise their Ordinary Shares at their quoted market price. Similarly, ZDP Shareholders and holders of 2022 ZDP Shares wishing to realise their investment in the Company will be required to wait until the respective repayment dates of the 2016 ZDP Shares and the 2022 ZDP Shares or dispose of their 2016 ZDP Shares or 2022 ZDP Shares, as applicable, through the market in which case they too may be unable to realise their 2016 ZDP Shares or 2022 ZDP Shares, as applicable, at their quoted market price.

Market liquidity in the shares of investment companies is sometimes less than market liquidity in shares issued by larger companies that are traded on the London Stock Exchange. There can be no guarantee that a liquid market in the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares will be maintained or will exist. Accordingly, Ordinary Shareholders, ZDP Shareholders and/or holders of 2022 ZDP Shares may be unable to realise their Ordinary Shares, the 2016 ZDP Shares or 2022 ZDP Shares, as applicable, at the quoted market price or at all or, in the case of Ordinary Shareholders, at the prevailing NAV per Ordinary Share. Low levels of liquidity in the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares may mean that the shares are more likely to experience price and volume volatility which could adversely affect the market price for the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares.

The Existing Ordinary Shares are admitted to trading on the London Stock Exchange's Specialist Fund Market and, subject to Ordinary Shareholder approval of the Placing and Open Offer and the Placing and Open Offer Related Party Transactions at the Extraordinary General Meeting, application will be made to the London Stock Exchange for the New Ordinary Shares to also be admitted to trading on its Specialist Fund Market. The 2016 ZDP Shares are admitted to trading on the London Stock Exchange's Specialist Fund Market and subject to Ordinary Shareholder and ZDP Shareholder approval of the ZDP Rollover Offer at the Separate Class Meetings and Shareholder approval of the ZDP Rollover Offer and the amendments to the Articles at the Extraordinary General Meeting, application will also be made to the London Stock Exchange for the 2022 ZDP Shares to be admitted to trading on its Specialist Fund Market. Securities exchanges, including the Specialist Fund Market, typically have the right to suspend or limit trading in a company's securities. Any suspension or limits on trading in the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares may affect the ability of Ordinary Shareholders, ZDP Shareholders or holders of 2022 ZDP Shares, as applicable, to realise their investment.

In addition, stock markets have from time to time experienced extreme price and volume volatility, which, could adversely affect the market price for the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares. To optimise returns, investors may need to hold the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares on a long-term basis and they may not be suitable for short-term investment. Admission to trading on the Specialist Fund Market should not be taken as implying that there will be a liquid market for the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares. There is no guarantee that an active market will develop or be sustained for the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares could be adversely affected.

**6.4 *The London Stock Exchange's Specialist Fund Market is less stringently regulated than the premium segment of the Official List and the Main Market of the London Stock Exchange and so the protections afforded to investors in Specialist Fund Market companies are less rigorous than those afforded to investors in companies listed on the premium segment of the Official List.***

The Existing Ordinary Shares are admitted to trading on the London Stock Exchange's Specialist Fund Market and, subject to Ordinary Shareholder approval of the Placing and Open Offer and the Placing and Open Offer Related Party Transactions at the Extraordinary General Meeting, application will be made to the London Stock Exchange for the New Ordinary Shares to also be admitted to trading on the Specialist Fund Market. The 2016 ZDP Shares are admitted to trading on the London Stock Exchange's Specialist Fund Market and also subject to Ordinary Shareholder and ZDP Shareholder approval of the ZDP Rollover Offer at the Separate Class Meetings and Shareholder approval of the ZDP Rollover Offer and the amendments to the Articles at the Extraordinary General Meeting, application will also be made to the London Stock Exchange for the 2022 ZDP Shares to be admitted to trading on the London Stock Exchange's Specialist Fund Market. Accordingly, the Existing Ordinary Shares and the 2016 ZDP Shares are and the New Ordinary Shares and the 2022 ZDP Shares will be subject to the regulatory and disciplinary controls of the Specialist Fund Market. The Specialist Fund Market is the London Stock Exchange's regulated market for specialist investment funds, targeting institutional, professional and highly knowledgeable investors. The Specialist Fund Market is less stringently

regulated than the premium segment of the Official List and the Main Market of the London Stock Exchange and so the protections afforded to investors in Specialist Fund Market companies are less rigorous than those afforded to investors in companies listed on the premium segment of the Official List. Accordingly, an investment in securities traded on the Specialist Fund Market generally carries a higher risk than an investment in securities listed on the premium segment of the Official List. Notwithstanding this, the Board acts and intends to continue to act as if the regulatory framework which would apply to the Company if the Ordinary Shares, the 2016 ZDP Shares and the 2022 ZDP Shares were listed on the premium segment of the Official List applies to it in all material respects, including voluntary compliance by the Company with various requirements set out in the Listing Rules. In addition, the levels of liquidity experienced on the Specialist Fund Market may be lower than those levels of liquidity on the premium segment of the Official List.

**6.5 *Future issues of securities (and, in the case of the Ordinary Shares, conversion of the CULS) could dilute the interests of Ordinary Shareholders, ZDP Shareholders and/or holders of 2022 ZDP Shares, lower NAV per Ordinary Share and lower the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares.***

The Company may issue additional securities in subsequent public offerings or private placements in order to fund additional investments or for other corporate purposes, which may dilute the existing investors' interests in the Company. For example, the issue of New Ordinary Shares pursuant to the Placing and Open Offer will result in an Ordinary Shareholders who do not take up their Open Offer Entitlements in full experiencing a dilution in their interests in the Company. Issues of additional securities may be of or include Ordinary Shares, 2022 ZDP Shares and/or one or more new classes of securities ranking in priority to the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares. In addition, the issue of additional securities by the Company, or the possibility of such issue, may cause the market price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares to decline. Furthermore, such additional securities may be of a class ranking in priority to the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares in respect of dividends or other distributions or other rights, which may change the risk reward characteristics and reduce the value of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares.

Ordinary Shareholders will also suffer a reduction in their proportionate ownership and voting interest in the share capital of the Company as represented by their holding of Ordinary Shares upon any conversion of the CULS. CULS Holders have Conversion Rights to convert the whole or part of their CULS into Ordinary Shares which are exercisable up to (and including) the tenth business day in London and Guernsey prior to the date of final redemption of the CULS on the maturity date of the CULS, being 30 July 2021 (unless previously redeemed, purchased or converted and, in each case, cancelled). Also, if NAV per Ordinary Share at the time of exercise of such Conversion Rights exceeds the Conversion Price, the issue of the Ordinary Shares upon such exercise will have a dilutive effect on NAV per Ordinary Share. The extent of such dilution will depend on the number of CULS in respect of which such Conversion Rights are exercised on each occasion and the difference between the Conversion Price and NAV per Ordinary Share prevailing at the time the new Ordinary Shares are issued. In these circumstances, the conversion of the CULS or the possibility of such conversion could lower the price of the Ordinary Shares.

In addition, the terms of the CULS require the Company to make an adjustment to the Conversion Price of the CULS for issues of shares, rights, share-related securities and other securities by the Company. While there will be no adjustment to the Conversion Price as a result of the Placing and Open Offer, as the Offer Price for the New Ordinary Shares is at a discount of less than five per cent. to the closing price of an Ordinary Share on 3 September 2015, or any of the other transactions described in this Prospectus, future issues of shares, rights, share-related securities and other securities giving rise to an adjustment of the Conversion Price of the CULS could lower the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares.

6.6 ***The Conversion Price of the CULS is subject to adjustment upon the occurrence of certain events which could lower the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares.***

The Conversion Price of the CULS is subject to adjustment, including in respect of: (a) consolidation and subdivision of the Ordinary Shares; (b) certain dividend payments made by the Company; (c) issues of shares, rights, share-related securities and other securities by the Company; (d) in the event of demergers; and (e) in the event of a change of control of the Company. The occurrence of any of the events giving rise to an adjustment of the Conversion Price of the CULS could lower the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares.

6.7 ***The Ordinary Shares, the 2016 ZDP Shares and the 2022 ZDP Shares are or will be subject to certain United States ownership and transfer restrictions and forced transfer provisions.***

The Directors may decline to register a person as a holder of Ordinary Shares, 2016 ZDP Shares and/or 2022 ZDP Shares or require the compulsory transfer of those Ordinary Shares, 2016 ZDP Shares and/or 2022 ZDP Shares (including by way of a disposal effected by the Company itself) if in certain circumstances they believe that the person:

- (a) is a US Person and not a qualified purchaser;
- (b) is a Benefit Plan Investor; or
- (c) is, or is related to, a citizen or resident of the United States, a US partnership, a US corporation or a certain type of estate or trust and that ownership of the Ordinary Shares by the person would materially increase the risk that the Company could be or become a Controlled Foreign Corporation.

In addition, subject to certain exceptions, no person may acquire Ordinary Shares (and similar forced transfer provisions apply) if, immediately after such acquisition, a person (within the meaning of the US Code) would directly, indirectly or constructively (by application of certain prescribed attribution rules) own more than 9.9 per cent. of the Ordinary Shares in issue.

Accordingly, holders of Ordinary Shares, 2016 ZDP Shares and/or 2022 ZDP Shares will be restricted in terms of who they are permitted to transfer their Ordinary Shares, 2016 ZDP Shares and/or 2022 ZDP Shares to and may themselves be subject to the forced transfer provisions in which case they could be forced to sell their Ordinary Shares, 2016 ZDP Shares and/or 2022 ZDP Shares.

In addition, any action by the Company taken for the purposes of forcing the sale of Ordinary Shares, 2016 ZDP Shares and/or 2022 ZDP Shares or other securities which the Company believes to be held in breach of the above and other restrictions imposed by the Articles could lead to potential claims and related costs. Although the Company considers that it would be acting in accordance with the powers that it has under the Articles and does not believe that any claim in respect of the exercise of forced sale provisions in accordance with the Articles would be valid as a matter of Guernsey law, there can be no assurance that claims will not be asserted, or that the Company will not incur costs in defending against or settling any such claims.

6.8 ***The Ordinary Shares, the 2016 ZDP Shares and the 2022 ZDP Shares are subject to prohibitions on Benefit Plan Investors.***

Investment in the Company by Benefit Plan Investors is prohibited so that the assets of the Company will not be deemed to constitute “plan assets” of a Benefit Plan Investor. Each purchaser and subsequent transferee of Ordinary Shares, 2016 ZDP Shares and 2022 ZDP Shares will be required to represent, warrant and covenant, or will be deemed to have represented, warranted and covenanted that it is not, and is not acting on behalf of or with the assets of a Benefit Plan Investor to acquire the Ordinary Shares, 2016 ZDP Shares or 2022 ZDP Shares, as applicable. The Directors have the power to require the sale or transfer of Ordinary Shares, 2016 ZDP Shares and 2022 ZDP Shares in order to avoid the assets of the Company being treated as “plan assets” for the purpose of ERISA.

6.9 ***The Ordinary Shares, the 2016 ZDP Shares and the 2022 ZDP Shares are subject to restrictions on Non-ERISA Plans.***

The fiduciary provisions of pension codes applicable to Non-ERISA Plans may impose limitations on investment in the Company. Fiduciaries of Non-ERISA Plans, in consultation with their advisers, should consider, to the extent applicable, the impact of such fiduciary rules and regulations on an investment in the Company. Among other considerations, the fiduciary of a Non-ERISA Plan should take into account: the composition of the Non-ERISA Plan's portfolio with respect to diversification; the cash flow needs of the Non-ERISA Plan and the effects thereon of the illiquidity of the investment; the economic terms of the Non-ERISA Plan's investment in the Company; the Non-ERISA Plan's funding objectives; the tax effects of the investment and the tax and other risks associated with the investment; the fact that the investors in the Company are expected to consist of a diverse group of investors (including taxable, tax exempt, domestic and foreign entities) and the fact that the management of the Company will not take the particular objectives of any investors or class of investors into account. Non-ERISA Plan fiduciaries should also take into account the fact that, while the Board and the Investment Adviser will have certain general fiduciary duties to the Company, the Board and the Investment Adviser will not have any direct fiduciary relationship with or duty to any investor, either with respect to its investment in Ordinary Shares, 2016 ZDP Shares or 2022 ZDP Shares or with respect to the management and investment of the assets of the Company. Similarly, it is intended that the assets of the Company will not be considered plan assets of any Non-ERISA Plan or be subject to any fiduciary or investment restrictions that may exist under pension codes specifically applicable to such Non-ERISA Plans. Each Non-ERISA Plan will be required to acknowledge and agree in connection with its investment in shares to the foregoing status of the Company, the Board and the Investment Adviser that there is no rule, regulation or requirement applicable to such investor that is inconsistent with the foregoing description of the Company, the Board and the Investment Adviser.

Each purchaser or transferee that is a Non-ERISA Plan will be deemed to have represented, warranted and covenanted as follows:

- (a) the Non-ERISA Plan is not a Benefit Plan Investor;
- (b) the decision to commit assets of the Non-ERISA Plan for investment in the Company was made by fiduciaries independent of the Company, the Board, the Investment Adviser and any of their respective agents, representatives or affiliates, which fiduciaries: (a) are duly authorised to make such investment decision and have not relied on any advice or recommendations of the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates; and (b) in consultation with their advisers, have carefully considered the impact of any applicable federal, state or local law on an investment in the Company;
- (c) none of the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates has exercised any discretionary authority or control with respect to the Non-ERISA Plan's investment in the Company, nor has the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates rendered individualised investment advice to the Non-ERISA Plan based upon the Non-ERISA Plan's investment policies or strategies, overall portfolio composition or diversification with respect to its commitment to invest in the Company and the investment programme thereunder; and
- (d) it acknowledges and agrees that it is intended that the Company will not hold plan assets of the Non-ERISA Plan and that none of the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates will be acting as a fiduciary to the Non-ERISA Plan under any applicable federal, state or local law governing the Non-ERISA Plan, with respect to either: (a) the Non-ERISA Plan's purchase or retention of its investment in the Company; or (b) the management or operation of the business or assets of the Company. It also confirms that there is no rule, regulation, or requirement applicable to such purchaser or transferee that is inconsistent with the foregoing description of the Company, the Board and the Investment Adviser.

## IMPORTANT INFORMATION

This Prospectus should be read in its entirety before making any investment in the New Ordinary Shares and/or making an election for the 2022 ZDP Shares pursuant to the ZDP Rollover Offer. Qualifying ZDP Shareholders should also read in its entirety the Separate ZDP Circular in respect of the ZDP Rollover Offer which will be sent to Qualifying ZDP Shareholders before making any election for the 2022 ZDP Shares pursuant to the ZDP Rollover Offer. Shareholders should rely only on the information contained in this Prospectus, any information contained in any supplementary prospectus and, in the case of Qualifying ZDP Shareholders, the information in the Separate ZDP Circular and any information contained in any supplementary document published prior to Admission of the New Ordinary Shares and Admission of the 2022 ZDP Shares, as applicable. No person has been authorised to give any information or make any representations other than as contained in this Prospectus, any supplementary prospectus, the Separate ZDP Circular and any supplementary document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Investment Adviser or JPMC or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the Prospectus Rules, the Listing Rules (with which the Company voluntarily complies) and the Disclosure and Transparency Rules including the obligation of the Company to publish a supplementary prospectus pursuant to section 87G(1) of the FSMA, neither the publication or delivery of this Prospectus or the Separate ZDP Circular nor any subscription or sale or election made thereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or the Separate ZDP Circular or that the information in this Prospectus or the Separate ZDP Circular is correct as at any time subsequent to their respective dates. The Company will, in the event of any significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus or the Separate ZDP Circular which is capable of affecting the assessment of any New Ordinary Shares, any 2016 ZDP Shares and/or any 2022 ZDP Shares, prepare a supplement to this Prospectus and/or the Separate ZDP Circular, in compliance with section 87G(1) of the FSMA. This Prospectus and the Separate ZDP Circular should be read and construed with any supplement thereto.

Shareholders must not treat the contents of this Prospectus, the Separate ZDP Circular or any subsequent communications from the Company, the Investment Adviser or JPMC or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

### **Regulatory information**

This Prospectus and the Separate ZDP Circular do not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, New Ordinary Shares or 2022 ZDP Shares in any jurisdiction in which such offer or solicitation is unlawful. The issue or circulation of this Prospectus and the Separate ZDP Circular may be prohibited in some countries.

In relation to the Placing and Open Offer only, Overseas Ordinary Shareholders should consider paragraph 7 of Part XII (*Terms and Conditions of the Placing and Open Offer*) of this Prospectus entitled "*Overseas Ordinary Shareholders*". In relation to the ZDP Rollover Offer only, all Overseas ZDP Shareholders should read Part XIII (*Details of the 2022 ZDP Shares*) of this Prospectus and refer to and read the Separate ZDP Circular.

### **Data protection**

The information that a Shareholder provides in documents in relation to a proposed investment in the New Ordinary Shares and/or an election for the 2022 ZDP Shares pursuant to the ZDP Rollover Offer or which it or any subsequent purchaser of the New Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares subsequently provides by whatever means which relates to the Shareholder or such subsequent purchaser (if it is an individual) or a third party individual ("**personal data**") will be held and processed by the Company (and any third party in Guernsey to whom it may delegate certain administrative functions in relation to the Company) in compliance with the relevant data protection legislation and regulatory requirements of Guernsey. Each Shareholder and any subsequent purchaser of the New Ordinary Shares, the

2016 ZDP Shares and/or the 2022 ZDP Shares will be deemed to acknowledge and consent that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company) for the following purposes:

- verifying the identity of the Shareholder or such subsequent purchaser to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- contacting the Shareholder or such subsequent purchaser with information about other products and services provided by the Investment Adviser, or its affiliates, which may be of interest to the Shareholder or such subsequent purchaser;
- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in Guernsey or elsewhere; and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Each Shareholder and subsequent purchaser of the New Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares acknowledges and consents that where appropriate it may be necessary for the Company (or any third party service provider, functionary, or agent appointed by the Company) to:

- disclose personal data to third party service providers, agents or functionaries appointed by the Company or its agents to provide services to Shareholders or such subsequent purchasers; and
- transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of Shareholders or such subsequent purchasers as Guernsey.

If the Company (or any third party service provider, functionary or agent appointed by the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

Shareholders and subsequent purchasers of the New Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares are responsible for informing any third party individual (to whom the personal data relates) of the disclosure and use of such data in accordance with these provisions.

### **Investment considerations**

An investment in the New Ordinary Shares and/or an election for the 2022 ZDP Shares pursuant to the ZDP Rollover Offer is suitable only for investors who are capable of evaluating the merits and risks of such an investment, who understand the potential risk of capital loss and that there may be limited liquidity in the New Ordinary Shares and/or the 2022 ZDP Shares, for whom an investment in the New Ordinary Shares and/or an election for the 2022 ZDP Shares pursuant to the ZDP Rollover Offer constitutes part of a diversified investment portfolio, who fully understand and are willing to assume the risks involved in investing in the Company and who have sufficient resources to be able to bear losses (which may equal the whole amount invested or rolled over) that may result from such an investment or election. Investors in the Company are expected to be professional or experienced investors, or those who have taken appropriate professional advice, institutional investors, high net worth investors and advised individual investors who understand the risks involved in investing in the Company. Typical investors for whom the Company is designed are institutional investors, investment funds, private client fund managers and private client brokers, as well as other professionally advised private investors, seeking long-term capital growth and income from debt and equity investments primarily in businesses in the United States and Europe and in US real estate providing a superior overall return comprised of a current yield and significant capital appreciation. Shareholders may want to consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before making any investment or election decision.



A Shareholder should be aware that the value of an investment in the Company is subject to normal market fluctuations and other risks inherent in investing in securities. The New Ordinary Shares, the 2016 ZDP Shares and the 2022 ZDP Shares are designed to be held over the long-term and may not be suitable as short-term investments. There is no assurance that any appreciation in the value of the New Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares will occur, and in the case of the 2016 ZDP Shares and the 2022 ZDP Shares, that their respective final capital entitlement will be paid. The value of investments and the income derived therefrom may fall as well as rise and Shareholders may not recoup the original amount invested in the Company. The corporate objective of the Company is a target only and should not be treated as assurances or guarantees of performance. There can be no assurance that the Company's corporate objective will be achieved.

As the Company's portfolio is constructed without reference to any stock market index, an investment in the Company is unsuitable for those who seek investments that are in some way correlated to a stock market index.

The contents of this Prospectus and the Separate ZDP Circular are not to be construed as advice relating to legal, financial, taxation, accounting or regulatory matters, investment decisions or any other matter. Shareholders must inform themselves as to:

- the legal requirements within their own countries for the purchase, election, holding, transfer, redemption or other disposal of the New Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares;
- any foreign exchange restrictions applicable to the purchase, election, holding, transfer, redemption or other disposal of the New Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares which they might encounter; and
- the income and other tax consequences which may apply to them as a result of the purchase, election, holding, transfer, redemption or other disposal of the 2016 ZDP Shares, the New Ordinary Shares and/or the 2022 ZDP Shares.

Shareholders must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment in the Company.

Without prejudice to its obligations and responsibilities under the Listing Rules (with which the Company voluntarily complies), the Company will endeavour to ensure fair treatment of investors to comply with the requirements of the AIFM Directive. Investment in the Company will not automatically grant investors any rights against third parties engaged by the Company to provide services to the Company. It should be remembered that the price of the New Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and the income from the New Ordinary Shares (if any), can go down as well as up. The 2016 ZDP Shares and/or the 2022 ZDP Shares may also not receive, on sale or the cancellation or redemption, the amount that they invested and/or their respective final capital entitlements.

This Prospectus should be read in its entirety before making any investment in the New Ordinary Shares and/or making an election for the 2022 ZDP Shares pursuant to the ZDP Rollover Offer. Qualifying ZDP Shareholders should also read in its entirety the Separate ZDP Circular in respect of the ZDP Rollover Offer which will be sent to Qualifying ZDP Shareholders before making any election for the 2022 ZDP Shares pursuant to the ZDP Rollover Offer. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the memorandum of association and Articles which Shareholders should review. A summary of the Articles and the proposed amendments to the same as contained in the New Articles are included in paragraph 5.3 of Part X (*Additional Information*) of this Prospectus.

#### **No incorporation of websites**

The contents of the Company's website at <http://www.jzcp.com> and JZ Partners' website at <http://www.jzpartners.com>, the contents of any website accessible from hyperlinks on the Company's website and JZ Partners' website, or any other website referred to in this Prospectus or the Separate ZDP

Circular are not incorporated and do not form part of this Prospectus or the Separate ZDP Circular (except to the extent such websites contain any information incorporated by reference in this Prospectus). Shareholders should base their decision to invest in the New Ordinary Shares and/or make an election for the 2022 ZDP Shares on the contents of this Prospectus and, in the case of Qualifying ZDP Shareholders, the information in the Separate ZDP Circular, and should consult their professional advisers prior to making any investment in the New Ordinary Shares and/or making an election for the 2022 ZDP Shares pursuant to the ZDP Rollover Offer.

### **Forward-Looking Statements**

This Prospectus and the Separate ZDP Circular contain statements that are, or may be deemed to be, forward-looking statements, including, without limitation, statements containing the words “anticipates”, “believes”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “should” or “will” or, in each case, their negative or other variations or similar expressions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and the Separate ZDP Circular and include, but are not limited to, statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, the Company’s results of operations, financial position, prospects, growth, investment strategy, financing strategies, prospects, liquidity of the Company’s assets and expectations for the markets in which the Company invests.

Such forward-looking statements involve unknown risks, uncertainties and other factors, which may cause the actual results of operations, performance or achievement of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. In addition, even if the Company’s results of operations, financial position and growth, and the development of the markets and the industry in which the Company operates, are consistent with the forward-looking statements contained in this Prospectus or the Separate ZDP Circular, those results or developments may not be indicative of results or developments in subsequent periods.

Given these uncertainties, Shareholders are cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements speak only as at the date of this Prospectus or the Separate ZDP Circular, as applicable. Subject to its compliance with its legal and regulatory obligations (including under the Listing Rules (with which the Company voluntarily complies), Prospectus Rules and Disclosure and Transparency Rules), the Company undertakes no obligation to update or revise any forward-looking statement contained in the Prospectus or the Separate ZDP Circular, nor will it publicly release any revisions it may make to these forward-looking statements, to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based. Shareholders should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital in this Prospectus.

### **Market, Economic and Industry Data**

This Prospectus and the Separate ZDP Circular contain certain market data and other information extracted from official and industry sources and other sources the Company believes to be reliable. The Company has not independently verified these industry publications, surveys and forecasts and cannot guarantee their accuracy or completeness. However, such information, data and statistics have been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by the aforementioned sources, no facts have been omitted which would render the reproduced information, data and statistics inaccurate or misleading. Such information, data and statistics include certain projections and estimates of future events. Such projections and estimates are by their nature uncertain and are not statements of fact. The Company expressly disclaims liability for the occurrence of events or circumstances implied by such projections and estimates. See also “*Forward-Looking Statements*” above.

### **Currency Presentation**

Unless otherwise indicated, all references in this Prospectus to “£” or “Pounds Sterling” or “pence” (including the abbreviation “p”) are to the lawful currency of the United Kingdom, all references to “US\$” or “US Dollars” or “cents” are to the lawful currency of the United States, and all references to “€” or “Euro” are to the single currency of Participating Member States.

### **Latest Practicable Date**

All references in this Prospectus to the latest practicable date prior to the publication of this Prospectus should be regarded as being references to 3 September 2015 unless otherwise indicated.

### **Foreign Currency Translation**

Unless otherwise indicated, all references in this Prospectus to amounts stated in both US Dollars and Pounds Sterling are calculated using an exchange rate of GBP/USD 1.52540, the spot rate published by WM/Reuters as at 3 September 2015.

### **Presentation of Financial Information**

The Company publishes its financial statements in US Dollars. The audited financial statements of the Company incorporated by reference in this Prospectus have been prepared in accordance with IFRS. All future audited financial statements of the Company are intended to be prepared in accordance with IFRS and, unless otherwise indicated, the financial information in this Prospectus has been prepared in accordance with IFRS.

### **Rounding**

Some financial information in this Prospectus has been rounded. As a result of this rounding, figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. In addition, certain percentages presented in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

### **Definitions**

A glossary and a list of defined terms used in this Prospectus is set out in Part XIV (*Definitions and Glossary*) of this Prospectus.

### **Important Notice Regarding Performance Data**

This Prospectus includes information regarding the track record and performance data of the Company and the Investment Adviser (the “**Track Record**”). Such information is not necessarily comprehensive and Shareholders should not consider such information to be indicative of the possible future performance of the Company or any investment opportunity to which this Prospectus relates. The past performance of the Investment Adviser is not a reliable indicator of, and cannot be relied upon as a guide to, the future performance of the Company or the Investment Adviser nor is the past performance of the Company or the Investment Adviser a reliable indicator of, nor can it be relied upon as a guide to, the future performance of the Company.

Shareholders should not consider the Track Record information (particularly the past returns) contained in this Prospectus to be indicative of the Company’s future performance. Past performance is not a reliable indicator of future results and the Company will not make the same investments reflected in the Track Record information included herein. Shareholders should be aware that any investment in the Company is speculative, involves a high degree of risk, and could result in the loss of all or substantially all of their investment and, in the case of the 2016 ZDP Shares and the 2022 ZDP Shares, their respective final capital entitlements.

For a variety of reasons, the comparability of the Track Record information to the Company’s future performance is by its nature very limited. Without limitation, results can be positively or negatively affected by market conditions beyond the control of the Company or the Investment Adviser which may be different in many respects from those that prevail at present or in the future, with the result that the performance of the Company’s portfolios originated now may be significantly different from those originated in the past. The Company’s results may differ materially from the historical results achieved by the Company.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

*Each of the dates and times in the table below (except for the dates and times in relation to the Separate Class Meetings and the Extraordinary General Meeting) are indicative only and may be adjusted by the Company, in which event details of the new times and dates will be notified to the UK Listing Authority, the London Stock Exchange and, where appropriate, to Shareholders by way of an announcement issued via an RIS provider.*

***Qualifying ZDP Shareholders should also refer to the Separate ZDP Circular for an expected timetable of principal events that includes other dates and times in relation to the ZDP Rollover Offer.***

Open Offer Record Date for entitlements under the Open Offer	6.00 p.m. on 2 September 2015
Announcement of the Placing and Open Offer and the ZDP Rollover Offer	7.00 a.m. on 4 September 2015
Ex-entitlement date for the Open Offer	8.00 a.m. 4 September 2015
Publication and posting of:	4 September 2015
<ul style="list-style-type: none"> <li>• this Prospectus, the Application Forms and the Forms of Proxy for use in connection with the Separate Class Meetings and the Extraordinary General Meeting; and</li> <li>• the Separate ZDP Circular and the Separate ZDP Election Forms in respect of the ZDP Rollover Offer</li> </ul>	
Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Ordinary Shareholders	As soon as practicable after 8.00 a.m. on 7 September 2015
Latest recommended time and date for requesting withdrawal of Open Offer Entitlements from CREST (i.e. if your Open Offer Entitlements are in CREST and you wish to convert them into certificated form)	4.30 p.m. on 18 September 2015
Latest recommended time and date for depositing Open Offer Entitlements into CREST (i.e. if your Open Offer Entitlements are represented by an Application Form and you wish to convert them to uncertificated form)	3.00 p.m. on 21 September 2015
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims)	3.00 p.m. on 22 September 2015
<b>Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions</b>	<b>11.00 a.m. on 24 September 2015</b>
<b>Latest time and date for receipt of separate ZDP Election Forms and Settlement of relevant CREST Instructions</b>	<b>11.00 a.m. on 24 September 2015</b>
ZDP Rollover Record Date	6.00 p.m. on 24 September 2015
Announcement of the results of the Placing and Open Offer and the ZDP Rollover Offer	25 September 2015
Latest time and date for receipt of Forms of Proxy for use in connection with the Class Meeting of Ordinary Shareholders and electronic proxy appointments via CREST	11.00 a.m. on 25 September 2015

Latest time and date for receipt of Forms of Proxy for use in connection with the Class Meeting of ZDP Shareholders and electronic proxy appointments via CREST	11.05 a.m. on 25 September 2015
Latest time and date for receipt of Forms of Proxy for use in connection with the Extraordinary General Meeting and electronic proxy appointments via CREST	11.10 a.m. on 25 September 2015
Class Meeting of Ordinary Shareholders	11.00 a.m. on 29 September 2015
Class Meeting of ZDP Shareholders	11.05 a.m. on 29 September 2015 (or as soon thereafter as the Class Meeting of Ordinary Shareholders has been concluded or adjourned)
Extraordinary General Meeting	11.10 a.m. on 29 September 2015 (or as soon thereafter as the Class Meeting of ZDP Shareholders has been concluded or adjourned)
Announcement of the results of the Class Meetings and the Extraordinary General Meeting	29 September 2015
Admission of the New Ordinary Shares and commencement of dealings expected in respect of the New Ordinary Shares issued pursuant to the Placing and Open Offer	8.00 a.m. on 30 September 2015
CREST stock accounts expected to be credited in respect of New Shares issued pursuant to the Placing and Open Offer	as soon as possible after Ordinary 8.00 a.m. on 30 September 2015
Despatch of share certificates in respect of New Ordinary Shares issued pursuant to the Placing and Open Offer in certificated form	within seven days of Admission of the New Ordinary Shares
Exchange of 2016 ZDP Shares, in respect of which valid elections made and not revoked, for 2022 ZDP Shares	8.00 a.m. on 1 October 2015
Admission of the 2022 ZDP Shares and commencement of dealings expected in respect of the 2022 ZDP Shares issued pursuant to the ZDP Rollover Offer	8.00 a.m. on 1 October 2015
CREST stock accounts of Qualifying ZDP Shareholders exchanging 2016 ZDP Shares for 2022 ZDP Shares expected to be credited in respect of 2022 ZDP Shares issued pursuant to the ZDP Rollover Offer	as soon as possible after 8.00 a.m. on 1 October 2015
Despatch of share certificates in respect of 2022 ZDP Shares issued pursuant to the ZDP Rollover Offer in certificated form	within seven days of Admission of the 2022 ZDP Shares

**Notes:**

- (1) References to times are to London time unless otherwise stated.
- (2) Please note that any Existing Ordinary Shares sold prior to close of business on 3 September 2015, the date on which the Existing Ordinary Shares will trade with entitlement, will be sold to the purchaser with the right to receive entitlements under the Open Offer.
- (3) The ability to participate in the Placing and Open Offer is subject to certain restrictions relating to Ordinary Shareholders with a registered address or located or resident outside the UK, details of which are set out in Part XII (*Terms and Conditions of the Placing and Open Offer*) of this Prospectus.
- (4) The ZDP Rollover Offer will, subject to certain exceptions, only be available to Qualifying ZDP Shareholders. All Overseas ZDP Shareholders should read Part XIII (*Details of the 2022 ZDP Shares*) of this Prospectus and refer to and read the Separate ZDP Circular.

- (5) If you have any queries on the procedure for acceptance and payment in respect of the Open Offer or on the procedure for splitting Application Forms, you should refer to Part XII (*Terms and Conditions of the Placing and Open Offer*) of this Prospectus which contains the terms and conditions of the Placing and Open Offer or alternatively you should contact Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK by telephone on 0871-384-2124, if calling from within the UK, or on +44 121-415-0839, if calling from outside the UK. Calls to the 0871-384-2124 number from within the UK cost 8 pence per minute excluding VAT, plus network extras. Other network providers' or network costs may vary. Calls to the +44 121-415-0839 number from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Lines are open 8.30 a.m. to 5.00 p.m. (London time) Monday to Friday (excluding public holidays). Calls may be recorded and randomly monitored for security and training purposes. Equiniti Limited cannot provide advice on the merits of the Placing and Open Offer nor give any financial, legal, business, tax or investment advice.
- (6) If you have any queries on the ZDP Rollover Offer, you should refer to the Separate ZDP Circular. Alternatively you should contact Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK by telephone on 0871-384-2124, if calling from within the UK, or on +44 121-415-0839, if calling from outside the UK. Calls to the 0871-384-2124 number from within the UK cost 8 pence per minute excluding VAT, plus network extras. Other network providers' or network costs may vary. Calls to the +44 121-415-0839 number from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Lines are open 8.30 a.m. to 5.00 p.m. (London time) Monday to Friday (excluding public holidays). Calls may be recorded and randomly monitored for security and training purposes. Equiniti Limited cannot provide advice on the merits of the ZDP Rollover Offer nor give any financial, legal, business, tax or investment advice.

## STATISTICS RELATING TO THE PLACING AND OPEN OFFER ONLY

Offer Price per New Ordinary Share	419.19 pence
Discount to Existing Ordinary Shares <sup>(1)</sup>	2 per cent.
Open Offer Entitlement	9 New Ordinary Shares for every 5 Existing Ordinary Shares
Number of Existing Ordinary Shares in issue as at 3 September 2015 (being the latest practicable date prior to the publication of this Prospectus)	65,018,607
Number of New Ordinary Shares to be issued pursuant to the Placing and Open Offer <sup>(2)</sup>	23,406,698
Number of Ordinary Shares in issue immediately upon completion of the Placing and Open Offer <sup>(2)(3)</sup>	88,425,305
New Ordinary Shares to be issued pursuant to the Placing and Open Offer as a percentage of the number of Ordinary Shares in issue immediately upon completion of the Placing and Open Offer <sup>(2)(3)</sup>	26.5 per cent.
Total gross proceeds expected of the Placing and Open Offer <sup>(2)</sup>	£98,118,537
Estimated Net Proceeds of the Placing and Open Offer receivable by the Company <sup>(2)(3)(4)</sup>	£95,119,470

### Notes:

- (1) The discount is to the Closing Price of an Existing Ordinary Share of 427.75 pence on 3 September 2015, being the latest practicable date prior to the publication of this Prospectus.
- (2) This assumes that the Placing and Open Offer are fully subscribed.
- (3) This assumes that, other than the Placing and Open Offer (which is assumed are fully subscribed), no further Ordinary Shares are issued by the Company between the publication of this Prospectus and Admission of the New Ordinary Shares. No such additional share issues are anticipated.
- (4) The estimated Net Proceeds receivable by the Company are stated after the deduction of costs and expenses (exclusive of VAT) of, or incidental to, the Placing and Open Offer payable by the Company, estimated to be approximately £3.0 million.

## STATISTICS RELATING TO THE ZDP ROLLOVER OFFER ONLY AND THE ZDP ROLLOVER OFFER ASSUMPTIONS

The following illustrative financial statistics are based on, and should be read in conjunction with, the assumptions below. Qualifying ZDP Shareholders should note that actual outcomes can be expected to differ from these illustrations. The illustrations are not guarantees of future performance and involve certain risks and uncertainties that are hard to predict. Qualifying ZDP Shareholders should therefore not rely on the illustrations.

2022 ZDP Share Issue Price	349.6p
2022 ZDP Share Final Capital Entitlement per 2022 ZDP Share	444.7p – 483.7p
2022 ZDP Share Gross Redemption Yield per 2022 ZDP Share	3.50% – 4.75%
Estimated 2022 ZDP Share Cumulative Final Cover	1.67x – 1.64x
Estimated 2022 ZDP Share Hurdle Rate	5.18% – 4.90%
Minimum size of the 2022 ZDP Share Issue	£20 million
Maximum size of the 2022 ZDP Share Issue	£50 million

### **ZDP Rollover Offer Assumptions:**

Unless otherwise indicated, the statistics contained in this Prospectus relating to the 2022 ZDP Shares have been calculated on the following principal bases and assumptions:

- The unaudited total assets and net assets of the Company as at 31 July 2015 were \$1,034.5 million and \$689.5 million respectively.
- The £/US\$ exchange rate is assumed to be 1.56.
- The balance sheet for the purpose of calculating the estimated 2022 ZDP Share Cumulative Final Cover and the estimated 2022 ZDP Share Hurdle Rate reflects the balance sheet of the Company as at 31 July 2015, adjusted for:
  - The Net Proceeds of \$145.4 million from the Placing and Open Offer being used to pay down the outstanding balance of the Deutsche Bank Facility, with the remainder added to the current value of the Company's investments;
  - The rollover into 2022 ZDP Shares of £50 million worth of 2016 ZDP Shares at their Accrued Capital Entitlement as at 1 October 2015 of 348.9p;
  - A premium of 1.0 per cent. being added to the 2016 ZDP Share Final Capital Entitlement of those 2016 ZDP Shares in respect of which elections to rollover are not received;
  - The repayment of the 2016 ZDP Share Final Capital Entitlement out of the Company's cash balances at the 2016 ZDP Share Repayment Date of 22 June 2016; and
  - The repayment of the CULS, due June 2021, out of the Company's cash balances, and then assuming that the Company liquidates investments to cover any shortfall once the cash balance is reduced to zero.
- The gross redemption yield of a 2016 ZDP Share is 8.0 per cent. The new Accrued Capital Entitlement of the 2016 ZDP Shares after the addition of the 1.0 per cent. premium to the 2016 ZDP Share Final Capital Entitlement is calculated by working backwards from that increased final capital entitlement and assuming the gross redemption yield of 8.0 per cent. remains constant.



- The aggregate 2022 ZDP Share Final Capital Entitlement is £50 million, increased by the 2022 ZDP Share GRY, compounded from its issue date (expected to be 1 October 2015) up to (but not including) the 2022 ZDP Share Repayment Date. The 2022 ZDP Share Final Capital Entitlement will be payable on the 2022 ZDP Share Repayment Date.
- Management costs, interest on borrowings, and running expenses are accrued over the life of the 2022 ZDP Shares and paid out of capital as at the 2022 ZDP Share Repayment Date.
- No redemption, conversions or repurchases of any Ordinary Shares are made prior to the 2022 ZDP Share Repayment Date.
- Prior charges are equal to the sum of accrued costs attributable to the ordinary course of portfolio management, the costs incurred servicing the Company's various liabilities, and the value of the Company's outstanding debts (excluding the 2022 ZDP Shares) as at the 2022 ZDP Share Repayment Date.
- The 2022 ZDP Share Cumulative Final Cover is equal to the ratio of: (a) the total assets of the Company at the point of issuance of the 2022 ZDP Shares, less prior charges; to (b) the Cumulative Final Capital Entitlement of the 2022 ZDP Shares plus prior charges.
- The 2022 ZDP Share Hurdle Rate is equal to the compound annual growth rate on the Company's investments required to reduce the cumulative final cover of the 2022 ZDP Shares to less than one times covered.
- Wind up costs equal to one per cent. of each of the 2016 ZDP Share Final Capital Entitlement and the 2022 ZDP Share Final Capital Entitlement.

## DEALING CODES

	<i>Existing Ordinary Shares</i>	<i>New Ordinary Shares<sup>(1)</sup></i>	<i>Open Offer Entitlements</i>	<i>2016 ZDP Shares</i>	<i>2022 ZDP Shares</i>	<i>CULS</i>
ISIN	GG00B403HK58	GG00BZ0RXZ12	GG00BYNQLO92	GG00B40D7X85	GG00BZ0RYO36	GG00BP46PR08
SEDOL number	B403HK5	BZ0RXZ1	N/A	B40D7X8	BZ0RYO3	BP46PR0
TIDM mnemonic	JZCP	JZCX	N/A	JZCN	JZCZ	JZCC

- (1) Following a record date on or after Admission of the New Ordinary Shares by reference to which holders of the New Ordinary Shares will be entitled to receive dividends, the ISIN of the New Ordinary Shares will become the same as that of the Existing Ordinary Shares.

## FORMS ACCOMPANYING THIS PROSPECTUS AND ACTION TO BE TAKEN

Accompanying this Prospectus is:

- a blue Form of Proxy for use in connection with the Class Meeting of Ordinary Shareholders;
- a pink Form of Proxy for use in connection with the Class Meeting of ZDP Shareholders; and
- a white Form of Proxy for use in connection with the Extraordinary General Meeting.

**Qualifying Non-CREST Ordinary Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders and Ordinary Shareholders with registered addresses in the United States or who are otherwise located in the United States) will also receive an Application Form.**

**A Separate ZDP Circular and a Separate ZDP Election Form in respect of the ZDP Rollover Offer will be sent to Qualifying ZDP Shareholders. Such Qualifying Shareholders should refer to the Separate ZDP Circular and the Separate ZDP Election Form for the procedures for election and the action to be taken by them in relation to the ZDP Rollover Offer.**

**Action to be taken in respect of the Separate Class Meetings and the Extraordinary General Meeting**  
IF YOU CURRENTLY ONLY HOLD ORDINARY SHARES, YOU SHOULD DISREGARD THE FORM OF PROXY FOR USE IN CONNECTION WITH THE CLASS MEETING OF ZDP SHAREHOLDERS (PINK).

IF YOU CURRENTLY ONLY HOLD 2016 ZDP SHARES, YOU SHOULD DISREGARD THE FORM OF PROXY FOR USE IN CONNECTION WITH THE CLASS MEETING OF ORDINARY SHAREHOLDERS (BLUE).

YOU SHOULD READ THE WHOLE OF THIS PROSPECTUS AND, IN THE CASE OF QUALIFYING ZDP SHAREHOLDERS, THE SEPARATE ZDP CIRCULAR, AND NOT RELY ONLY ON THIS SECTION OF THIS PROSPECTUS ENTITLED “FORMS ACCOMPANYING THIS PROSPECTUS AND ACTION TO BE TAKEN” BEFORE DECIDING WHAT ACTION TO TAKE.

### **Class Meeting of Ordinary Shareholders**

Enclosed with this Prospectus is a blue Form of Proxy for use in connection with the Class Meeting of Ordinary Shareholders. If you are an Ordinary Shareholder, whether or not you intend to be present at the Class Meeting of Ordinary Shareholders, you are asked to complete, sign and return the blue Form of Proxy in accordance with the instructions printed thereon, so as to be received by Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK as soon as possible and in any event not later than 48 hours before the appointed time of the Class Meeting of Ordinary Shareholders (excluding any part of a day which is non-working). The completion and return of the blue Form of Proxy will not preclude Ordinary Shareholders from attending and voting in person at the Class Meeting of Ordinary Shareholders if they so wish and are so entitled.

### **Class Meeting of ZDP Shareholders**

Enclosed with this Prospectus is a pink Form of Proxy for use in connection with the Class Meeting of ZDP Shareholders. If you are a ZDP Shareholder, whether or not you intend to be present at the Class Meeting of ZDP Shareholders, you are asked to complete, sign and return the pink Form of Proxy in accordance with the instructions printed thereon, so as to be received by Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK as soon as possible and in any event not later than 48 hours before the appointed time of the Class Meeting of ZDP Shareholders (excluding any part of a day which in non-working). The completion and return of the pink Form of Proxy will not preclude ZDP Shareholders from attending and voting in person at the Class Meeting of ZDP Shareholders if they so wish and are so entitled.

## **Extraordinary General Meeting**

Enclosed with this Prospectus is a white Form of Proxy for use in connection with the Extraordinary General Meeting. If you are a Shareholder, whether or not you intend to be present at the Extraordinary General Meeting, you are asked to complete, sign and return the white Form of Proxy in accordance with the instructions printed thereon, so as to be received by Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK as soon as possible and in any event not later than 48 hours before the appointed time of the Extraordinary General Meeting (excluding any part of a day which is non-working). The completion and return of the white Form of Proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting if they so wish and are so entitled.

### ***Action to be taken in respect of the Open Offer***

If you are a Qualifying CREST Ordinary Shareholder no Application Form will be sent to you and you will receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements representing your maximum entitlement under the Open Offer. You should refer to the procedure for application set out in paragraph 5 of Part XII (*Terms and Conditions of the Placing and Open Offer*) of this Prospectus. The relevant CREST instructions must have settled in accordance with the instructions in paragraph 5.2 of Part XII (*Terms and Conditions of the Placing and Open Offer*) of this Prospectus by no later than 11.00 a.m. on 24 September 2015. Qualifying CREST Ordinary Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this Prospectus and the Open Offer.

If you have sold or otherwise transferred all of your Existing Ordinary Shares (other than ex-entitlements) held in certificated form before the Open Offer Record Date, please forward this Prospectus and any Application Form received at once to the purchaser or transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee, except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including, but not limited to, the United States or any of the Excluded Territories or to US Persons.

If you have sold or otherwise transferred only part of your holding of Existing Ordinary Shares (other than ex-entitlements) held in certificated form before the Open Offer Record Date, you should refer to the instruction regarding split applications in Part XII (*Terms and Conditions of the Placing and Open Offer*) of this Prospectus and the Application Form.

**The latest time and date for receipt of Application Forms and payment in full under the Open Offer and the settlement of relevant CREST Instructions (as appropriate) is expected to be 11.00 a.m. on 24 September 2015, unless otherwise announced by the Company. Details of the further terms and conditions of the Placing and Open Offer are set out in Part XII (*Terms and Conditions of the Placing and Open Offer*) of this Prospectus and, where relevant, will also be set out in the Application Forms.**

For Qualifying Non-CREST Ordinary Shareholders, the Open Offer Shares will be issued in certificated form and will be represented by definitive share certificates, which are expected to be despatched within seven Business Days of Admission of the New Ordinary Shares to the registered address of the person(s) entitled to them.

For Qualifying CREST Ordinary Shareholders, the UK Transfer and Paying Agent will instruct Euroclear to credit the stock accounts of the Qualifying CREST Ordinary Shareholders with their Open Offer Shares. It is expected that this will take place by no later than 30 September 2015.

Qualifying CREST Ordinary Shareholders who are CREST sponsored members should refer to their CREST sponsor regarding the action to be taken in connection with the Open Offer.

**If you are in any doubt as to what action you should take, or the contents of this Prospectus or the Separate ZDP Circular, you should consult your accountant, legal or professional adviser, financial adviser or a person authorised for the purposes of the FSMA who specialises in advising on the acquisition of shares and other securities if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.**

If you have any further queries regarding the Open Offer, please call Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK by telephone on 0871-384-2124, if calling from within the UK, or on +44 121-415-0839, if calling from outside the UK. Calls to the 0871-384-2124 number from within the UK cost 8 pence per minute excluding VAT, plus network extras. Other network providers' or network costs may vary. Calls to the +44 121-415-0839 number from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Lines are open 8.30 a.m. to 5.00 p.m. (London time) Monday to Friday (excluding UK public holidays). Calls may be recorded and randomly monitored for security and training purposes. Equiniti Limited cannot provide advice on the merits of the Placing and Open Offer nor give any financial, legal, business, tax or investment advice.

***Action to be taken in respect of the ZDP Rollover Offer***

**A Separate ZDP Circular and a Separate ZDP Election Form containing, among other things, the terms and conditions of the ZDP Rollover Offer and the process for electing to exchange 2016 ZDP Shares for 2022 ZDP Shares should Qualifying ZDP Shareholders wish to do so, will be sent to such Qualifying ZDP Shareholders.**

Qualifying ZDP Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders and ZDP Shareholders with registered addresses in the United States or who are otherwise located in the United States) holding 2016 ZDP Shares in certificated form and who wish to make an election for 2022 ZDP Shares pursuant to the ZDP Rollover Offer should complete and return the Separate ZDP Election Form together with their valid 2016 ZDP Share Certificate(s) and/or other documents of title to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to be received by not later than 11.00 a.m. on 24 September 2015. Qualifying ZDP Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders and ZDP Shareholders with registered addresses in the United States or who are otherwise located in the United States) holding 2016 ZDP Shares in uncertificated form (that is through CREST), none of whom will receive a Separate ZDP Election Form, and who wish to make an election for 2022 ZDP Shares pursuant to the ZDP Rollover Offer should send the TTE instruction through CREST so as to settle by no later than 11.00 a.m. on 24 September 2015.

**The latest time and date for election pursuant to the ZDP Rollover Offer is 11.00 a.m. on 24 September 2015. The procedures for election and the action to be taken by Qualifying ZDP Shareholders is set out in the Separate ZDP Circular and, where relevant, in the Separate ZDP Election Form.**

If you have any queries regarding the ZDP Rollover Offer, please call Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK by telephone on 0871-384-2124, if calling from within the UK, or on +44 121-415-0839, if calling from outside the UK. Calls to the 0871-384-2124 number from within the UK cost 8 pence per minute excluding VAT, plus network extras. Other network providers' or network costs may vary. Calls to the +44 121-415-0839 number from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Lines are open 8.30 a.m. to 5.00 p.m. (London time) Monday to Friday (excluding UK public holidays). Calls may be recorded and randomly monitored for security and training purposes. Equiniti Limited cannot provide advice on the merits of the ZDP Rollover Offer nor give any financial, legal, business, tax or investment advice.

## DIRECTORS, INVESTMENT ADVISER, OTHER ADVISERS AND SERVICE PROVIDERS

<b>Directors</b>	David Macfarlane ( <i>Chairman</i> ) Patrick Firth ( <i>Independent non-executive Director</i> ) James Jordan ( <i>Independent non-executive Director</i> ) Tanja Tibaldi ( <i>Independent non-executive Director</i> ) Christopher Waldron ( <i>Independent non-executive Director</i> )  <i>all non-executive and of</i>  PO Box 255 Trafalgar Court Les Banques St Peter Port Guernsey GY1 3QL
<b>Registered Office</b>	PO Box 255 Trafalgar Court Les Banques St Peter Port Guernsey GY1 3QL
<b>Investment Adviser</b>	Jordan/Zalaznick Advisers, Inc. 9 West 57th Street, 33rd Floor New York NY 10019
<b>Administrator, Registrar and Secretary</b>	Northern Trust International Fund Administration Services (Guernsey) Limited PO Box 255 Trafalgar Court Les Banques St Peter Port Guernsey GY1 3QL
<b>Sole Bookrunner</b>	J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove) 25 Bank Street Canary Wharf London E14 5JP
<b>Custodian</b>	HSBC Bank (USA) NA 452 Fifth Avenue New York NY 10018
<b>Legal Advisers to the Company (in respect of English and US law (excluding US tax))</b>	Ashurst LLP Broadwalk House 5 Appold Street London EC2A 2HA
<b>Legal Advisers to the Company (in respect of Guernsey law)</b>	Mourant Ozannes PO Box 186 1 Le Marchant Street St Peter Port Guernsey GY1 4HP

<b>Legal Advisers to the Company (in respect of US tax)</b>	Winston & Strawn LLP 35 W. Wacker Drive Chicago, IL 60601-9703
<b>Legal Advisers to the Sole Bookrunner (in respect of English and US law)</b>	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ
<b>Auditors and Reporting Accountants of the Company</b>	Ernst & Young LLP PO Box 9 Royal Chambers St Julian's Avenue St Peter Port Guernsey GY1 4AF
<b>UK Transfer and Paying Agent</b>	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

## PART I

### LETTER FROM THE CHAIRMAN

#### **JZ Capital Partners Limited**

*(Incorporated in Guernsey as a non-cellular company limited by shares under the Companies  
(Guernsey) Law 2008 (as amended) with registered no. 48761)*

*Directors*

David Macfarlane (*Chairman*)  
Patrick Firth  
James Jordan  
Tanja Tibaldi  
Christopher Waldron

*Registered Office*

JZ Capital Partners Limited  
PO Box 255  
Trafalgar Court  
Les Banques  
St Peter Port  
Guernsey GY1 3QL

4 September 2015

Dear Shareholder

**Placing and Open Offer of in aggregate up to 23,406,698 New Ordinary Shares  
at 419.19 pence per New Ordinary Share**

**and**

**Rollover Offer of 2016 ZDP Shares for 2022 ZDP Shares**

**and**

**Proposed investment in Spruceview Capital Partners, LLC**

**and**

**Notices of Class Meeting of Ordinary Shareholders, Class Meeting of ZDP Shareholders  
and Extraordinary General Meeting**

#### **1. Introduction**

##### ***Placing and Open Offer of New Ordinary Shares***

The Company announced on 4 September 2015 a proposed share issue by way of the Placing and Open Offer of in aggregate up to 23,406,698 New Ordinary Shares at an Offer Price of 419.19 pence per New Ordinary Share to raise total gross proceeds of £98.1 million (and Net Proceeds receivable by the Company (after the deduction of costs and expenses (exclusive of VAT) of, or incidental to, the Placing and Open Offer payable by the Company) of approximately £95.1 million). The Placing Shares have been placed conditionally with certain existing Ordinary Shareholders, subject to clawback to satisfy valid applications under the Open Offer.

##### ***ZDP Rollover Offer of 2016 ZDP Shares for 2022 ZDP Shares***

The Company also announced on 4 September 2015 the proposed rollover offer of 2016 ZDP Shares for 2022 ZDP Shares, being the ZDP Rollover Offer, pursuant to which the Company is proposing to issue 2022 ZDP Shares and to seek Admission of the 2022 ZDP Shares to trading on the London Stock Exchange's Specialist Fund Market. Pursuant to the ZDP Rollover Offer, the Company will offer Qualifying ZDP Shareholders the option of: (a) exchanging a proportion of their 2016 ZDP Shares for 2022 ZDP Shares on 1 October 2015; (b) repayment of the 2016 ZDP Share Final Capital Entitlement in respect of their 2016 ZDP Shares plus a further 3.7 pence per 2016 ZDP Share held to be paid on the 2016 ZDP Share Repayment Date, being 22 June 2016, in accordance with the terms and conditions of the 2016 ZDP Shares; or (c) a combination of (a) and (b) above.



### ***Proposed investment in Spruceview Capital Partners***

Finally, the Company is also proposing to increase the amount of funding in its asset management business, Spruceview Capital Partners. The business was recently established following the approval of Ordinary Shareholders in July 2012 of an initial joint investment by the Company, on a 50:50 basis economically, with John (Jay) W. Jordan II and David W. Zalaznick (or their respective affiliates). At the time, it was anticipated that up to US\$30 million in funding would be required, staged over a period of three to five years, to be funded equally by the Company on one hand and John (Jay) W. Jordan II and David W. Zalaznick on the other. It is now proposed that over the next two to four years a further US\$30 million in funding will be jointly invested in equal proportions by the aforementioned parties (US\$15 million by the Company). This increase in the amount of funding in Spruceview Capital Partners would be considered a Related Party Transaction requiring Ordinary Shareholder approval.

## **2. Background to, and Reasons for, the Placing and Open Offer, the ZDP Rollover Offer and the proposed investment in Spruceview Capital Partners**

The Placing and Open Offer is the result of discussions between the Board and certain major Ordinary Shareholders who, together with the Investment Adviser, see a number of attractive potential investment opportunities being and becoming available to the Company for which it presently has insufficient capital. The Board understands there to be an appetite from these Ordinary Shareholders to deploy additional capital to pursue such investment opportunities within the framework of the Company's investment policy. Ordinary Shareholders are reminded of the less restrictive nature of the Company's investment policy following the amendments approved by Ordinary Shareholders earlier this year. The Investment Adviser believes there to be opportunities to acquire high quality companies led by strong management teams at reasonable prices in both the United States and Europe as well as value-added opportunities in the property markets of Brooklyn, New York and Miami, Florida.

The Board acknowledges that the Placing and Open Offer is unusual, particularly given that the Company is in good financial health, has a strong balance sheet and has a record of achieving NAV growth in 23 out of the last 25 quarters. Notwithstanding this, the Company's Ordinary Shares remain at a discount to NAV. There are undoubtedly a number of reasons for this persistent discount, including lack of size and market liquidity. In the Board's opinion, traditional discount control mechanisms are either likely to be ineffective or, to the extent that they involve the return of capital to Ordinary Shareholders or shrinking the Company's portfolio, unappealing to Shareholders who are long-term investors in the Company.

The plan outlined in the Chairman's statement accompanying the results for the year ended 28 February 2015 as it relates to a programme of realisations principally of identified US micro cap investments and select refinancings of assets within the US real estate portfolio remains in place and is unaffected by the Placing and Open Offer. The Board and the Investment Adviser, in light of strong market conditions, believe there to be the potential for achieving significant realisations out of the Company's US micro cap portfolio in the foreseeable future. The Board also believes that speculation about the impending redemption of the 2016 ZDP Shares is another factor affecting the discount to NAV of the Company's Ordinary Share price. In this context, the Company has become aware that there is appetite from certain investors who invest in zero dividend preference shares for the continuance of the 2016 ZDP Shares on terms which the Board believes will be beneficial to the Company. As a result, the Company is also proposing to issue 2022 ZDP Shares pursuant to the ZDP Rollover Offer and to seek Admission of the 2022 ZDP Shares to trading on the London Stock Exchange's Specialist Fund Market. Pursuant to the ZDP Rollover Offer, the Company will offer Qualifying ZDP Shareholders the option of: (a) exchanging a proportion of their 2016 ZDP Shares for 2022 ZDP Shares on 1 October 2015; (b) repayment of the 2016 ZDP Share Final Capital Entitlement in respect of their 2016 ZDP Shares plus a further 3.7 pence per 2016 ZDP Share held to be paid on the 2016 ZDP Share Repayment Date, being 22 June 2016, in accordance with the terms and conditions of the 2016 ZDP Shares; or (c) a combination of (a) and (b) above.

Although the Placing and Open Offer and the ZDP Rollover Offer have been driven by a desire to take advantage of new investment opportunities, an immediate consequence will be a reduction in gearing. The Placing and Open Offer and the ZDP Rollover Offer will enable the Company to degear its balance sheet and rebalance its debt maturity profile. Gross gearing on NAV will be reduced from approximately 46 per cent.

to 33 per cent. if both the Placing and Open Offer and the ZDP Rollover Offer proceed (assuming £50 million of 2016 ZDP Shares are rolled over into 2022 ZDP Shares).

The pre-emptive nature of the Placing and Open Offer gives Ordinary Shareholders the opportunity to take up their *pro rata* share of the offering of the New Ordinary Shares. However, the Board recognises there will be a dilutive effect on Ordinary Shareholders who do not take up their entitlements in full. The Offer Price of 419.19 pence per New Ordinary Share represents a 2 per cent. discount to NAV as at 31 July 2015 and at this price a Qualifying Ordinary Shareholder (or an Ordinary Shareholder in the United States or an Excluded Territory who is not eligible to participate in the Open Offer) that does not take up any Open Offer Shares under the Open Offer will experience a dilution of approximately 36.0 per cent. It is therefore hoped that as many Qualifying Ordinary Shareholders as possible will support the Placing and Open Offer. In this regard, the Board can confirm that the Company has received irrevocable undertakings from certain of the existing Ordinary Shareholders to, among other things, vote in favour of each of the Resolutions that are required for the Placing and Open Offer to proceed. The commitments to vote in favour represent greater than 50 per cent. of the voting rights of the Ordinary Shares entitled to vote on such Resolutions. The support and investment of these investors further aligns the interests of the Company with certain of its existing Ordinary Shareholders.

The Board has considered the Placing and Open Offer and the ZDP Rollover Offer and has concluded them both to be in the best interests of the Company and its Shareholders as a whole.

The Net Proceeds of the Placing and Open Offer will allow the Company greater flexibility to fund future investments in accordance with its investment policy. In addition, the Net Proceeds will provide the Company with similarly greater flexibility for its general corporate purposes including managing the Company's liquid resources, in conjunction with loan facilities that the Company has arranged or may arrange in the future. The Company also intends to use a portion of the Net Proceeds to pay down the current outstanding balance of US\$40.1 million under the Deutsche Bank Facility. No proceeds will be generated by the ZDP Rollover Offer.

Lastly and separately to the above proposals, the Company is proposing to increase the amount of funding together with John (Jay) W. Jordan II and David W. Zalaznick (or their respective affiliates) in Spruceview Capital Partners. Spruceview Capital Partners is the Company's recently established asset management business in the United States and aims to address the demand from endowments, foundations and corporate pension funds for fiduciary management through an Outsourced Chief Investment Officer ("OCIO") model. While this investment involves a long-term building process, the business continues to progress in line with expectations. The initial joint investment by the Company, on a 50:50 basis economically, with John (Jay) W. Jordan II together with David W. Zalaznick (or their respective affiliates) was approved by Ordinary Shareholders in July 2012 on the basis that up to US\$30 million in funding would be required, staged over a period of three to five years. It is now proposed that over the next two to four years a further US\$30 million in funding will be jointly invested in equal proportions by the aforementioned parties (being US\$15 million contributed by the Company and US\$15 million contributed by John (Jay) W. Jordan II and David W. Zalaznick (or their respective affiliates)). The Board believes that the business has built an experienced team and developed an attractive pipeline of potential clients. A further investment will assist in the long-term building of the business and the brand. The Board has therefore considered the proposed investment in Spruceview Capital Partners and has concluded it too to be in the best interests of the Company and its Shareholders as a whole.

### **3. Shareholder Approval**

The Placing and Open Offer is conditional on, among other things, Ordinary Shareholder approval of the Placing and Open Offer and the Placing and Open Offer Related Party Transactions at the Extraordinary General Meeting. If any of the Placing and Open Offer Resolution or the Placing and Open Offer Related Party Transaction Resolutions, each of which is to be proposed at the Extraordinary General Meeting, are not passed, the Placing and Open Offer will not proceed.

The Board can however confirm that the Company has received irrevocable undertakings from certain of the existing Ordinary Shareholders to, among other things, vote in favour of each of the Resolutions that are

required for the Placing and Open Offer to proceed, representing greater than 50 per cent. of the voting rights of the Ordinary Shares entitled to vote on such Resolutions.

The ZDP Rollover Offer is conditional on, among other things, Ordinary Shareholder and ZDP Shareholder approval of the ZDP Rollover Offer at the Separate Class Meetings, Shareholder approval of the ZDP Rollover Offer and the amendments to the Articles at the Extraordinary General Meeting and the Placing Agreement becoming unconditional in all respects in relation to the ZDP Rollover Offer and not having been terminated in accordance with its terms. If any of the Resolutions to be proposed at the Separate Class Meetings or the ZDP Rollover Offer Resolution or the Articles Amendment Resolution, each of which is to be proposed at the Extraordinary General Meeting, are not passed, or if the Placing Agreement does not become unconditional in all respects in relation to the ZDP Rollover Offer or is terminated in accordance with its terms, the ZDP Rollover Offer will lapse and Admission of the 2022 ZDP Shares will not proceed.

The Placing and Open Offer and the ZDP Rollover Offer are not interconditional and neither is conditional on the proposed investment in Spruceview Capital Partners.

The proposed investment in Spruceview Capital Partners is conditional on Ordinary Shareholder approval of the Spruceview Related Party Transaction but is not conditional on the Placing and Open Offer or the ZDP Rollover Offer.

#### **4. Purpose of this Prospectus**

The purpose of this Prospectus is to:

- provide Shareholders with information about the Placing and Open Offer, the ZDP Rollover Offer and the proposed investment in Spruceview Capital Partners;
- provide Shareholders with notice of:
  - the Class Meeting of Ordinary Shareholders at which the Resolutions to be proposed at that meeting will be put forward to, and voted on by, Ordinary Shareholders;
  - the Class Meeting of ZDP Shareholders at which the Resolutions to be proposed at that meeting will be put forward to, and voted on by, ZDP Shareholders; and
  - the Extraordinary General Meeting at which the Resolutions to be proposed at that meeting will be put forward to, and voted on by, all Shareholders (being Ordinary Shareholders and ZDP Shareholders) in respect of which they are entitled to vote; and
- explain why the Board:
  - considers each of the Placing and Open Offer, the ZDP Rollover Offer and the proposed investment in Spruceview Capital Partners to be in the best interests of the Company and its Shareholders as a whole;
  - unanimously recommends that Shareholders vote in favour of all of the Resolutions to be proposed at the Separate Class Meetings and the Extraordinary General Meeting in respect of which they are entitled to vote, as the Directors intend to do in respect of their own beneficial holdings; and
  - considers both the Placing and Open Offer Related Party Transactions and the Spruceview Related Party Transaction to be proposed at the Extraordinary General Meeting to be fair and reasonable so far as the Ordinary Shareholders as a whole are concerned.

Each of the Directors intends to take up in full their respective entitlements to Open Offer Shares under the Open Offer. The interests of the Directors in the Ordinary Shares as at 3 September 2015 (being the latest practicable date prior to the publication of this Prospectus) and as they will be immediately following Admission of the New Ordinary Shares by reason of their participation in the Open Offer are set out in paragraph 6.1 of Part X (*Additional Information*) of this Prospectus.

**A Separate ZDP Circular and a Separate ZDP Election Form containing, among other things, the terms and conditions of the ZDP Rollover Offer and the process for electing to exchange 2016 ZDP Shares for 2022 ZDP Shares, should Qualifying ZDP Shareholders wish to do so, will be sent to such Qualifying ZDP Shareholders.**

The terms and conditions of application under the Placing are set out in full in Part XI (*Terms and Conditions of Application under the Placing*) of this Prospectus.

The terms and conditions of the Placing and Open Offer are set out in full in Part XII (*Terms and Conditions of the Placing and Open Offer*) of this Prospectus. The terms and conditions of the ZDP Rollover Offer are included in this letter and in the Separate ZDP Circular and details of the 2022 ZDP Shares are set out in Part XIII (*Details of the 2022 ZDP Shares*) of this Prospectus.

**You should read the whole of this Prospectus and, in the case of Qualifying ZDP Shareholders, the Separate ZDP Circular, and not rely only on any part of this Prospectus or the Separate ZDP Circular. In particular, your attention is drawn to the risk factors set out in the section of this Prospectus entitled “Risk Factors” which you should read carefully.**

## **5. Principal Terms of the Placing and Open Offer**

The Company intends to issue by way of the Placing and Open Offer an aggregate of up to 23,406,698 New Ordinary Shares at an Offer Price of 419.19 pence per New Ordinary Share to raise total gross proceeds of £98.1 million (and Net Proceeds receivable by the Company (after the deduction of costs and expenses (exclusive of VAT) of, or incidental to, the Placing and Open Offer payable by the Company) of approximately £95.1 million).

The Placing and Open Offer is conditional on, among other things, Ordinary Shareholder approval of the Placing and Open Offer and the Placing and Open Offer Related Party Transactions, which approvals will be sought at the Extraordinary General Meeting.

The Offer Price of 419.19 pence per New Ordinary Share represents a 2 per cent. discount to the Closing Price of an Existing Ordinary Share of 427.75 pence on 3 September 2015 (being the latest practicable date prior to the announcement of the Placing and Open Offer).

JPMC has agreed, pursuant to the Placing Agreement, to place conditionally the Placing Shares at the Offer Price with certain existing Ordinary Shareholders, being the Placees. Each of these Placees has agreed to place their subscription monies in respect of their Open Offer Shares at the Offer Price in full into escrow prior to the scheduled time for Admission of the New Ordinary Shares, to be automatically released to JPMC on behalf of the Company upon such Admission. The commitments of these Placees are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Ordinary Shareholders pursuant to the Open Offer. Subject to waiver or satisfaction of the conditions and the Placing and Open Offer not being terminated, any Open Offer Shares which are not applied for in respect of the Open Offer will be issued to the Placees with the proceeds retained for the benefit of the Company.

The Placing and Open Offer is not being underwritten by JPMC.

Qualifying Ordinary Shareholders are being given the opportunity to apply for the Open Offer Shares at the Offer Price and, subject to the terms and conditions of the Open Offer, *pro rata* to their holdings of Existing Ordinary Shares on the Open Offer Record Date on the following basis:

### **9 New Ordinary Shares for every 25 Existing Ordinary Shares**

registered in the name of the Qualifying Ordinary Shareholder on the Open Offer Record Date and so in proportion to any other number of Existing Ordinary Shares then registered.

Fractions of New Ordinary Shares will not be allotted and each Qualifying Ordinary Shareholder's entitlement under the Open Offer will be rounded down to the nearest whole number of New Ordinary Shares. Fractional entitlements will be aggregated and will be placed pursuant to the Placing for the benefit of the Company.

The New Ordinary Shares, if issued and fully paid, will be identical to and rank *pari passu* with the Existing Ordinary Shares except that they will not be eligible to receive the first interim dividend for the year ended 29 February 2016 if the dividend is declared and paid. The New Ordinary Shares will otherwise rank in full for all dividends and other distributions declared, made or paid on the Existing Ordinary Shares by reference to a record date on or after Admission of the New Ordinary Shares.

Qualifying Ordinary Shareholders may apply for any whole number of New Ordinary Shares up to their maximum entitlement which, in the case of Qualifying Non-CREST Ordinary Shareholders, is equal to the number of Open Offer Entitlements as shown on their Application Form or, in the case of Qualifying CREST Ordinary Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST. Qualifying Ordinary Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their Open Offer Entitlements.

No application in excess of a Qualifying Ordinary Shareholder's Open Offer Entitlement will be met, and any Qualifying Ordinary Shareholder so applying will be deemed to have applied for its Open Offer Entitlement only.

Subject to Ordinary Shareholder approval of the Placing and Open Offer and the Placing and Open Offer Related Party Transactions at the Extraordinary General Meeting, application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its Specialist Fund Market. It is expected that Admission of the New Ordinary Shares will become effective and that dealings will commence in the New Ordinary Shares at 8.00 a.m. on 30 September 2015.

Application will be made for the Open Offer Entitlements to be admitted to CREST. It is expected that the Open Offer Entitlements will be admitted to CREST at 8.00 a.m. on 7 September 2015, and that the Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 7 September 2015.

Shareholders should be aware that the Open Offer is not a rights issue. Qualifying CREST Ordinary Shareholders should also note that, although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Ordinary Shareholder originally entitled to the Open Offer Entitlement or by a person entitled to such Open Offer Entitlements by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying Non-CREST Ordinary Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Ordinary Shareholders should also be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Ordinary Shareholders who do not apply under the Open Offer, but will be subscribed for under the Placing with the Net Proceeds retained for the benefit of the Company.

Further information on the Open Offer, and the terms and conditions on which they are made, including the procedure for application and payment in the Open Offer, are set out in Part XII (*Terms and Conditions of the Placing and Open Offer*) of this Prospectus and, where relevant, in the Application Form.

The Placing and Open Offer are conditional, *inter alia*, upon:

- (a) the passing of each of the Placing and Open Offer Resolution and the Placing and Open Offer Related Party Transaction Resolutions each of which is to be proposed at the Extraordinary General Meeting;
- (b) Admission of the New Ordinary Shares becoming effective by no later than 8.00 a.m. on 30 September 2015 (or such later time and/or date as the Company and the Investment Adviser may agree with JPMC, not being later than 8.00 a.m. on 30 October 2015); and
- (c) the Placing Agreement having become unconditional in all respects in relation to the Placing and Open Offer and not having been terminated in accordance with its terms.

Admission of the New Ordinary Shares will be conditional upon, amongst other things: (a) Ordinary Shareholders who have provided irrevocable undertakings to the Company to subscribe for New Ordinary

Shares remitting their subscription monies in cleared funds either with the UK Transfer and Paying Agent or into an escrow account, in each case at least the Business Day prior to such Admission; and (b) such subscription monies being equal to the Minimum Net Proceeds.

The Placing and Open Offer is not conditional on the ZDP Rollover Offer or the Spruceview Related Party Transaction.

If any of the above conditions are not satisfied, the Placing and Open Offer will not proceed, any Open Offer Entitlements admitted to CREST will thereafter be disabled and application monies received under the Open Offer will be refunded to the applicants, by cheque (at the applicant's risk) in the case of Qualifying Non-CREST Ordinary Shareholders and by way of a CREST payment in the case of Qualifying CREST Ordinary Shareholders, without interest, as soon as practicable thereafter.

The Placing and Open Offer Resolution is being proposed to seek Ordinary Shareholder approval of the Placing and Open Offer at the Extraordinary General Meeting. Specifically the approval being sought is for the authority to allot equity securities of the Company for cash, as if pre-emptive rights did not apply to the allotment, provided that the power is limited to the allotment of equity securities for cash of up to an aggregate amount of 23,406,698 Ordinary Shares. The authority and the power will (unless previously revoked or varied by the Company in general meeting) expire at the earlier of two years from the passing of the Placing and Open Offer Resolution and the conclusion of the general meeting of the Company to be held in 2016. The Company may however before such expiry make any offer or agreement that would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities, in pursuance of any such offer or agreement, as if the authority and the power conferred thereby had not expired. The authority and the power will be in addition to any like authority and power previously conferred on the Directors, including the authority and the power approved by Ordinary Shareholders at the Company's annual general meeting held on 19 June 2015.

## **6. Irrevocable Undertakings and Commissions**

The Company has received irrevocable undertakings from certain existing Ordinary Shareholders to, among other things, subscribe for Open Offer Shares for or in excess of their *pro rata* entitlements at the Offer Price. These irrevocable undertakings amount to £88.8 million in aggregate. The Company has agreed to pay commissions to these Ordinary Shareholders in respect of their irrevocable undertakings. The commissions are calculated as being 1.00 per cent. on the value at the Offer Price of the total number of New Ordinary Shares the subject of the relevant Ordinary Shareholder's irrevocable undertaking (being the number of Open Offer Shares up to their *pro rata* entitlement plus any number in excess of such entitlement (if any)). The commissions will be unaffected by the clawback in respect of valid applications for Open Offer Shares by Qualifying Ordinary Shareholders pursuant to the Open Offer. Payment of the commissions will be conditional upon the Admission of the New Ordinary Shares and the Placing Agreement becoming unconditional in all respects in relation to the Placing and Open Offer and not having been terminated in accordance with its terms.

The Ordinary Shareholders have also agreed pursuant to the irrevocable undertakings to vote in favour of the Resolutions at the Separate Class Meetings and the Extraordinary General Meeting in respect of which they are entitled to vote. As mentioned above, the Board can confirm that the Company has received irrevocable undertakings from certain existing Ordinary Shareholders to, among other things, vote in favour of each of the Resolutions that are required for the Placing and Open Offer to proceed, representing greater than 50 per cent. of the voting rights of the Ordinary Shares entitled to vote on such Resolutions. Specifically, the votes in favour of each of the Resolutions needed to approve the Placing and Open Offer are as follows:

- in relation to the Placing and Open Offer Resolution to be proposed at the Extraordinary General Meeting, the Company has received irrevocable undertakings to vote in favour of this Resolution representing 71.53 per cent. of the voting rights of the Ordinary Shares entitled to vote on this Resolution; and
- in relation to the Placing and Open Offer Related Party Transaction Resolutions each of which is to be proposed at the Extraordinary General Meeting (and described in detail in this letter and the Notice

of Extraordinary General Meeting), the Company has received irrevocable undertakings to vote in favour of the Resolutions relating to:

- the Edgewater Related Party Transaction representing 64.07 per cent. of the voting rights of the Ordinary Shares entitled to vote on this Resolution;
- the DWZ Related Party Transaction representing 63.88 per cent. of the voting rights of the Ordinary Shares entitled to vote on this Resolution; and
- the JWJ Related Party Transaction representing 63.88 per cent. of the voting rights of the Ordinary Shares entitled to vote on this Resolution.

Existing Ordinary Shareholders have also agreed, pursuant to the irrevocable undertakings, to vote in favour of the Resolution needed to approve the Spruceview Related Party Transaction (being the Spruceview Related Party Transaction Resolution) in respect of which they are entitled to vote. The Company has received irrevocable undertakings to vote in favour of the Spruceview Related Party Transaction Resolution representing 63.88 per cent. of the voting rights of the Ordinary Shares entitled to vote on this Resolution.

## 7. Placing and Open Offer Related Party Transactions

Edgewater Growth Capital Partners (“**Edgewater**”) is considered to be a Related Party of the Company under the Listing Rules as it is entitled to exercise, or exercise the control of, 10 per cent. or more of the votes able to be cast at a general meeting of the Company. Edgewater has provided an irrevocable undertaking to the Company to, among other things, subscribe for Open Offer Shares in excess of its *pro rata* entitlement at the Offer Price and will (subject to Admission of the New Ordinary Shares and the Placing Agreement becoming unconditional in all respects in relation to the Placing and Open Offer and not having been terminated in accordance with its terms) be paid by the Company a commission totalling £244,352, being 1.00 per cent. on the value, at the Offer Price, of the total number of Open Offer Shares the subject of their irrevocable undertaking (being the number of New Ordinary Shares up to its *pro rata* entitlement plus any number in excess of such entitlement (if any)), and such commission being unaffected by the clawback in respect of valid applications for Open Offer Shares by Qualifying Ordinary Shareholders pursuant to the Open Offer (the “**Edgewater Related Party Transaction**”). Edgewater pursuant to its irrevocable undertakings has also agreed to vote in favour of the Resolutions at the Separate Class Meetings and the Extraordinary General Meeting in respect of which it is entitled to vote.

The Edgewater Related Party Transaction would be considered a Related Party Transaction requiring the approval of Ordinary Shareholders at the Extraordinary General Meeting. Edgewater has undertaken not to vote on, and has taken all reasonable steps to ensure that its associates will not vote on, the Resolution to approve the Edgewater Related Party Transaction at the Extraordinary General Meeting.

The Investment Adviser is the Company’s investment adviser (pursuant to the Investment Advisory Agreement) and, under the Listing Rules, would therefore be considered a Related Party of the Company. As founders and principals of the Investment Adviser, John (Jay) W. Jordan II and David W. Zalaznick are associates of the Investment Adviser and would also be considered Related Parties of the Company under the Listing Rules. In addition, John (Jay) W. Jordan II is considered to be a Related Party of the Company under the Listing Rules as he is entitled to exercise, or exercise the control of, 10 per cent. or more of the votes able to be cast at a general meeting of the Company. Each of David W. Zalaznick and John (Jay) W. Jordan II have provided separate irrevocable undertakings to the Company to, among other things, subscribe for Open Offer Shares in excess of their *pro rata* entitlement at the Offer Price and will (subject to Admission of the New Ordinary Shares and the Placing Agreement becoming unconditional in all respects in relation to the Placing and Open Offer and not having been terminated in accordance with its terms) each be paid by the Company a commission totalling £214,538 in the case of David W. Zalaznick and £140,598 in the case of John (Jay) W. Jordan II, being 1.00 per cent. on the value, at the Offer Price, of the total number of New Ordinary Shares the subject of their respective irrevocable undertakings (being the number of New Ordinary Shares up to their respective *pro rata* entitlements plus any number in excess of such entitlements (if any)), and such commissions being unaffected by the clawback in respect of valid applications for Open Offer Shares by Qualifying Ordinary Shareholders pursuant to the Open Offer (the “**DWZ Related Party**”).

**Transaction**” and the **“JWJ Related Party Transaction”** respectively, and, together with the Edgewater Related Party Transaction, the **“Placing and Open Offer Related Party Transactions”**). Each of David W. Zalaznick and John (Jay) W. Jordan II, pursuant to their respective irrevocable undertakings, have also agreed to vote in favour of the Resolutions at the Separate Class Meetings and the Extraordinary General Meeting in respect of which they are entitled to vote.

Each of the DWZ Related Party Transaction and the JWJ Related Party Transaction would be considered a Related Party Transaction requiring the approval of Ordinary Shareholders at the Extraordinary General Meeting. Each of David W. Zalaznick and John (Jay) W. Jordan II have undertaken not to vote on, and have each taken all reasonable steps to ensure that their respective associates will not vote on, either of the Resolutions to approve the DWZ Related Party Transaction and the JWJ Related Party Transaction at the Extraordinary General Meeting.

Extraordinary General Meeting Resolutions 2 to 4 (inclusive) are the Placing and Open Offer Related Party Transaction Resolutions and are being proposed to seek Ordinary Shareholder approval for the Placing and Open Offer Related Party Transactions at the Extraordinary General Meeting. Specifically the approval being sought is for the Placing and Open Offer Related Party Transactions involving each of Edgewater, David W. Zalaznick and John (Jay) W. Jordan II with the Company whereby each of the Related Parties have provided separate irrevocable undertakings to the Company to, among other things, subscribe for Open Offer Shares in excess of their respective *pro rata* entitlements at the Offer Price and be paid commissions (subject to Admission of the New Ordinary Shares and the Placing Agreement becoming unconditional in all respects in relation to the Placing and Open Offer and not having been terminated in accordance with its terms) calculated as being 1.00 per cent. on the value, at the Offer Price, of the total number of New Ordinary Shares the subject of their respective irrevocable undertakings (being the number of Open Offer Shares up to their respective *pro rata* entitlements plus any number in excess of such entitlements (if any)), and such commissions being unaffected by the clawback in respect of valid applications for Open Offer Shares by Qualifying Ordinary Shareholders pursuant to the Open Offer. Each of the Related Parties pursuant to their respective irrevocable undertakings have also agreed to vote in favour of the Resolutions at the Separate Class Meetings and the Extraordinary General Meeting in respect of which they are entitled.

## **8. Effect of the Placing and Open Offer**

Assuming the Placing and Open Offer are fully subscribed, on Admission of the New Ordinary Shares, the Company will have in issue 23,406,698 New Ordinary Shares and 65,018,607 Existing Ordinary Shares, together being a total of 88,425,305 Ordinary Shares in issue at that time. On that basis, the New Ordinary Shares will represent approximately 26.5 per cent. of the Ordinary Shares on Admission of the New Ordinary Shares.

Qualifying Ordinary Shareholders are being given the opportunity to apply for the Open Offer Shares at the Offer Price and, subject to the terms and conditions of the Open Offer, *pro rata* to their holdings of Existing Ordinary Shares on the Open Offer Record Date. A Qualifying Ordinary Shareholder (or an Ordinary Shareholder in the United States or an Excluded Territory who is not eligible to participate in the Open Offer) that:

- does not take up its Open Offer Entitlements in full will experience a dilution in its interests in the Company; and
- does not take up any Open Offer Shares under the Open Offer will experience a dilution of approximately 36.0 per cent. to its interest in the Company as a result of the Placing and Open Offer.

The ZDP Rollover Offer will not have any dilutionary effect on Shareholders’ interests in the Company.

## **9. Use of Net Proceeds of the Placing and Open Offer**

The Net Proceeds of the Placing and Open Offer will allow the Company greater flexibility to fund future investments in accordance with its investment policy. In addition, the Net Proceeds will provide the Company with similarly greater flexibility for its general corporate purposes including managing the Company’s liquid resources, in conjunction with loan facilities that the Company has arranged or may



arrange in the future. The Company also intends to use a portion of the Net Proceeds to pay down the current outstanding balance of US\$40.1 million under the Deutsche Bank Facility. No proceeds will be generated by the ZDP Rollover Offer.

## 10. Financial Effects of the Placing and Open Offer

The Net Proceeds of the Placing and Open Offer deployed as outlined above, will make a positive contribution to total earnings in the financial year to 29 February 2016, although the Company expects the increase in the number of Ordinary Shares in issue following the Placing and Open Offer to dilute earnings per Ordinary Share.

Had the Placing and Open Offer taken place at the time of the Company's last published balance sheet, being, 28 February 2015, the effect on the balance sheet would have been an increase in cash equal to the Net Proceeds of the Placing and Open Offer.

## 11. Current Trading and Prospects

The Company's performance has been set against the overall state of the global economy and economic conditions in the United States and Europe, where the Company focuses its micro cap buy-out business, as well as normal fluctuations in credit and capital markets. The global financial system began to experience difficulties in mid-2007. This resulted in severe dislocation of financial markets around the world, significant declines in the values of nearly all asset classes and unprecedented levels of illiquidity in capital markets. Although conditions have improved in many markets, uncertainty continues to surround the pace and scale of economic recovery and conditions could deteriorate. Performance in the European Union and the Eurozone overall has generally improved since the global downturn, helped by measures taken by the European Central Bank to boost prices and growth in the form of quantitative easing. In addition, the US Federal Reserve ended its bond-buying programme but interest rates have continued to remain low although both the Federal Reserve and the Bank of England have indicated that interest rates may increase later this year. The financial turmoil in Greece, however, with the outcome still uncertain, together with broader uncertainty with respect to the European Union and the Eurozone (including the possibility of sovereign debt defaults, further austerity measures and European Union and/or Eurozone exits, including the possible exit of the UK from the European Union) has the potential to further unsettle markets.

Within this market environment, the Company remains in good financial health, has a strong balance sheet and a record of achieving NAV growth in 23 out of the last 25 quarters. The Company's unaudited total NAV returns for the most recent three month, one year and three year periods to 31 July 2015 is shown in the following chart. The Company's record of NAV growth reflects the quality of the underlying investment portfolio as the majority of assets across the United States and European micro cap portfolios and the Company's real estate portfolio have performed well.

	<i>As at 31 July 2015</i>	<i>3 months to 31 July 2015</i>	<i>1 year to 31 July 2015</i>	<i>3 years to 31 July 2015</i>
Total NAV return <sup>(1)</sup>	–	(0.1)%	11.6%	23.9%

(1) Total NAV return represents the cumulative growth in NAV for the period, assuming that dividends were reinvested.

The Company has also delivered solid long-term total Ordinary Shareholder returns. The Company's unaudited total Ordinary Shareholder returns for the most recent three month, one year and three year periods to 31 July 2015 are shown in the following chart.

	<i>As at 31 July 2015</i>	<i>3 months to 31 July 2015</i>	<i>1 year to 31 July 2015</i>	<i>3 years to 31 July 2015</i>
Total Ordinary Shareholder return <sup>(1)</sup>	–	9.8%	8.7%	48.0%

(1) Total Ordinary Shareholder return represents the return earned by Ordinary Shareholders during the period taking into account (i) the cumulative change in the price of the Ordinary Shares during the period and (ii) dividends paid in respect of the period.

Further unaudited information of note in relation to the Company's current trading and prospects for the most recent three month, one year and three year periods to 31 July 2015 is shown in the following charts:

	As at 31 July 2015	3 months to 31 July 2015	1 year to 31 July 2015	3 years to 31 July 2015
Ordinary Share price (start of period)	£4.55	£4.25	£4.38	£3.47
Dividends paid during period	–	US\$0.18	US\$0.33	US\$0.92
<b>Total Ordinary Shareholder return<sup>(1)</sup></b>	–	9.8%	8.7%	48.0%
NAV per Ordinary Share (start of period)	US\$10.60	US\$10.79	US\$9.79	US\$9.30
<b>Total NAV return<sup>(2)</sup></b>	–	(0.1)%	11.6%	23.9%
NAV to market price discount (start of period)	33%	40%	25%	42%
MSCI World (US\$) <sup>(3)</sup>	–	0.5%	5.2%	51.6%
S&P 500 <sup>(3)</sup>	–	(5.6)%	4.2%	51.6%

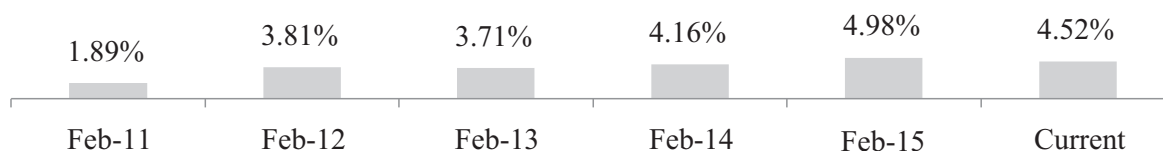
(1) Total Ordinary Shareholder return represents the return earned by Ordinary Shareholders during the period taking into account (i) the cumulative change in the price of the Ordinary Shares during the period and (ii) dividends paid in respect of the period.

(2) Total NAV return represents the cumulative growth in NAV for the period, assuming that dividends were reinvested.

(3) Index shareholder return.

Source – Thomson Reuters Datastream as at 31 July 2015.

#### Dividend yield<sup>(4)</sup>



(4) Morningstar as of 31 July 2015.

The United States and European microcap strategies continue to be the fundamental drivers and key differentiators of the Company's investment strategy, whilst US real estate has become an increasingly significant proportion of the Company's portfolio. The Company's portfolio as at 31 July 2015 consisted of 41 businesses across 11 industries principally located in the United States and Europe and 33 properties located across Brooklyn, New York and Miami, Florida. Further details of the Company's portfolio is included in Part IV (*Details of the Company's Portfolio*) of this Prospectus.

The Company has also either recently undertaken or is in the process of undertaking several strategically and/or operationally significant initiatives for the Company. The Company amended its investment policy with the approval of Ordinary Shareholders in February 2015, which enables the Investment Adviser to take advantage of a wider range of investment opportunities as well as providing the flexibility to adapt as market opportunities warrant. In June 2015, Ordinary Shareholders also approved the Company's proposed investments in the JZI Fund III and in one or more business entities formed to make a series of microcap investments, known as the New JI Platform Companies. The Company announced on 2 September 2015 completion of the first closing of the JZI Fund III as part of which approximately €237 million was raised in the first round of fundraising. The Company has committed €75 million and David W. Zalaznick and John (Jay) Jordan II, among others, have committed €25 million, with the balance of the funds committed by a number of other third party co-investors. According to its limited partnership agreement, the JZI Fund III may raise up to €350 million. The JZI Fund III as the follow on fund to the EuroMicrocap Fund is being established to expand and diversify the Company's investments in Western Europe. The Company has now also entered into a new six year term loan agreement, the Guggenheim Credit Agreement, under which the Company has borrowed the full principal amount of US\$99.9 million (comprising US\$80 million, EUR18 million).

Overall, the Board believes the Company is well positioned given its good financial health to use its strong balance sheet and the less restrictive nature of the Company's investment policy to take advantage of opportunities to acquire high-quality companies at reasonable prices in both the United States and Europe and significant value-added opportunities in the New York and Miami property markets. The Board believes that the Company will be strengthened in its position to pursue this ambition following the Placing and Open Offer and ZDP Rollover Offer.

## **12. Working Capital**

The Company is of the opinion that, taking into account the Minimum Net Proceeds receivable by the Company, the working capital available to the Company is sufficient for the Company's present requirements, that is for at least the next 12 months from the date of this Prospectus.

## **13. Overseas Ordinary Shareholders**

In relation to the Placing and Open Offer, the attention of Ordinary Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, is drawn to the information which appears in paragraph 7 of Part XII (*Terms and Conditions of the Placing and Open Offer*) of this Prospectus entitled "*Overseas Ordinary Shareholders*", which sets out restrictions applicable to such persons.

## **14. ZDP Rollover Offer**

### ***Overview***

The Board notes the plan outlined in the Chairman's statement accompanying the results for the year ended 28 February 2015 in relation to the redemption of the 2016 ZDP Shares in June 2016. As mentioned above, the Company has become aware that there is appetite from certain investors who invest in zero dividend preference shares for the continuance of the 2016 ZDP Shares on terms which the Board believes will be beneficial to the Company. As a result, the Company is proposing to issue 2022 ZDP Shares pursuant to the ZDP Rollover Offer and to seek Admission of the 2022 ZDP Shares to trading on the London Stock Exchange's Specialist Fund Market.

Pursuant to the ZDP Rollover Offer, the Company will offer Qualifying ZDP Shareholders the option of: (a) exchanging a proportion of their 2016 ZDP Shares for 2022 ZDP Shares on 1 October 2015; (b) repayment of the 2016 ZDP Share Final Capital Entitlement in respect of their 2016 ZDP Shares plus a further 3.7 pence per 2016 ZDP Share held to be paid on the 2016 ZDP Share Repayment Date, being 22 June 2016, in accordance with the terms and conditions of the 2016 ZDP Shares; or (c) a combination of (a) and (b) above.

The rollover value attributed to a 2016 ZDP Share will be equal to its Accrued Capital Entitlement as at the ZDP Rollover Offer Date, being 349.6 pence. The 2022 ZDP Shares arising on the exchange of 2016 ZDP Shares pursuant to the ZDP Rollover Offer will be deemed to be issued at the 2022 ZDP Share Issue Price. The ZDP Rollover Offer will be effected by the exchange of those 2016 ZDP Shares that are validly elected and accepted to participate in the ZDP Rollover Offer for 2022 ZDP Shares issued pursuant to the ZDP Rollover Offer on the terms set out in the Company's New Articles. Subject to the ZDP Rollover Offer becoming unconditional and completed in accordance with its terms, each 2016 ZDP Share validly elected to be rolled over will be exchanged for one 2022 ZDP Share to be issued pursuant to the ZDP Rollover Offer.

The ZDP Rollover Offer is conditional on, among other things, Ordinary Shareholder and ZDP Shareholder approval of the ZDP Rollover Offer at the Separate Class Meetings, Shareholder approval of the ZDP Rollover Offer and the amendments to the Articles at the Extraordinary General Meeting and the Placing Agreement becoming unconditional in all respects in relation to the ZDP Rollover Offer and not having been terminated in accordance with its terms.

The ZDP Rollover Offer will, subject to certain exceptions, only be available to Qualifying ZDP Shareholders. All Overseas ZDP Shareholders should read Part XIII (*Details of the 2022 ZDP Shares*) of this Prospectus and refer to and read the Separate ZDP Circular.

### ***Mechanics of the ZDP Rollover Offer***

The ZDP Rollover Offer will be effected by the redemption of the 2016 ZDP Shares in respect of which valid elections to participate in the ZDP Rollover Offer are received in exchange for the issue of new 2022 ZDP Shares issued pursuant to the ZDP Rollover Offer on the terms set out in the Company's New Articles.

The holders of 2022 ZDP Shares will be entitled to receive a capital sum, being the 2022 ZDP Share Final Capital Entitlement, on the 2022 ZDP Share Repayment Date. The 2022 ZDP Share Final Capital

Entitlement will be 349.6 pence increased at an equivalent annual rate equal to the 2022 ZDP Share GRY from the date of issue compounding daily until (but excluding) the 2022 ZDP Share Repayment Date.

The 2022 ZDP Share GRY has not been set at the date of this Prospectus but will be determined by way of a book-build reflecting orders received pursuant to the ZDP Rollover Offer. The 2022 ZDP Share GRY will be announced by the Company, on or around 25 September 2015, by way of an announcement through an RIS.

Qualifying ZDP Shareholders wishing to make an election for 2022 ZDP Shares pursuant to the ZDP Rollover Offer will be required to indicate the number of 2016 ZDP Shares they wish to exchange for 2022 ZDP Shares pursuant to the ZDP Rollover Offer at different gross redemption yields ranging from 3.50 per cent to 4.75 per cent or at the Strike GRY. These orders will be aggregated by Equiniti Limited indicating the amount of demand at each gross redemption yield.

The 2022 ZDP Share GRY will be set at the lowest gross redemption yield at which valid elections under the ZDP Rollover Offer have been received in respect of 2022 ZDP Shares with an aggregate value at the 2022 ZDP Share Issue Price of at least £20 million and of not more than £50 million. Valid elections will therefore be subject to scaling back in the event of excess demand, the details of which are included in the Separate ZDP Circular. All valid elections under the ZDP Rollover Offer that are accepted will be exchanged at the 2022 ZDP Share GRY.

### ***Illustrative statistics***

The 2022 ZDP Share GRY will impact the 2022 ZDP Share Final Capital Entitlement, the 2022 ZDP Share Cumulative Final Cover and the 2022 ZDP Share Hurdle Rate. The chart below sets out this information at gross redemption yields between 3.50 per cent and 4.75 per cent. The chart below also shows the 2022 ZDP Share Gross Redemption Yields if priced at the 2016 ZDP Share price of 357.3 pence as at the date of this Prospectus.

<i>2022 ZDP Share Gross Redemption Yield</i>	<i>3.50%</i>	<i>3.75%</i>	<i>4.00%</i>	<i>4.25%</i>	<i>4.50%</i>	<i>4.75%</i>
2022 ZDP Share Final Capital Entitlement	444.7p	452.3p	460.0p	467.8p	475.7p	483.7p
2022 ZDP Share Hurdle Rate	(5.18%)	(5.14%)	(5.11%)	(5.07%)	(5.04%)	(5.00%)
2022 ZDP Share Estimated Final Net Asset Cover	1.67x	1.67x	1.66x	1.65x	1.65x	1.64x
2022 ZDP Share Gross Redemption Yield if priced at the 2016 ZDP Share price of 357.3p	3.18%	3.43%	3.68%	3.93%	4.18%	4.42%

*Pro forma* initial cover in respect of the 2022 ZDP Shares will be 3.4 times.

The above illustrative statistics are calculated on the basis of the ZDP Rollover Offer Assumptions set out in the section of this Prospectus entitled “*Statistics Relating to the ZDP Rollover Offer Only and the ZDP Rollover Offer Assumptions*”.

### ***Details of the 2016 ZDP Shares and the 2022 ZDP Shares***

The 2022 ZDP Shares, if issued and fully paid pursuant to the ZDP Rollover Offer, will have substantially the same rights as those attaching to the 2016 ZDP Shares save for a different final capital entitlement and repayment date. The 2022 ZDP Share Final Capital Entitlement will be the Accrued Capital Entitlement of a 2022 ZDP Share on the 2022 ZDP Share Repayment Date as determined by the terms and conditions of the ZDP Rollover Offer. The 2022 ZDP Share Repayment Date will be 1 October 2022. The 2022 ZDP Shares will be denominated in Pounds Sterling. The 2016 ZDP Share Final Capital Entitlement is 369.84 pence and the 2016 ZDP Share Repayment Date is 22 June 2016. Qualifying ZDP Shareholders who do not make a valid election to exchange all or some of their 2016 ZDP Shares for 2022 ZDP Shares pursuant to the ZDP Rollover Offer will, if the ZDP Rollover proceeds, receive a further 3.2 pence per 2016 ZDP Share, not the subject of a valid election to be paid on the 2016 ZDP Share Repayment Date.

The 2022 ZDP Shares will rank behind the Company’s creditors and prior ranking securities including the CULS but in priority to the final capital entitlements of the Ordinary Shares. The 2022 ZDP Shares will rank

*pari passu* with the 2016 ZDP Shares for the period during which both classes of Shares are in issue. The 2022 ZDP Shares carry no entitlement to income and the whole of their return will therefore take the form of capital.

The 2022 ZDP Shares will not have the right to vote at any general meetings of the Company except in certain circumstances as detailed in the New Articles. Holders of 2022 ZDP Shares will have the right to vote upon any resolution to alter, modify or abrogate the special rights or privileges attaching to the 2022 ZDP Shares.

Further details of the rights attaching to the 2022 ZDP Shares and the summary of the Articles and the proposed amendments to the same as contained in the New Articles are included in paragraph 5.3 of Part X (*Additional Information*) of this Prospectus.

#### ***Further information in relation to the ZDP Rollover Offer***

**A Separate ZDP Circular and a Separate ZDP Election Form containing, among other things, the terms and conditions of the ZDP Rollover Offer and the process for electing to exchange 2016 ZDP Shares for 2022 ZDP Shares should Qualifying ZDP Shareholders wish to do so, will be sent to such Qualifying ZDP Shareholders.**

Qualifying ZDP Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders and ZDP Shareholders with registered addresses in the United States or who are otherwise located in the United States) holding 2016 ZDP Shares in certificated form and who wish to make an election for 2022 ZDP Shares pursuant to the ZDP Rollover Offer should complete and return the Separate ZDP Election Form together with their valid 2016 ZDP Share certificate(s) and/or other documents of title to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to be received by not later than 11.00 a.m. on 24 September 2015. Qualifying ZDP Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders and ZDP Shareholders with registered addresses in the United States or who are otherwise located in the United States) holding 2016 ZDP Shares in uncertificated form (that is, through CREST), none of whom will receive a Separate ZDP Election Form, and who wish to make an election for 2022 ZDP Shares pursuant to the ZDP Rollover Offer should send the TTE instruction through CREST so as to settle by no later than 11.00 a.m. on 24 September 2015.

**The latest time and date for election pursuant to the ZDP Rollover Offer is 11.00 a.m. on 24 September 2015. The procedures for election and the action to be taken by Qualifying ZDP Shareholders are set out in the Separate ZDP Circular and, where relevant, in the Separate ZDP Election Form.**

Qualifying ZDP Shareholders who do not make a valid election to exchange all or some of their 2016 ZDP Shares for 2022 ZDP Shares pursuant to the ZDP Rollover Offer will be deemed to have elected to be repaid the 2016 ZDP Share Final Capital Entitlement in respect of their 2016 ZDP Shares not validly elected plus a further 3.2 pence per 2016 ZDP Share not the subject of a valid election, to be paid on the 2016 ZDP Share Repayment Date. Payment of such further amount will be conditional upon the Admission of the 2022 ZDP Shares and the ZDP Rollover Offer becoming unconditional and completed in accordance with its terms.

#### ***Conditions of the ZDP Rollover Offer***

The ZDP Rollover Offer is conditional, *inter alia*, upon:

- (a) the passing of each of the Resolutions to be proposed at the Separate Class Meetings;
- (b) the passing of each of the ZDP Rollover Offer Resolution and the Articles Amendment Resolution each of which is to be proposed at the Extraordinary General Meeting;
- (c) Admission of the 2022 ZDP Shares becoming effective by not later than 8.00 a.m. on 1 October 2015 (or such later time and/or date as the Company and the Investment Adviser may agree with JPMC (as defined below), not being later than 8.00 a.m. on 30 October 2015);
- (d) the Placing Agreement becoming unconditional in all respects in relation to the ZDP Rollover Offer and not having been terminated in accordance with its terms; and

- (e) the ZDP Rollover Offer becoming unconditional and completed in accordance with its terms (including valid elections under the ZDP Rollover Offer being received in respect of 2022 ZDP Shares with an aggregate value, at the 2022 ZDP Share Issue Price, of at least £20 million).

The ZDP Rollover Offer is not conditional on, among other things, the Placing and Open Offer or the Spruceview Related Party Transaction.

If any of the above conditions are not satisfied, the ZDP Rollover Offer will lapse and Admission of the 2022 ZDP Shares will not proceed.

### ***Admission of the 2022 ZDP Shares***

Subject to Ordinary Shareholder and ZDP Shareholder approval of the ZDP Rollover Offer at the Separate Class Meetings and Shareholder approval of the ZDP Rollover Offer and the amendments to the Articles at the Extraordinary General Meeting, application will be made to the London Stock Exchange for the 2022 ZDP Shares to be admitted to trading on the Specialist Fund Market. It is expected that Admission of the 2022 ZDP Shares will become effective and that dealings will commence in the 2022 ZDP Shares at 8.00 a.m. on 1 October 2015.

### ***ZDP Rollover Offer Resolutions***

The Resolutions the subject of the Separate Class Meetings are being proposed to seek Ordinary Shareholder and ZDP Shareholder approval of the ZDP Rollover Offer at the Separate Class Meetings. Specifically the approvals being sought are to approve the Resolutions to be proposed at the Extraordinary General Meeting that relate to the ZDP Rollover Offer and to sanction any effect on or any alteration, modification, abrogation or variation of or to the rights or privileges attaching to the Ordinary Shares and the 2016 ZDP Shares which may result from the passing of those Resolutions or the implementation of the ZDP Rollover Offer. The other approvals being sought are to approve the creation and issue of the 2022 ZDP Shares, the exchange, subject to a valid election, of the 2016 ZDP Shares for the 2022 ZDP Shares and the ZDP Rollover Offer.

In addition, the ZDP Rollover Offer Resolution is being proposed to seek Shareholder approval of the ZDP Rollover Offer at the Extraordinary General Meeting. Specifically the approval being sought is also to approve the creation and issue of the 2022 ZDP Shares, the exchange, subject to a valid election, of the 2016 ZDP Shares and the ZDP Rollover Offer. The Articles Amendment Resolution is being proposed to seek Shareholder approval of the amendments to the Articles at the Extraordinary General Meeting. The amendments to the Articles are required to facilitate the ZDP Rollover Offer. Specifically the approval being sought is for the adoption of the New Articles in place of the existing Articles.

A copy of the New Articles and a copy of the Articles marked to show the changes proposed by the Articles Amendment Resolution are available for inspection at the Company's registered office and at the offices of Ashurst LLP at Broadwalk House, 5 Appold Street, London EC2A 2HA, in each case during normal business hours on each business day from the date of this Prospectus until the close of the Extraordinary General Meeting to be held on 29 September 2015 and will be available at the place of the Extraordinary General Meeting for at least 15 minutes prior to, and during, and until the close of, the Extraordinary General meeting.

## **15. Taxation**

Information concerning the tax status of the Company and the taxation of Shareholders is set out in Part VIII (*Taxation*) of this Prospectus and is for information purposes only and is not intended to be exhaustive. If you are in any doubt about the tax consequences of acquiring, holding, exchanging, transferring, redeeming or disposing of the New Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares, as applicable, or you are subject to tax in a jurisdiction other than Guernsey, the United Kingdom or the United States, you should consult your own independent tax adviser without delay.

## 16. Risk Factors

Shareholders should be aware that an investment in the Company involves a high degree of risk. The Company's businesses, financial condition or results of operations could be materially and adversely affected by a number of risks. Your attention is drawn to the section of this Prospectus entitled "*Risk Factors*" on pages 23 to 54.

## 17. Further Information

Shareholders are advised to read the whole of this Prospectus and, in the case of Qualifying ZDP Shareholders, the Separate ZDP Circular.

## 18. Proposed investment in Spruceview Capital Partners

As mentioned above, the Company is proposing to increase the amount of funding in Spruceview Capital Partners.

Spruceview Capital Partners is the Company's asset management business in the United States and aims to address the demand from endowments, foundations and corporate pension funds for fiduciary management through an OCIO model. It targets corporate pensions, university endowments, foundations and family offices. Spruceview Capital Partners is a portfolio company of the Company and is advised by the Investment Adviser.

In July 2012, Ordinary Shareholders approved a joint investment by the Company, on a 50:50 basis economically, with John (Jay) W. Jordan II and David W. Zalaznick (or their respective affiliates). The investment was made on the same basis but with certain structural features intended to afford each side appropriate US tax protections.

Ordinary Shareholder approval of the initial joint investment was made on the basis that up to US\$30 million in funding would be required, staged over a period of three to five years, to be funded equally by the Company on one hand and John (Jay) W. Jordan II and David W. Zalaznick on the other. It is now proposed that over the next two to four years a further US\$30 million in funding will be jointly invested in equal proportions by the aforementioned parties. The Board believes that the business has built an experienced team and developed an attractive pipeline of potential clients and a further investment will assist in the long-term building of the business and the brand. Accordingly, the Company is proposing to increase the amount of funding together with John (Jay) W. Jordan II and David W. Zalaznick (or their respective affiliates) in Spruceview Capital Partners and proposes to invest a further US\$15 million (with a further US\$15 million to be contributed by John (Jay) W. Jordan II and David W. Zalaznick (or their respective affiliates)). The funding will be advanced on the same terms as the initial joint investment, being 50:50 economically and on the same terms and conditions but with certain structural features intended to afford each side appropriate US tax protections (the "**Spruceview Related Party Transaction**").

The proposal to approve the proposed increase in funding Spruceview Capital Partners would be considered a Related Party Transaction under Chapter 11 of the Listing Rules.

As mentioned above, the Investment Adviser is the Company's investment adviser (pursuant to the Investment Advisory Agreement) and, under the Listing Rules, would therefore be considered a Related Party of the Company. As founders and principals of the Investment Adviser, John (Jay) W. Jordan II and David W. Zalaznick are associates of the Investment Adviser and would also be considered Related Parties of the Company under the Listing Rules. The Company's initial joint investment alongside John (Jay) W. Jordan II and David W. Zalaznick was considered a Related Party Transaction, being an arrangement whereby each of the parties as Related Parties invested in, or provided finance to, another undertaking or asset, being the asset management business. The increase in the amount of funding in Spruceview Capital Partners is considered to be a material change to the terms of the initial joint investment that was approved by Ordinary Shareholders and, therefore, such an increase would be considered a Related Party Transaction requiring Ordinary Shareholder approval. Each of David W. Zalaznick and John (Jay) W. Jordan II have undertaken not to vote on, and have each taken all reasonable steps to ensure that their respective associates will not vote on, the Resolution to approve the Spruceview Related Party Transaction at the Extraordinary General Meeting.

The Spruceview Related Party Transaction Resolution is being proposed at the Extraordinary General Meeting to seek Ordinary Shareholder approval for the Spruceview Related Party Transaction. Specifically the approval being sought is for the Spruceview Related Party Transaction involving the joint investment in Spruceview Capital Partners by the Company together with David W. Zalaznick and John (Jay) W. Jordan II and an increase in the amount of funding in the joint investment.

**Shareholders should be aware that there are certain risks related to the Company's proposed investment in Spruceview Capital Partners. Spruceview Capital Partners is a recently established business and requires a long-term building process and therefore Shareholders have more limited financial and other information regarding the proposed investment and, in particular, the business' future prospects. There is no guarantee that the proposed investment in Spruceview Capital Partners will succeed and accordingly the Company may lose all or part of the value of its investment. In addition, the Company believes that the success of the proposed investment will depend to a significant extent upon the skills and expertise of the members of the team that runs Spruceview Capital Partners. There is no guarantee that such team members will remain with Spruceview Capital Partners or that the business will be able to attract and retain suitable staff. The departure of such team members and/or the inability to attract and retain suitable staff could have a material adverse effect on the performance of Spruceview Capital Partners.**

**The risks set out above are the risks which are considered to be material but are not the only risks relating to the Company or the proposed investment in Spruceview Capital Partners. There may be additional risks that the Company does not consider to be material or of which the Company is not aware. If any of these additional risks or the risks above were to materialise, such risks could have a material adverse effect on the Company's financial condition, results of operations or NAV, the price of the Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares and/or on the Company's ability to meet its other financial obligations, including in relation to the 2016 ZDP Shares and the 2022 ZDP Shares.**

## **19. Separate Class Meetings and Extraordinary General Meeting**

### ***Class Meeting of Ordinary Shareholders***

A Class Meeting of Ordinary Shareholders will be held at 11.00 a.m. on 29 September 2015 at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands for the purpose of approving the Resolution to be proposed at the Class Meeting of Ordinary Shareholders.

A Notice of Class Meeting of Ordinary Shareholders is set out at the end of this Prospectus. The relevant Resolution is contained in the Notice of Class Meeting of Ordinary Shareholders and is as follows:

An Extraordinary Resolution to: (a) approve the Resolutions to be proposed at the Extraordinary General Meeting of the Company that relate to the ZDP Rollover Offer and to sanction any effect on or any alteration, modification, abrogation or variation of or to the rights or privileges attaching to the Ordinary Shares which may result from the passing of those Resolutions or the implementation of the ZDP Rollover Offer; and (b) with effect from the adoption by the Company of New Articles, the proposals (i) for the creation of the 2022 ZDP Shares in the capital of the Company having the rights and entitlements set out in the New Articles; (ii) for the attaching to each existing 2016 ZDP Share of a right of exchange, by way of redemption, exercisable by a valid election, of a 2016 ZDP Share for a 2022 ZDP Share on the basis of each 2016 ZDP Share the subject of such election being redeemed in exchange for the issue of one 2022 ZDP Share; (iii) for the issue of the 2022 ZDP Shares; and (iv) for the ZDP Rollover Offer, pursuant to the arrangements described in this Prospectus.

Only the Ordinary Shareholders are entitled to vote on the Resolution above.

The Resolution above is not conditional on the passing of any of the Resolutions to be proposed at the Class Meeting of ZDP Shareholders or the Extraordinary General Meeting.



### ***Class Meeting of ZDP Shareholders***

A Class Meeting of ZDP Shareholders will be held at 11.05 a.m. on 29 September 2015 (or as soon thereafter as the Class Meeting of Ordinary Shareholders has been concluded or adjourned) at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands for the purpose of approving the Resolution to be proposed at the Class Meeting of ZDP Shareholders.

A Notice of Class Meeting of ZDP Shareholders is set out at the end of this Prospectus. The relevant Resolution is contained in the Notice of Class Meeting of ZDP Shareholders and is as follows:

An Extraordinary Resolution to: (a) approve the Resolutions to be proposed at the Extraordinary General Meeting of the Company that relate to the ZDP Rollover Offer and to sanction any effect on or any alteration, modification, abrogation or variation of or to the rights or privileges attaching to the 2016 ZDP Shares which may result from the passing of those Resolutions or the implementation of the ZDP Rollover Offer; and (b) with effect from the adoption by the Company of New Articles, the proposals (i) for the creation of the 2022 ZDP Shares in the capital of the Company having the rights and entitlements set out in the New Articles; (ii) for the attaching to each existing 2016 ZDP Share of a right of exchange, by way of redemption, exercisable by a valid election, of a 2016 ZDP Share for a 2022 ZDP Share on the basis of each 2016 ZDP Share the subject of such election being redeemed in exchange for the issue of one 2022 ZDP Share; (iii) for the issue of the 2022 ZDP Shares; and (iv) for the ZDP Rollover Offer, pursuant to the arrangements described in this Prospectus.

Only the ZDP Shareholders are entitled to vote on the Resolution above.

The Resolution above is not conditional on the passing of any of the Resolutions to be proposed at the Class Meeting of Ordinary Shareholders or the Extraordinary General Meeting.

### ***Extraordinary General Meeting***

An Extraordinary General Meeting will be held at 11.10 a.m. on 29 September 2015 (or as soon thereafter as the Class Meeting of ZDP Shareholders has been concluded or adjourned) at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands for the purpose approving the Resolutions to be proposed at the Extraordinary General Meeting.

A Notice of Extraordinary General Meeting is set out at the end of this Prospectus. The relevant Resolutions are contained in the Notice of Extraordinary General Meeting and are as follows:

### ***Placing and Open Offer Resolution***

An Ordinary Resolution to allot equity securities of the Company for cash, as if pre-emptive rights did not apply to the allotment, provided that the power is be limited to the allotment of equity securities for cash of up to an aggregate amount of 23,406,698 Ordinary Shares.

The authority and the power described in this Resolution will (unless previously revoked or varied by the Company in general meeting) expire at the earlier of two years from the passing of this Resolution and the conclusion of the general meeting of the Company to be held in 2016. The Company may, however, before such expiry make any offer or agreement that would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities, in pursuance of any such offer or agreement, as if the authority and the power conferred hereby had not expired.

The authority and the power described in this Resolution will be in addition to any like authority and power previously conferred on the Directors, including the authority and the power approved by Ordinary Shareholders at the Company's annual general meeting held on 19 June 2015.

Only the Ordinary Shareholders are entitled to vote on the Resolution above.

This Resolution is conditional on the passing of Resolutions 2 to 4 (inclusive) of the Extraordinary General Meeting but is not conditional on the passing of any of the Resolutions to be proposed at the Separate Class Meetings or any of the other Resolutions to be proposed at the Extraordinary General Meeting.

### *Placing and Open Offer Related Party Transaction Resolutions*

Ordinary Resolutions to approve the Edgewater Related Party Transaction, the DWZ Related Party Transaction and the JWJ Related Party Transaction.

Only the Ordinary Shareholders are entitled to vote on Resolutions 2 to 4 (inclusive) of the Extraordinary General Meeting. With respect to:

- Resolution 2, Edgewater has undertaken not to vote and has taken all reasonable steps to ensure that its associates will not vote at the Extraordinary General Meeting;
- Resolution 3, each of David W. Zalaznick and John (Jay) W. Jordan II have undertaken not to vote and have each taken all reasonable steps to ensure that their respective associates will not vote; and
- Resolution 4, each of David W. Zalaznick and John (Jay) W. Jordan II have undertaken not to vote and have each taken all reasonable steps to ensure that their respective associates will not vote.

Resolutions 2 to 4 (inclusive) of the Extraordinary General Meeting above are not conditional on the passing of any of the Resolutions to be proposed at the Separate Class Meetings or any of the other Resolutions to be proposed at the Extraordinary General Meeting.

### *ZDP Rollover Offer Resolution*

An Ordinary Resolution to approve, with effect from the adoption by the Company of New Articles, the proposals (i) for the creation of the 2022 ZDP Shares in the capital of the Company having the rights and entitlements set out in the New Articles; (ii) for the attaching to each existing 2016 ZDP Share of a right of exchange, by way of redemption, exercisable by a valid election, of a 2016 ZDP Share for a 2022 ZDP Share on the basis of each 2016 ZDP Share the subject of such election being redeemed in exchange for the issue of one 2022 ZDP Share; (iii) for the issue of the 2022 ZDP Shares; and (iv) for the ZDP Rollover Offer, pursuant to the arrangements described in this Prospectus.

All Shareholders (being Ordinary Shareholders and ZDP Shareholders) are entitled to vote on this Resolution.

This Resolution is conditional on the passing of each of the Resolutions to be proposed at the Separate Class Meetings but is not conditional on the passing of any of the other Resolutions to be proposed at the Extraordinary General Meeting.

### *Articles Amendment Resolution*

A Special Resolution to adopt the New Articles in place of the existing Articles.

All Shareholders (being Ordinary Shareholders and ZDP Shareholders) are entitled to vote on this Resolution.

This Resolution is conditional on the passing of each of the Resolutions to be proposed at the Separate Class Meetings and the ZDP Rollover Offer Resolution to be proposed at of the Extraordinary General Meeting, but is not conditional on the passing of any of the other Resolutions to be proposed at the Extraordinary General Meeting.

### *Spruceview Related Party Transaction Resolution*

An Ordinary Resolution to approve the Spruceview Related Party Transaction.

Only the Ordinary Shareholders are entitled to vote on this Resolution. With respect to this Resolution, each of David W. Zalaznick and John (Jay) W. Jordan II have undertaken not to vote and have each taken all reasonable steps to ensure that their respective associates will not vote.

This Resolution is not conditional on the passing of any of the Resolutions to be proposed at the Separate Class Meetings or any of the other Resolutions to be proposed at the Extraordinary General Meeting.

In order to be passed, the Ordinary Resolutions will require a vote in favour by a majority of more than 50 per cent. of the votes cast by Shareholders entitled to vote, whether voted by Shareholders entitled to vote

in person, by proxy or a duly authorised representative at the Extraordinary General Meeting. No ordinary resolution is being proposed at the Separate Class Meetings. The Special or Extraordinary Resolution, respectively will require a vote in favour by a majority of not less than 75 per cent. of the votes cast by Shareholders entitled to vote, whether voted by Shareholders entitled to vote in person, by proxy or a duly authorised representative at the Separate Class Meetings or the Extraordinary General Meeting. On a show of hands, each Shareholder present in person or by a duly authorised representative or by a proxy and entitled to vote will have one vote and on a poll each Shareholder present in person or by a duly authorised representative or by a proxy and entitled to vote will have one vote for each share held.

The quorum for the Separate Class Meetings will be two persons entitled to vote holding or representing at least one third of the total number of Ordinary Shares (in the case of the Class Meeting of Ordinary Shareholders) or 2016 ZDP Shares (in the case of the Class Meeting of ZDP Shareholders) in issue, each being a Shareholder or proxy for a Shareholder. The quorum for the Extraordinary General Meeting will be two persons entitled to vote, each being a Shareholder or proxy for a Shareholder. If within five minutes from the time appointed for the Separate Class Meetings or the Extraordinary General Meeting a quorum is not present, the relevant Separate Class Meeting or the Extraordinary General Meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Board may determine and (subject to the relevant meeting not being adjourned for 30 days or more) no notice of such adjournment need be given. At the adjourned Separate Class Meeting or Extraordinary General Meeting, those Shareholders present in person or by proxy shall constitute the quorum.

## **20. Action to be taken**

Information concerning the forms accompanying this Prospectus (including the Forms of Proxy) and the action to be taken by Shareholders in relation to the Separate Class Meetings and the Extraordinary General Meeting and the Placing and Open Offer is set out in the section entitled “*Forms Accompanying this Prospectus and Action to be Taken*”. Information concerning the action to be taken by Qualifying ZDP Shareholders in relation to the ZDP Rollover Offer is set out in the Separate ZDP Circular.

## **21. Recommendation**

**The Board, which has been so advised by JPMC, considers the terms of each of the Placing and Open Offer Related Party Transactions and the Spruceview Related Party Transaction to be fair and reasonable so far as the Ordinary Shareholders as a whole are concerned. In providing their advice to the Board, JPMC has taken into account the Board’s commercial assessment of the Placing and Open Offer Related Party Transactions and the Spruceview Related Party Transaction.**

The Board considers:

- **each of the Placing and Open Offer, the ZDP Rollover Offer, the Placing and Open Offer Related Party Transactions and the Spruceview Related Party Transaction to be in the best interests of the Company and its Shareholders as a whole; and**
- **all of the Resolutions to be proposed at the Separate Class Meetings and the Extraordinary General Meeting to be in the best interests of the Company and its Shareholders as a whole.**

**Accordingly, the Board unanimously recommends that Shareholders vote in favour of the all of the Resolutions to be proposed at the Separate Class Meetings and the Extraordinary General Meeting as set out in the Notices of the Separate Class Meetings and the Notice of Extraordinary General Meeting in respect of which they are entitled as the Directors intend to do in respect of their own beneficial holdings, representing 14 per cent. of the voting rights of the Ordinary Shares.**

Yours faithfully,

**David Macfarlane**  
*Chairman*

## PART II

### INFORMATION ON THE COMPANY

#### **Introduction**

The Company is a Guernsey domiciled closed-ended investment company which was incorporated on 14 April 2008 under The Companies (Guernsey) Law, 1994 (registered number 48761). The Company is now subject to The Companies (Guernsey) Law, 2008 (as amended).

The Company is an authorised closed-ended investment scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) and the Authorised Closed-Ended Investment Schemes Rules 2008 issued by the Guernsey Financial Services Commission.

The published unaudited NAV per Existing Ordinary Share as at 31 July 2015 was US\$10.60 per Existing Ordinary Share. For the year ended 28 February 2015 an interim dividend of 15 cents per Existing Ordinary Share (total US\$9,752,791) was paid on 28 November 2014. A second interim dividend of 17.5 cents per Existing Ordinary Share (total US\$11,378,256) was paid on 12 June 2015.

As at 31 July 2015, the Company's portfolio comprised US micro cap (33 per cent.), European micro cap (25 per cent.), real estate investments (25 per cent.), listed debt (2 per cent.), mezzanine/other (8 per cent.) and cash and cash equivalents (8 per cent.)<sup>1</sup>.

The Company's investment adviser is Jordan/Zalaznick Advisers, Inc. (in which the Company has no ownership interest), which manages the Company's investments and advises on its investment strategies. The Investment Adviser has experience in US micro cap buyouts and has a wide network of independent business brokers that has been built up over 30 years. John (Jay) W. Jordan II and David W. Zalaznick who are primarily responsible for the Investment Adviser's decisions, have a 30 year history of investing together, during which period they have executed over 100 micro cap buyouts.

The Company is administered by Northern Trust International Fund Administration Services (Guernsey) Limited.

#### **Group Structure**

The Company makes its US private investments and other non-real estate US investments directly into the relevant business, or into a holding company which directly or indirectly owns the business. Its European equity investments have historically been made through the EuroMicrocap Fund, in which the Company has a 75 per cent. interest, and prospectively will be made through the JZI Fund III, the follow on fund to the EuroMicrocap Fund. The Company announced on 2 September 2015 completion of the first closing of the JZI Fund III as part of which approximately €237 million was raised in the first round of fundraising. The Company has committed €75 million and David W. Zalaznick and John (Jay) Jordan II, among others, have committed €25 million, with the balance of the funds committed by a number of other third party co-investors. According to its limited partnership agreement, the JZI Fund III may raise up to €350 million. The JZI Fund III is being established to expand and diversify the Company's investments in Western Europe. Acquisitions are intended to be made with a focus on buyouts and build-ups of companies and in growth company platforms in the microcap market, generally with: (a) enterprise values of between €15 million and €150 million; (b) a focus on businesses generating or capable of generating EBITDA of €5 million to €20 million per annum; and (c) principal offices and a majority of their operating assets located in Western Europe or revenues associated with persons located in or associated with Western Europe. It is intended that the EuroMicrocap Fund will transfer to the JZI Fund III three investments being, certain intermediate holding companies that directly or indirectly own Fincontinuo, Petrocorner, and S.A.C. Furthermore, the Company will transfer to the JZI Fund III two separate notes and equity ownership that it holds directly (not through the EuroMicrocap Fund) in S.A.C. The acquisition agreements in relation to another investment, Collingwood, will be novated by the EuroMicrocap Fund to the JZI Fund III which will close the investment.

---

<sup>1</sup> Percentages are percentages of the Company's gross assets based on an unaudited valuation of the assets of the Company as at 31 July 2015.

Fincontinuo, Petrocorner, and S.A.C will be transferred to the JZI Fund III at the EuroMicrocap Fund's cost plus interest at a rate of 8 per cent. per annum and allocated fees and expenses. The Company's two separate notes and equity ownership will also be transferred to the JZI Fund III at cost plus interest at a rate of 8 per cent. per annum. The EuroMicrocap Fund will retain the remainder of its existing portfolio but is closed to further investments. The Company holds its interests and makes its investments in real estate through JZCP Realty Fund, which is incorporated in the Cayman Islands, and in which the Company owns 100 per cent. of the shares and voting rights. JZCP Realty Fund in turn controls a number of Delaware incorporated subsidiaries, in which it has either a 100 per cent. or a 99 per cent. interest. The Company also owns 100 per cent. of the shares and voting rights of JZCP Bright Spruce, which is incorporated in the Cayman Islands, and through which the Company holds its interests in collective investment vehicles.

## **Investment Policy**

### ***Corporate Objective***

To create a portfolio of investments providing a superior overall return comprised of a current yield and significant capital appreciation.

### ***Investment Policy***

The Company targets predominantly private investments, seeking to back exceptional management teams to deliver on attractive investment propositions. In executing this strategy, the Company takes a long-term view. The Company seeks to invest directly in its target investments, although it may also invest through other collective investment vehicles. The Company may also invest in listed investments, whether arising on the listing of its private investments or directly.

The Company's investment policy permits:

- (a) small or micro cap buyouts in the form of debt and equity and preferred stock;
- (b) real estate or real estate-linked investments and natural resources investments;
- (c) debt opportunities, including mezzanine investments, comprising loans and high yield securities, and listed bank debt, including both senior secured debt and second lien loans; and
- (d) other debt and equity opportunities, including distressed debt and structured and off-balance sheet financings, derivatives and publicly traded securities.

The Investment Adviser takes a dynamic approach to asset allocation and, though it does not expect to, in the event that the Company were to invest 100 per cent. of gross assets in one area, the Company will, nevertheless, always seek to maintain a broad spread of investment risk. Exposures are monitored and managed by the Investment Adviser under the supervision of the Board.

The Investment Adviser is able to invest globally but with a particular focus on opportunities in the United States and Europe.

### ***Borrowing Policy***

The Company has the power to borrow money under the Articles and may employ gearing to enhance investment returns. Under the Articles, the Company may borrow up to 100 per cent. of net assets. In addition, the Company may utilise borrowings on a short-term basis to meet investment commitments pending the realisation of assets.

The Company has voluntarily agreed that it will not materially alter its investment policy without the prior approval of its Ordinary Shareholders by ordinary resolution at a general meeting; any such alteration would be announced by the Company through an RIS.

## **Use of Derivatives and Hedging**

The EuroMicroCap Fund has limited hedging arrangements in place to manage its exposure to foreign currency exchange risk. The Company itself does not currently have any hedging arrangements in place,

though it does hold UK treasury gilts and UK-listed corporate bonds to manage its foreign currency exchange exposure to Sterling as a result of its payment obligations in respect of the CULS and the 2016 ZDP Shares. In the future, the Company may engage in currency hedging arrangements as the Board sees fit.

### **Conflicts of Interest**

Details of potential conflicts of interest involving the Investment Adviser are set out in Part III (*Information on the Investment Adviser*) of this Prospectus.

### **Company's Portfolio**

As at 31 July 2015, the Company's portfolio comprised US micro cap (33 per cent.), European micro cap (25 per cent.), real estate investments (25 per cent.), listed debt (2 per cent.), mezzanine/other (8 per cent.) and cash and cash equivalents (8 per cent.).<sup>2</sup>

The Company's portfolio as at 31 July 2015 consisted of 41 businesses across 11 industries, principally located in the United States and Europe, and 33 properties located across Brooklyn, New York and Miami, Florida.

The three main investment segments comprising the Company's portfolio are:

- (a) US micro cap, consisting of 29 businesses across 7 industries as at 31 July 2015;
- (b) European micro cap, consisting of 12 businesses across 4 industries as at 31 July 2015; and
- (c) Real estate investments, comprised of 33 residential, commercial (including retail and office) and development properties located across Brooklyn, New York (27 properties) and Miami, Florida (6 properties) as at 31 July 2015.

Further details of the Company's portfolio are set out in Part IV (*Details of the Company's Portfolio*) of this Prospectus.

### **NAV and Valuation Methodology**

NAV is calculated by the Administrator based upon valuations of the investments in the investment portfolio derived from the application of the valuation methodologies set out below. NAV is published monthly through an RIS. There are inherent limitations in the monthly publication of underlying NAV, as the valuations of a substantial number of the Company's investments are not taken on a monthly basis. As regards the private investments (other than real estate), being those whose value cannot be determined by reference to quoted market prices and for which there are no active markets, the Directors, with the assistance of the Investment Adviser, value these in accordance with the methodologies set out below each quarter and that valuation of such investments, subject to adjustment for accruals, is adopted in NAV published for the two succeeding months following each quarter. With respect to real estate investments, the Company's policy is to obtain a new valuation for each asset at least once a year.

Investments are valued in accordance with IFRS and a number of general principles in the IPEVCA are followed. The Company's investments are valued at fair value on the following basis:

- (a) listed equity and debt securities are based on the quoted market prices or binding dealer price quotations (bid prices for long positions), without any deduction for transaction costs;
- (b) real estate investments are valued in the aggregate by reference to the NAV of JZCP Realty Fund (in which the Company owns 100 per cent. of the shares and voting rights and through which it holds all its interests and makes its investments in real estate). The NAV of JZCP Realty Fund is, in turn, based on the underlying fair value of the properties themselves. The fair value techniques used in the underlying valuations are:

---

<sup>2</sup> Percentages are percentages of the Company's gross assets based on an unaudited valuation of the assets of the Company as at 31 July 2015.

- (i) use of third party appraisals on the subject property, where available;
- (ii) use of comparable market values per square foot of properties in recent transactions in the vicinity in which the property is located, and in similar condition to the relevant property, multiplied by the property's square footage;
- (iii) discounted cash flow analysis, using the relevant rental stream, less expenses for future periods, discounted at a market capitalisation rate, or interest rate; and
- (iv) relevant rental stream less expenses divided by the market capitalisation rate, which approximates the enterprise value construct used for non-real estate assets.

Third party debt is deducted to arrive at fair value for each of these techniques. The Investment Adviser and the Directors review the fair value methods and measurement of the underlying properties on a quarterly basis. The Company engages external, independent appraisers to value the Company's real estate assets. The Company's policy is to obtain a new valuation for each asset at least once a year.

Due to the inherent uncertainties of real estate valuation, the values reflected in the financial statements may differ significantly from the values that would be determined by negotiation between the parties in a sale transaction and those differences could be material;

- (c) mezzanine loans are generally valued at amortised cost except where there is deemed to be impairment in value, which indicates that a provision should be made. Mezzanine loans are classified in the statement of financial position as loans and receivables and are accounted for at amortised cost using the effective interest method less accumulated impairment allowances in accordance with IFRS. The Company assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. Evidence of impairment may include indications that the counterparty is experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that they will enter bankruptcy or other financial reorganisation, or may include observable data indicating that there is a measurable decrease in the counterparty's estimated future cash flows, such as changes in arrear or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the net present value of expected cash flows discounted at the original effective interest rate; and
- (d) unquoted preferred shares, micro cap loans, unquoted equities and equity related securities investments are classified in the statement of financial position as investments at fair value through profit or loss. These investments are typically valued by reference to their enterprise value, which is generally calculated by applying an appropriate multiple to the last 12 months' EBITDA. In determining the multiple, the Directors consider *inter alia*, where practical, the multiples used in recent transactions in comparable unquoted companies, previous valuation multiples used and, where appropriate, multiples of comparable publicly traded companies with appropriate discount. In accordance with the IPEVCA, a marketability discount is applied that reflects the discount that, in the opinion of the Directors, market participants would apply in a transaction in the investment in question. In respect of unquoted preferred shares and micro cap loans the Company values these investments by reference to the attributable enterprise value as the exit strategy in respect to these investments would be a one tranche disposal together with the equity component. The fair value of the investment is determined by reference to the attributable enterprise value (calculated by a multiple of EBITDA reduced by senior debt and marketability discount) covering the aggregate of the unquoted equity, unquoted preferred shares and debt instruments invested in the underlying company. The increase of the fair value of the aggregate investment is reflected through the unquoted equity component of the investment and a decrease in the fair value is reflected across all financial instruments invested in an underlying company.

The Directors may at any time temporarily suspend the calculation of the Company's NAV during:

- (a) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of a substantial

part of the investments of the Company is not reasonably practicable without this being seriously detrimental to the interests of the Shareholders in the Company or if in the opinion of the Directors of the Company NAV of the Company cannot be fairly calculated;

- (b) any breakdown in the means of communication normally employed in determining the value of the investments of the Company or when for any reason the current prices of the investments of the Company cannot be promptly and accurately ascertained;
- (c) any period in which the Directors determine that doing so is necessary or advisable for the protection of the Company.

Any such suspension shall be publicised by the Directors in such manner as they may deem appropriate to the persons likely to be affected thereby and to the Specialist Fund Market if required by its rules.

The published unaudited NAV per Existing Ordinary Share as at 31 July 2015 was US\$10.60 per Existing Ordinary Share.

### **Cash Management**

Pending use of the Net Proceeds of the Placing and Open Offer and the proceeds of any borrowings of the Company and pending re-investment or distribution of cash receipts, cash received by the Company will be held in cash, cash equivalents, near cash instruments and money market instruments. The Board determines the cash management policy in consultation with the Investment Adviser who implements the policy.

The Board also expects that any uninvested funds may be invested in temporary investments pending their investment in longer-term investments such as portfolio companies or real estate.

### **Financing Strategy**

#### ***Net Proceeds of the Placing and Open Offer***

The Net Proceeds of the Placing and Open Offer will allow the Company greater flexibility to fund future investments in accordance with its investment policy. In addition, the Net Proceeds will provide the Company with similarly greater flexibility for its general corporate purposes including managing the Company's liquid resources, in conjunction with loan facilities that the Company has arranged or may arrange in the future. No proceeds will be generated by the ZDP Rollover Offer.

#### ***Borrowings***

Following the Company's entry into, and its drawdown of funds under, the Guggenheim Credit Agreement, as at 3 September 2015 (being the latest practicable date prior to the publication of this Prospectus), the Company owed US\$319.9 million of debt (amortised). The Company's debt as at that date comprised principally:

- (a) US\$99.9 million (comprising US\$80 million, EUR 18 million) under the Guggenheim Facility, the proceeds of which have been and are to be used for certain purposes including the repayment of the Jefferies Finance Credit Agreement (which has been repaid in full), general corporate purposes and the making of certain permitted investments (including existing portfolio investments and other additional investments subject to certain financial tests being satisfied and the pledging of collateral, cash equivalent investments and certain investments within the group);
- (b) US\$40.1 million under the Deutsche Bank Facility (the total available facility being US\$52 million), the proceeds of which have been and are to be used for general operations and investment activity;
- (c) £76.6 million in relation to the repayment of the 2016 ZDP Shares, which (excluding the impact of the ZDP Rollover Offer if it proceeds) the Company has an obligation to redeem on their existing repayment date, being 22 June 2016; and
- (d) £38.7 million in relation to the redemption of the CULS, which the Company has an obligation to redeem on 30 July 2021.



As at 3 September 2015 (being the latest practicable date prior to the publication of this Prospectus), the Guggenheim Facility is fully drawn and \$40.1 million (out of an available US\$52 million) has been drawn down under the Deutsche Bank Facility.

The Company may choose to finance a portion of certain future investments, existing investments, loans or general operations with debt financing (including by issuing bonds). The Company's approach is to use borrowings in accordance with its investment policy.

### ***Other Sources of Finance***

As the Net Proceeds of the Placing and Open Offer will allow the Company greater flexibility to fund future investments in accordance with its investment policy and for its general corporate purposes, the Company's future liquidity will depend primarily on the sales and realisations of investments, interest and dividend payments from loans and equity interests respectively in its investment portfolio (albeit to a lesser extent), the Company's management of available cash and the use of borrowings to fund acquisitions and, if necessary, to fund short-term liquidity needs. The Company may also use further equity offerings or consideration in the form of equity or debt to finance the growth of the Company's portfolio.

### **Dividend Policy**

The Company's current dividend policy is to distribute in each financial year in the form of dividends paid through semi-annual instalments in US Dollars an aggregate amount equal to approximately three per cent. of the Company's net assets. Ordinary Shareholders can also elect to receive dividends in Pounds Sterling. The Company may declare dividends but the ability of the Company to pay dividends is restricted by Guernsey law, the Articles and the Guggenheim Credit Agreement. The Guggenheim Credit Agreement restricts the payment of dividends other than for dividends payable semi-annually in the ordinary course of business in an amount not exceeding five per cent. of NAV of the Company in any financial year (and measured at the time of such payment) unless an event of default has occurred and is continuing in which case no dividends at all shall be payable. In addition, the terms of the CULS require the Company to make an adjustment to the Conversion Price of the CULS if and whenever, in any financial year, it pays or makes a dividend to Ordinary Shareholders which, either alone or in the aggregate, is more than five per cent. of the Company's NAV at the time of paying or making the dividend.

For the year ended 28 February 2015, an interim dividend of 15 cents per Existing Ordinary Share (total US\$9,752,791) was paid on 28 November 2014. A second interim dividend of 17.5 cents per Existing Ordinary Share (total US\$11,378,256) was paid on 12 June 2015.

### **Capital Structure**

The Company's share capital is currently represented by Ordinary Shares and 2016 ZDP Shares, both of which are admitted to trading on the London Stock Exchange's Specialist Fund Market and are denominated in Pounds Sterling.

The New Ordinary Shares will also be denominated in Pounds Sterling and, subject to Ordinary Shareholder approval of the Placing and Open Offer and the Placing and Open Offer Related Party Transactions at the Extraordinary General Meeting, application will be made to the London Stock Exchange for the New Ordinary Shares to also be admitted to trading on the Specialist Fund Market. The New Ordinary Shares, if issued and fully paid, will be identical to and rank *pari passu* with the Existing Ordinary Shares except that they will not be eligible to receive the first interim dividend for the year ended 29 February 2016 if the dividend is declared and paid.

The 2022 ZDP Shares will also be denominated in Pounds Sterling and, subject to Ordinary Shareholder and ZDP Shareholder approval of the ZDP Rollover Offer at the Separate Class Meetings and Shareholder approval of the ZDP Rollover Offer and the amendments to the Articles at the Extraordinary General Meeting, application will be made to the London Stock Exchange for the 2022 ZDP Shares to be admitted to trading on the Specialist Fund Market. As a consequence of the ZDP Rollover Offer the Company will have a third class of shares in issue, being the 2022 ZDP Shares, if issued pursuant to the ZDP Rollover Offer. The 2022 ZDP Shares, if issued and fully paid, will have substantially the same rights as those attaching to the 2016 ZDP Shares save for a different final capital entitlement and repayment date. The 2016

ZDP Share Final Capital Entitlement is 369.84 pence and the 2016 ZDP Share Repayment Date is 22 June 2016. The 2022 ZDP Share Final Capital Entitlement will be the Accrued Capital Entitlement of a 2022 ZDP Share on the 2022 ZDP Share Repayment Date as determined by the terms and conditions of the ZDP Rollover Offer and the 2022 ZDP Share Repayment Date will be 1 October 2022. The 2022 ZDP Shares will rank *pari passu* with the 2016 ZDP Shares for the period when both classes of Shares are in issue until the 2016 ZDP Shares are redeemed on the 2016 ZDP Share Repayment Date.

The Company also has CULS in issue in an aggregate nominal amount of £38,861,140 as at the date of this Prospectus. The CULS are convertible into Ordinary Shares in accordance with their terms. CULS Holders will on conversion of the CULS to Ordinary Shares become Ordinary Shareholders and have the same rights attaching to the Ordinary Shares. The CULS are also admitted to trading on the Specialist Fund Market.

The share capital of the Company is designed to appeal to institutional investors, investment funds, private client fund managers and private client brokers, as well as other professionally advised private investors, to be held over the long-term, and may not be suitable as short-term investments. Typically such investors are seeking long-term capital growth and income from debt and equity investments primarily in businesses in the United States and Europe and in US real estate providing a superior overall return comprised of a current yield and significant capital appreciation.

Further details of the Company's capital structure, including the rights and restrictions attaching to the Ordinary Shares, the 2016 ZDP Shares, the 2022 ZDP Shares and the CULS, are set out in paragraph 5 of Part X (*Additional Information*) of this Prospectus. Further details of the rights attaching to the 2016 ZDP Shares and the 2022 ZDP Shares and a summary of the Articles and the proposed amendments to the same as contained in the New Articles are included in paragraph 5.3 of Part X (*Additional Information*) of this Prospectus. These sections of this Prospectus describe any alteration, modification, abrogation or variation of or to the rights or privileges attaching to the Ordinary Shares and the 2016 ZDP Shares that may be brought about by the issue of the 2022 ZDP Shares pursuant to the ZDP Rollover Offer.

### **Taxation**

Information concerning the tax status of the Company and the taxation of Shareholders is set out in Part VIII (*Taxation*) of this Prospectus and is for information purposes only and is not intended to be exhaustive. If you are in any doubt about the tax consequences of acquiring, holding, exchanging, transferring, redeeming or disposing of the New Ordinary Shares, the 2016 ZDP Shares and/or the 2022 ZDP Shares, as applicable, or you are subject to tax in a jurisdiction other than Guernsey, the United Kingdom or the United States, you should consult your own independent tax adviser without delay.

### **Duration of the Company**

The Company does not have a fixed life.

## PART III

### INFORMATION ON THE INVESTMENT ADVISER

#### Introduction

Jordan/Zalaznick Advisers, Inc., is a private corporation with an indefinite life incorporated on 3 December 1986 in Delaware in the United States (registration number 2109544) under the General Corporation Law of the State of Delaware. The Investment Adviser is registered as an investment adviser with the US Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended. Subject to the overall supervision of the Board and to the Articles, the Investment Adviser is responsible for the management of the Company's investments and assets and advising the Company on its investment strategy. The Investment Adviser also provides financial and strategic advisory services to portfolio companies including providing strategic counsel, arranging capital for expansion and advising on mergers and acquisitions. The Investment Adviser's registered address is 9 West 57th Street, New York, NY 10019 and its phone number is +1 212 485 9410.

The Investment Adviser has experience in the US micro cap buyout market and sourcing investments in micro cap buyouts and has a wide network of independent business brokers that has been built up over 30 years. John (Jay) W. Jordan II and David W. Zalaznick, who are primarily responsible for the investment decisions of the Investment Adviser, have a 30 year history of investing together, during which period they have executed over 100 micro cap buyouts.

The Investment Adviser employs a conservative approach to leveraging the Company's investments, with the average debt multiple ahead of the Company's investments being less than 2.0 times. The Investment Adviser takes an active role in all facets of the due diligence process in respect of a micro cap buyout investment, usually becoming involved early on in the investment review process.

Since 1986, John (Jay) W. Jordan II and David W. Zalaznick, the beneficial owners of the Investment Adviser, have had significant shareholdings in the Company and its predecessor companies, thereby aligning the interests of the Investment Adviser, the Company and the Shareholders. They currently hold an aggregate of 13,764,761 Ordinary Shares, representing 21.17 per cent. of the Ordinary Shares of the Company. The participation by John (Jay) W. Jordan II and David W. Zalaznick in the Placing and Open Offer will further align the interests of the Investment Adviser with those of the Company and the Shareholders.

#### Track Record

The track record of the Investment Adviser in relation to the Company is shown in the following chart which summarises the unaudited total NAV returns for the most recent three month, one year and three year periods to 31 July 2015.

	<i>As at 31 July 2015</i>	<i>3 months to 31 July 2015</i>	<i>1 year to 31 July 2015</i>	<i>3 years to 31 July 2015</i>
Total NAV return <sup>(1)</sup>	–	(0.1)%	11.6%	23.9%

(1) Total NAV return represents the cumulative growth in NAV for the period, assuming that dividends were reinvested.

#### Board of the Investment Adviser

The sole director of the Investment Adviser is David W. Zalaznick.

#### Key Personnel of the Investment Adviser

The following individuals are key to the activities of the Investment Adviser in its dealings with the Company:

##### *David W. Zalaznick*

David is Chairman and Co-Founder of the Investment Adviser and Co-Founder and former Managing Principal of The Jordan Company ("TJC"). Prior to founding TJC in January 1982 and the Investment

Adviser in 1986, David was a partner in the Carl Marks Leveraged Buyout Group and formerly an investment banker with Merrill Lynch & Co. He serves on the board of directors of Sensus Metering Systems Ltd., Cequel Data Centers LLC and many of the private companies where the Company has investments. David is a Trustee Emeritus of Cornell University where he served as Vice Chairman and as Chairman of the board's Finance Committee and as a member of its Private Equity Committee. David holds a BA in Economics from Cornell University and an MBA from Columbia University's Graduate School of Business.

***John (Jay) W. Jordan II***

Jay is a Co-Founder and member of the Investment Committee of the Investment Adviser. He is also Chairman, Co-CEO and a Managing Partner of TJC. Prior to founding TJC in January 1982 and the Investment Adviser in 1986, Mr. Jordan spent nine years with Carl Marks & Co., Inc. He serves on the board of directors of Sensus Metering Systems Ltd., WCT Holdings and many other private companies. Jay is a Trustee of the University of Notre Dame and serves as Chairman of the board's Investment Committee. Jay received an A.B. degree in Business Administration from the University of Notre Dame and attended Columbia University's Graduate School of Business.

***Gordon L. Nelson, Jr.***

Gordon is the Chief Investment Officer of the Investment Adviser. He has worked for the Investment Adviser in various capacities since 1996. He serves on the board of directors of many private companies in which the Company has investments. Prior to joining the Investment Adviser, he spent five years as a director in the financial sponsors coverage area of the Bank of Boston. He also spent three years in loan review at the bank, working through troubled credits. Prior to his work at the Bank of Boston, Gordon was a management consultant at Bain and Company. He received an MBA from the Amos Tuck School of Business Administration at Dartmouth College in 1986. He graduated from Harvard College in 1979.

**Investment Advisory Agreement**

The Company has entered into an investment advisory and management agreement dated 23 December 2010, as amended (the "**Investment Advisory Agreement**"), with the Investment Adviser. Subject to the overall supervision of the Board and to the Articles, the Investment Adviser acts as the investment adviser and manager to the Company and manages the investment and re-investment of the assets of the Company in pursuit of the Company's corporate objective and in accordance with the investment policy of the Company and any investment limits and restrictions notified by the Board to (and following consultation with) the Investment Adviser.

Pursuant to the Investment Advisory Agreement, the Company pays to the Investment Adviser a base management fee and an incentive fee. Details of these fees, as well as costs, expenses and other fees are set out below in this Part III (*Information on the Investment Adviser*) of this Prospectus.

The Investment Adviser is authorised to enter into with one or more other investment advisers (being a "**sub-adviser**") advisory agreements (being a "**sub-advisory agreement**") pursuant to which the Investment Adviser may obtain the services of such sub-adviser(s) to assist the Investment Adviser in fulfilling its responsibilities under the Investment Advisory Agreement, subject to the oversight of the Investment Adviser and the Company and provided that, save with the prior consent of the Board, no such sub-adviser(s) who operates from the UK is appointed. Details of the fees paid to any such sub-adviser(s) are set out below in this Part III (*Information on the Investment Adviser*) of this Prospectus.

Pursuant to the Investment Advisory Agreement, the Investment Adviser shall not be liable to the Company for any action taken or omitted to be taken by the Investment Adviser in connection with the performance of any of its duties or obligations under the Investment Advisory Agreement or otherwise as an investment adviser or manager of the Company, and the Company shall indemnify, defend and protect the Investment Adviser and hold it harmless from and against all damages, liabilities, costs and expenses incurred by the Investment Adviser in or by reason of any pending, threatened or completed action, suit, investigation or other proceeding arising out of or otherwise based upon the performance of any of the Investment Adviser's duties or obligations under the Investment Advisory Agreement or otherwise as an investment adviser or manager of the Company, save for any liability to the Company or its security holders to which the

Investment Adviser would otherwise be subject by reason of wilful misfeasance, bad faith or gross negligence in the performance of the Investment Adviser's duties or by reason of the reckless disregard of the Investment Adviser's duties and obligations under the Investment Advisory Agreement. Further, pursuant to the Investment Advisory Agreement, the Investment Adviser shall indemnify, defend and protect the Company and hold it harmless from and against all damages, liabilities, costs and expenses incurred by the Company resulting from the wilful misfeasance, bad faith or gross negligence by the Investment Adviser in the performance of the Investment Adviser's duties or by reason of the reckless disregard of the Investment Adviser's duties and obligations under the Investment Advisory Agreement.

Either party may terminate the Investment Advisory Agreement on not less than two and one-half years' (i.e. 913 days') prior notice (or such lesser period as may be agreed by the parties) to the other party, without cause. The Investment Advisory Agreement may also be terminated by either party: (a) upon not less than 60 days' prior notice to the other, if the other commits any material breach with respect to its obligations under the Investment Advisory Agreement and fails (in the case of a breach capable of rectification) to make good such breach within 30 days of receipt of notice from the other requiring it to do so; or (b) forthwith upon written notice to the other if: (i) the other is dissolved or goes into liquidation (other than solely for the purposes of a solvent amalgamation or reconstruction); (ii) the other is unable to pay its debts as they fall due or makes any compromise with its creditors generally or any proposals with regard to such a compromise or otherwise commits any act of bankruptcy; (iii) a receiver is appointed over all or a substantial portion of its assets; or (iv) the other ceases to hold any licence, permission, authorisation or consent necessary for the performance of its duties under the Investment Advisory Agreement.

A summary of the main provisions of the Investment Advisory Agreement are set out in paragraph 8.2 of Part X (*Additional Information*) of this Prospectus.

### **Investment Adviser's Fees**

Pursuant to the Investment Advisory Agreement, the Company pays to the Investment Adviser a base management fee and an incentive fee, as set out below.

#### ***Base Management Fee***

The base management fee is calculated at an annual rate of 1.50 per cent. of the Company's gross assets excluding those assets, if any, which are excluded from the calculation of the fee in accordance with the Investment Advisory Agreement. The fee is payable quarterly in arrears although the Investment Advisory Agreement provides that payments in advance on account of the fee will be made.

For the year ended 28 February 2015, total investment advisory and management expenses, based on the average total assets of the Company of US\$12,976,000 were included in the statement of comprehensive income (year ended 28 February 2014: US\$11,220,000). Of this amount US\$1,451,000 (28 February 2014: US\$848,000) was outstanding at the year end.

#### ***Incentive Fee***

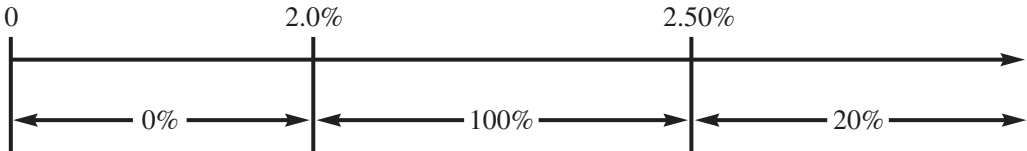
The incentive fee has two parts: an income incentive fee and a capital gains incentive fee.

The income incentive fee is calculated based on the Company's net investment income for each quarter and is payable quarterly in arrears provided that the net investment income for the quarter exceeds 2 per cent. of the average of NAV of the Company at the end of that quarter (the "**hurdle**") (8 per cent. on an annualised basis). The fee is an amount equal to: (a) 100 per cent. of that proportion of the net investment income for the quarter as exceeds the hurdle, up to an amount equal to 2.5 per cent. of the average of NAV at the end of the quarter, and (b) 20 per cent. of the net investment income for the quarter, if any, above 2.5 per cent. of the average of NAV at the end of the quarter. Assets which are excluded from the calculation of the income incentive fee in accordance with the Investment Advisory Agreement, as well as, investments categorised in the Investment Advisory Agreement as legacy investments (such assets, insofar as still held by the Company, representing less than 2 per cent. of the Company's gross assets at 31 July 2015) are excluded from the calculation of the fee. A true-up calculation is also prepared at the end of each financial year whereby the fee will be adjusted at the end of such financial year to "true up" quarterly payments against an annual hurdle

of 8 per cent. per annum, with any shortfall being paid by the Company and any excess payments being set off against future income incentive fees earned. The following is a graphical representation of the calculation of the income-related portion of the incentive fee:

**Net investment income**  
**(expressed as a percentage of the value of net assets)**

**Percentage of net investment income allocated to**  
**income-related portion of incentive fee**



The fee is paid as follows:

- no income incentive fee in any quarter in which net investment income does not exceed the hurdle rate of 2.0 per cent. of net assets;
- 100 per cent. of net investment income with respect to that portion of net investment income, if any, as exceeds the hurdle rate but is less than 2.50 per cent. of net assets in any quarter. This “catch-up” portion of net investment income (which exceeds the hurdle rate but is less than 2.50 per cent.) is intended to provide the Investment Adviser with an incentive fee of 20 per cent. on all net investment income as if a hurdle rate did not apply when net investment income exceeds 2.50 per cent. in any calendar quarter; and
- 20 per cent. of the amount of net investment income, if any, that exceeds 2.50 per cent. of the value of the Company’s net assets in any quarter.

For the years ended 28 February 2015 and 2014 there was no income incentive fee.

The capital gains incentive fee is payable for each financial year of the Company and equals 20 per cent. of all realised capital gains of the Company, if any, on a cumulative basis to the end of the relevant financial year, computed net of all realised capital losses of the Company, if any, again on a cumulative basis to the end of the relevant financial year, less the aggregate amount of all capital gains incentive fees previously paid by the Company to the Investment Adviser. Notwithstanding the foregoing, the Investment Adviser may structure investments by the Company in such ways that allows the capital gains incentive fee to be structured as a participation by the Investment Adviser in the capital profits realised by the Company on its investments by the Investment Adviser purchasing, side-by-side with the Company, 20 per cent. of common equity investments available to the Company, such purchase to be at the same price and on the same terms as made available to the Company provided that, in connection with any such investment so structured, any capital gains profits realised therefrom by the Investment Adviser shall be subject to reimbursement to the Company if and to the extent that such profits would (had such investment not been so structured) have been offset by realised capital losses in connection with the calculation of any capital gains incentive fee payable. The capital gains incentive fee is payable in arrears within 90 days of the financial year end. Assets which are excluded from the calculation of the capital gains incentive fee in accordance with the Investment Advisory Agreement, as well as, investments categorised in the Investment Advisory Agreement as legacy investments (such assets, insofar as still held by the Company, representing less than 2 per cent. of the Company’s gross assets at 31 July 2015) are excluded from the calculation of the fee. Further, the Company’s interests in the EuroMicrocap Fund (and, prospectively, the JZI Fund III) and their assets are also excluded for the purposes of calculating the capital gains incentive fee.

Upon termination of the Investment Advisory Agreement (other than for termination by reason of the Investment Adviser being in material breach or subject to an insolvency event or ceasing to hold authorisations for the performance of its duties), the Investment Adviser shall also be entitled to an additional “close out” capital gains incentive fee of 20 per cent. of the capital gains which the Company would realise

if the assets of the Company (other than cash) were realised on the termination date at the current value ascribed to such assets by the Directors less: (a) the capital losses (if any) the Company would incur if the assets were sold on the same basis and (b) any realised capital losses carried forward as at the termination date.

For the financial year ended 28 February 2015, a capital gains incentive fee based on realised gains during the year of US\$13,156,000 (28 February 2014: US\$5,907,000) was incurred and US\$13,156,000 (28 February 2014: US\$5,907,000) was payable to the Investment Adviser at year end. The Company also makes provisions for capital gains incentive fees, based on unrealised gains. For the year ended 28 February 2015 there has been an increase in this provision of US\$5,936,000 (28 February 2014: US\$3,503,000).

Total incentive fees payable to the Investment Adviser within 90 days of the year ended 28 February 2015 total US\$13,156,000 (28 February 2014: US\$5,907,000).

The Company (together with the Investment Adviser) may ring fence certain investments and their assets in relation to the Company's investments by signing separate letter(s) with the Investment Adviser as contemplated by the Investment Advisory Agreement so that the Company will not suffer the double payment of fees in relation with the Company's investments.

#### ***Reimbursement of costs and expenses***

All investment professionals of the Investment Adviser and their staff, when and to the extent engaged in providing investment advisory and management services under the Investment Advisory Agreement, and the compensation and routine overhead expenses of such personnel allocable to such services, will be provided and paid for by the Investment Adviser and not by the Company. The Investment Adviser, however, is entitled to reimbursement of all other costs and expenses properly incurred by it and directly necessitated by its dealings with the Company. The Company will also bear all other costs and expenses of its operations and transactions.

#### ***Sub-adviser fees***

The Investment Adviser is authorised to enter into sub-advisory agreements with one or more other sub-advisers, subject to the oversight of the Investment Adviser and the Company and provided that, save with the prior consent of the Board, no such sub-adviser(s) who operates from the UK is appointed. The Investment Adviser, and not the Company, is responsible for any compensation payable to any sub-adviser, provided that, the fees of any sub-adviser up to an annual amount not to exceed 0.5 per cent. of the value of the assets subject to the management of such sub-adviser which, with the consent of the Board (such consent not to be unreasonably withheld), will be payable by the Company provided that the aggregate amount so payable by the Company in any year to all sub-advisers does not exceed an amount equal to 0.5 per cent. of the Company's gross assets.

#### ***Portfolio companies***

If the Investment Adviser is retained by a company in which the Company has an investment (including a micro cap buyout) to provide services as a director, a financial adviser (including in connection with financings and refinancings, securities offerings and business acquisitions and dispositions), a management consultant or in another capacity, the Investment Adviser may accept and retain fees for such services and expense reimbursements on terms which are customary for third parties performing such services. Such fees shall not exceed the rates or amounts set forth in a schedule to the Investment Advisory Agreement unless otherwise agreed from time to time between the Board and the Investment Adviser.

#### **Investment Process**

Pursuant to the Investment Advisory Agreement, the Investment Adviser manages the investment and reinvestment of the assets of the Company in pursuit of the Company's corporate objective and in accordance with its investment policy, subject to the Articles and the overall supervision of the Board.

Subject to the provisions of the Investment Advisory Agreement, the Investment Adviser: (a) determines the composition of the portfolio of the Company, the nature and timing of the changes therein and the manner

of implementing such changes; (b) identifies, evaluates and negotiates the structure of the investments made by the Company; (c) closes and monitors the Company's investments; (d) determines the securities and other assets that the Company will purchase, retain, or sell; (e) performs due diligence on prospective investments; and (f) provides the Company with such other investment advisory, management, research and related services as the Company may, from time to time, reasonably require for the investment of its funds. The Investment Adviser has power and authority on behalf of the Company to effectuate investment decisions for the Company, including the execution and delivery of all documents relating to the Company's investments and the placing of orders for other purchase or sale transactions on behalf of the Company.

The Investment Adviser keeps the Company's investment policy under review and may, from time to time, suggest to the Company such amendments as, in the Investment Adviser's opinion, might be appropriate.

### **Conflicts of Interest**

The Investment Adviser may serve as the investment adviser and manager to other clients. As a result, the Investment Adviser may have conflicts of interest in allocating investments among the Company and its other clients and in effecting transactions between the Company and other clients, including ones in which the Investment Adviser may have a greater financial interest. Where appropriate, the Investment Adviser may give advice or take action with respect to such other clients that differs from the advice given with respect to the Company.

The services of the Investment Adviser to the Company are not exclusive, and the Investment Adviser may, so long as the services to the Company under the Investment Advisory Agreement are not impaired, engage in any other business or render similar or different services to others, including, without limitation, the direct or indirect sponsorship or management of other investment based accounts or commingled pools of capital, howsoever structured, having corporate objectives similar or dissimilar to those of the Company (collectively, "**other funds**").

In cases of investments with certain other funds that are not subject to a separate agreement concerning co-investments and where it may be possible, in accordance with the terms of the relationship between the Investment Adviser and such other fund, for the Company from time to time: (a) to co-invest with such other fund, the Company's co-investments will be made on the same terms as such other fund (without regard to the respectively allocated amounts of the investments and whether or not any third party investors also co-invest) or on such other terms as the Investment Adviser and the Board may otherwise agree; and (b) to participate in the mezzanine financings of companies (including equity participations, if available) controlled by such other fund, the Company's participations will be less than 50 per cent. thereof and will be on the same terms as negotiated by the majority participants. In cases where the Company invests directly from time to time in such other funds: (i) such investments will be made on the same terms as the other investors in such other funds (or on such other terms as the Investment Adviser and the Board may otherwise agree); and (ii) the Investment Adviser will consult with the Board appropriately to avoid duplications of management fees.

The Investment Adviser has and will continue to have regard to its obligations under the Investment Advisory Agreement with the Company or otherwise to act in the best interests of the Company, so far as is practicable having regard to its obligations to other clients, when potential conflicts of interest arise.



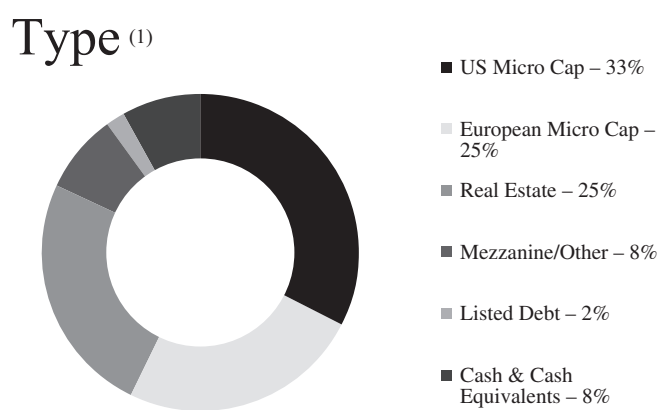
## PART IV

### DETAILS OF THE COMPANY'S PORTFOLIO

#### 1. Overview

The information in this Part IV (*Details of the Company's Portfolio*) of this Prospectus is based on the unaudited valuation of the Company's assets as at 31 July 2015. Percentages where used are percentages of the Company's portfolio (by reference to gross assets) based on the same unaudited valuation of the Company's assets as at 31 July 2015.

The Company's portfolio is consistent with the investment policy of the Company and as at 31 July 2015 comprises of US micro cap (33 per cent.), European micro cap (25 per cent.), real estate investments (25 per cent.), listed debt (2 per cent.), mezzanine/other (8 per cent.) and cash and cash equivalents (8 per cent.), as illustrated by the chart below.



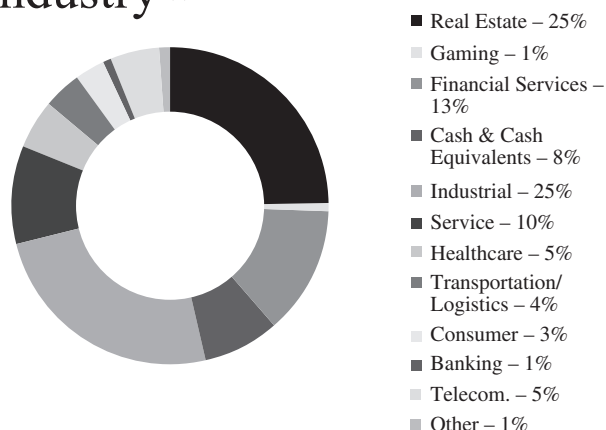
(1) Source – Company, unaudited portfolio valuation as at 31 July 2015, based on gross assets.

The three main investment segments comprising the Company's portfolio as at 31 July 2015 are:

- *US micro cap*: 29 businesses across 7 industries;
- *European micro cap*: 12 businesses across 4 industries; and
- *Real estate investments*: 33 residential, commercial (including retail and office) and development properties located across Brooklyn, New York (27 properties) and Miami, Florida (6 properties).

The industries relevant to the investments in the Company's portfolio are illustrated by the chart below.

## Industry <sup>(1)</sup>



(1) Source – Company, unaudited portfolio valuation as at 31 July 2015, based on gross assets.

### 2. Company's Portfolio

The Company's primary US micro cap investment strategy is the vertical strategy which involves the Company investing in well researched industry sectors or verticals. Similar companies are purchased in the relevant vertical, being integrated as appropriate, and the resulting larger company sold as one entity. The industry sectors/verticals in which the Company has invested include industrial services solutions, water treatment services and healthcare revenue cycle management, among others. The Company also invests in US micro cap companies through co-investments. The Company partners with experienced investors, taking minority positions in companies. The European micro cap portfolio geographically diversifies the Company's micro cap investments and the Company's portfolio generally.

The Company makes its real estate investments through JZ Realty Fund and relies upon RedSky Capital, a Brooklyn-based real estate and development and management company, to source suitable real estate investment opportunities and manage its properties, with the underlying goal of acquiring off-market properties in neighbourhoods that are beginning to see rental and valuation growth. The Investment Adviser is seeing trends and opportunities in the Wynwood and Design District neighbourhoods of Miami similar to the Company's real estate investments in the Williamsburg, Downtown Brooklyn, Greenpoint, and Bushwick-Wyckoff Heights neighbourhoods of Brooklyn. The Company purchases and develops properties via renovation and/or building construction.

The Company's other investments include, among others, its investment in the Company's asset management business in the United States, Spruceview Capital Partners. The business aims to address the demand from university endowments, foundations, corporate pension funds and family offices for fiduciary management through an OCIO model. In addition, the Company's listed investments include listed corporate bonds which the Company holds as a means of earning a return on cash. Goldman Sachs is the sole obligor of these bonds which mature in January 2017.

The Company also holds UK treasury gilts (included within "Cash & Cash Equivalents in the charts set out in paragraph 1 above).

### 3. Largest Investments

The Company's 10 largest investments by value as at 31 July 2015, which together represented 44 per cent. of the unaudited valuation of the Company's gross assets, are set out in the following table.

<i>Asset</i>	<i>Asset Category</i>	<i>Valuation (US\$ 000)<sup>(1)</sup> As at 31 July 2015</i>	<i>% of Gross Assets<sup>(1)</sup> As at 31 July 2015</i>
Industrial Services Solutions Vertical	US Micro Cap	83,938	8
Factor Energia, S.A	European Micro Cap	69,413	7
Bright Spruce	Other	50,490	5
Greenpoint	Real Estate	47,293	5
Toro Finance	European Micro Cap	43,545	4
Fulton	Real Estate	42,976	4
Grupo Ombuds	European Micro Cap	38,333	4
Williamsburg Retail	Real Estate	27,747	3
TierPoint	US Micro Cap	25,335	2
Medplast	US Micro Cap	24,988	2
<b>Top 10 Investments</b>		<b>454,057</b>	<b>44</b>
<b>Remaining Assets</b>		<b>580,475</b>	<b>56</b>
<b>Gross Assets</b>		<b>1,034,532</b>	<b>100</b>

(1) Source – Company, unaudited portfolio valuation as at 31 July 2015, based on gross assets.

#### 4. Composition of Company's Portfolio

The composition of the Company's portfolio as at 31 July 2015 by percentage of the portfolio (by reference to gross assets) and the historical book cost and carrying value of the investments are set out in the following table.

##### *US micro cap portfolio*

<i>Company</i>	<i>Historical book cost<sup>(1)</sup> US\$'000</i>	<i>Carrying value as at 31 July 2015 US\$'000</i>	<i>Percentage of gross assets %</i>
<b>US micro cap (verticals)</b>			
<b>Industrial Service Solutions</b>	33,174	83,938	8.1
INDUSTRIAL SERVICES SOLUTIONS (“ISS”). A combination of acquired businesses in the industrial maintenance, repair and service industry			
<b>Healthcare Revenue Cycle Management</b>			
BHS HOSPITAL SERVICES, INC. An outsourced provider of patient benefit eligibility, enrolment and recovery services to hospitals and health systems. BHS Hospital Services, Inc, which owns Monti Eligibility & Denial Solutions, Avectus Healthcare Solutions and Receivables Outsourcing, Inc., is a subsidiary of BH Solutions, LLC.	25,605	21,606	2.1
BHS PHYSICIAN SERVICES, INC. An outsourced provider specialising in billing, practice management and outsourcing services for anaesthesiology physician, nurse groups and ambulatory surgery centres. BHS Physician Services, Inc., which owns MedFin Bodhi Tree Group, BHS India and PPM Information Solutions, Inc, is a subsidiary of BH Solutions, LLC.	3,341	7,502	0.7
<b>Sensors Solutions</b>			
NIELSEN-KELLERMAN Designer and manufacturer of weather, wind and timing measurement instruments and devices. Nielsen-Kellerman is a subsidiary of Sensors Solutions Holdings	2,644	6,068	0.6

<i>Company</i>	<i>Historical book cost<sup>(1)</sup> US\$'000</i>	<i>Carrying value as at 31 July 2015 US\$'000</i>	<i>Percentage of gross assets %</i>
<b>Testing Services</b>			
ACCUTEST HOLDINGS, INC. Provider of environmental testing laboratories to the United States market	33,516	4,800	0.5
ARGUS GROUP HOLDINGS Sells, rents and services safety and testing equipment to a variety of industries Argus Group Holdings is a subsidiary of Testing Services Holdings	10,079	11,592	1.1
<b>Logistics Solutions</b>			
PRIORITY EXPRESS, LLC Provider of same-day express courier services to various companies located in the north east region of the United States. Priority Express is a subsidiary of US Logistics, LLC	13,200	9,072	0.9
<b>Water Services</b>			
TWH INFRASTRUCTURE INDUSTRIES, INC. Environmental infrastructure company that provides technology to facilitate repair of underground pipes and other infrastructure. TWH Infrastructure Industries, Inc., which owns LMK Enterprises, Perma-Liner Industries, and APMCS is a subsidiary of Triwater Holdings	9,826	10,348	1.0
TWH WATER TREATMENT INDUSTRIES, INC. Provider of water treatment supplies and services. TWH Water Treatment Industries, Inc., which owns Nashville Chemical & Equipment and Klenzoid Canada Company/Eldon Water, Inc., is a subsidiary of Triwater Holding	8,543	13,803	1.3
TWH FILTRATION INDUSTRIES, INC. Supplier of parts and filters for point-of-use filtration systems, which owns Paragon Water Systems	9,361	10,069	1.0
<b>Total US micro cap (verticals)</b>	<b>149,289</b>	<b>178,220</b>	<b>17.3</b>
<b>US micro cap (co-investments)</b>			
JUSTRITE MANUFACTURING COMPANY Manufacturer of industrial safety products	6,068	17,139	1.7
MEDPLAST Manufacturer of plastic medical components	17,983	24,988	2.4
NEW VITALITY HOLDINGS, INC. Direct-to-consumer provider of nutritional supplements and personal care products	3,280	1,564	0.2
VITALYST Provider of outsourced IT support and training services	9,020	7,450	0.7
SALTER LABS, INC. Developer and manufacturer of respiratory medical products and equipment for the homecare, hospital, and sleep disorder markets	16,005	12,258	1.2

<i>Company</i>	<i>Historical book cost<sup>(1)</sup> US\$'000</i>	<i>Carrying value as at 31 July 2015 US\$'000</i>	<i>Percentage of gross assets %</i>
SOUTHERN PETROLEUM LABORATORIES, INC. Provider of petroleum and environmental testing services	2,631	4,444	0.4
TIERPOINT, LLC Provider of cloud computing and colocation data center services	25,335	25,335	2.4
SUZO HAPP GROUP Designer, manufacturer and distributor of components for the global gaming, amusement and industrial markets	3,915	15,350	1.5
IGLOO PRODUCTS CORP Designer, manufacturer and marketer of coolers and outdoor products	6,038	6,038	0.6
K2 TOWERS Acquires and operates wireless communication towers	22,000	22,000	2.1
SLOAN LED (ILLUMINATION) Designer and manufacturer of LED lighting solutions	4,920	5,011	0.5
<b>Total US micro cap (co-investments)</b>	<b>117,195</b>	<b>141,577</b>	<b>13.7</b>
<b>US micro cap (Other)</b>			
BOLDER INDUSTRIAL PERFORMANCE SOLUTIONS Acquirer of companies providing mission critical inspection services for a variety of industries	331	369	0.0
HEALTHCARE PRODUCTS HOLDINGS, INC.(3) Designer and manufacturer of motorised vehicles	17,636	9,900	1.0
MODJ, LLC Acquirer of speciality retail companies located in the centre of shopping malls	208	241	0.0
NATIONWIDE STUDIOS, INC. Processor of digital photos for schools	16,132	6,200	0.6
US SANITATION, LLC Acquirer of janitorial and sanitarial product distributors and related chemical manufacturers and blenders	425	570	–
<b>Total US micro cap (other)</b>	<b>34,732</b>	<b>17,280</b>	<b>1.6</b>
<b>Total US micro cap portfolio</b>	<b>301,216</b>	<b>337,655</b>	<b>32.6</b>

### *European micro cap portfolio*

<i>Company</i>	<i>Historical book cost<sup>(1)</sup> US\$'000</i>	<i>Carrying value as at 31 July 2015 US\$'000</i>	<i>Percentage of gross assets %</i>
EUROMICROCAP FUND 2010, LP <sup>3</sup>	138,958	207,525	20.1
At 31 July 2015, had invested in 12 companies in the European micro cap sector: Factor Energia, Xacom Comunicaciones, Docout, Grupo OMBUDS, Oro Direct, OneWorld Packaging, Toro Finance, Winn Solicitors, Fidor Bank, Petrocorner, Fincontinuo and S.A.C.			
DOCOUT, S.L. Provider of digitalisation, document processing and storage services	2,777	2,818	0.3
GRUPO OMBUDS Provider of personal security and asset protection	17,155	17,830	1.7
TORO FINANCE Provides short-term receivables finance to the suppliers of major Spanish companies	21,619	18,503	1.8
XACOM COMUNICACIONES SL Supplier of telecom products and technologies	2,055	2,476	0.2
S.A.C. Leases and services vehicles	5,235	5,447	0.5
<b>Total European micro cap portfolio</b>	<b>187,799</b>	<b>254,599</b>	<b>24.6</b>

### *Real estate*

<i>Company</i>	<i>Historical book cost<sup>(1)</sup> US\$'000</i>	<i>Carrying value as at 31 July 2015 US\$'000</i>	<i>Percentage of gross assets %</i>
JZCP REALTY Facilitates JZCP's investment in US real estate	204,644	253,812	24.5
<b>Total real estate investments</b>	<b>204,644</b>	<b>253,812</b>	<b>24.5</b>

### *Mezzanine portfolio*

<i>Company</i>	<i>Historical book cost<sup>(1)</sup> US\$'000</i>	<i>Carrying value as at 31 July 2015 US\$'000</i>	<i>Percentage of gross assets %</i>
METPAR INDUSTRIES, INC. Manufacturer of restroom partitions	7,754	750	0.1
PETCO ANIMAL SUPPLIES, INC. Retailer of pet food, supplies and services	1,237	1,900	0.2
<b>Total mezzanine portfolio</b>	<b>8,991</b>	<b>2,650</b>	<b>0.3</b>

3 It is intended that the EuroMicrocap Fund will transfer to the JZI Fund III three investments being, certain intermediate holding companies that directly or indirectly own Fincontinuo, Petrocorner, and S.A.C. Furthermore, the Company will transfer to the JZI Fund III two separate notes and equity ownership that it holds directly (not through the EuroMicrocap Fund) in S.A.C. The acquisition agreements in relation to another investment, Collingwood, will be novated by the EuroMicrocap Fund to the JZI Fund III which will close the investment. Fincontinuo, Petrocorner, and S.A.C will be transferred to the JZI Fund III at the EuroMicrocap Fund's cost plus interest at a rate of 8 per cent. per annum and allocated fees and expenses. The Company's two separate notes and equity ownership will also be transferred to the JZI Fund III at cost plus interest at a rate of 8 per cent. per annum.

**Bank debt: Second lien portfolio**

<i>Company</i>	<i>Historical book cost<sup>(1)</sup> US\$'000</i>	<i>Carrying value as at 31 July 2015 US\$'000</i>	<i>Percentage of gross assets %</i>
DEKKO TECHNOLOGIES, LLC Distributor of electrical sub-components	9,975	10,248	1.0
<b>Total bank debt</b>	<b>9,975</b>	<b>10,248</b>	<b>1.0</b>

**Other**

<i>Company</i>	<i>Historical book cost<sup>(1)</sup> US\$'000</i>	<i>Carrying value as at 31 July 2015 US\$'000</i>	<i>Percentage of gross assets %</i>
BSM ENGENHARIA S.A. Brazilian-based provider of supply chain logistics, infrastructure services and equipment rental	6,115	1,895	0.2
SPRUCEVIEW CAPITAL PARTNERS, LLC Asset management company that primarily manages smaller endowments and pension funds	12,417	12,417	1.3
BRIGHT SPRUCE FUND, LP Fund investing in marketable equity, fixed income and alternative asset classes.	50,000	50,490	4.9
JZ INTERNATIONAL, LLC Fund of European LBO investments	660	660	0.1
<b>Total other</b>	<b>69,192</b>	<b>65,462</b>	<b>6.3</b>

**Listed investments**

<i>Company</i>	<i>Historical book cost<sup>(1)</sup> US\$'000</i>	<i>Carrying value as at 31 July 2015 US\$'000</i>	<i>Percentage of gross assets %</i>
<b>UK gilts</b>			
UK treasury 2% – maturity 22.01.2016	40,732	39,523	3.8
<b>Total UK gilts</b>	<b>40,732</b>	<b>39,523</b>	<b>3.8</b>
<b>Corporate bonds</b>			
Goldman Sachs, 30.01.2017	16,590	13,267	1.3
<b>Total corporate bonds</b>	<b>16,590</b>	<b>13,267</b>	<b>1.3</b>
<b>Total listed investments</b>	<b>57,322</b>	<b>57,790</b>	<b>5.6</b>
Other Assets	14,321	14,321	1.4
Cash	42,995	42,995	4.2
<b>Total Gross Assets</b>	<b>896,455</b>	<b>1,034,532</b>	<b>100.0</b>

(1) Book cost to the Company equating to transfer value as at 1 July 2008 upon the liquidation of JZEP and adjusted for subsequent transactions. The book cost excludes the transfer value and subsequent PIK investments.

Original book cost incurred by JZEP/the Company adjusted for subsequent transactions. The book cost represents cash outflows and excludes PIK investments.

## PART V

### DIRECTORS, CORPORATE GOVERNANCE AND ADMINISTRATION

#### **Directors**

All of the Directors are non-executive and all are considered by the Board to be independent of the Investment Adviser.

The Board has overall responsibility for the Company's activities and the determination of its investment policy and strategy and accordingly the Board will supervise the Investment Adviser together with other functionaries appointed by the Company.

The Board currently comprises:

#### ***David Macfarlane***

Mr Macfarlane was appointed to the Board in April 2008 as Chairman and a non-executive Director. Until 2002 he was a Senior Corporate Partner at Ashurst LLP. He was a non-executive director of the Platinum Investment Trust Plc from 2002 until January 2007. He is also Chairman of Rex Bionics Plc.

#### ***Patrick Firth***

Mr Firth was appointed to the Board in April 2008. He is a Chartered Accountant and a member of The Chartered Institute for Securities and Investment. Mr Firth was formerly Managing Director of Butterfield Fulcrum Group (Guernsey) Limited, and is a Director of a number of listed and unlisted investment funds and management companies. He is Chairman of GLI Finance Limited. Mr Firth is also a former Chairman of the Guernsey Investment Fund Association. He is a resident of Guernsey.

#### ***James Jordan***

Mr Jordan is a private investor who was appointed to the Board in April 2008. He is a director of the First Eagle Family of Mutual Funds, and of Alpha Trust Andromeda Investment Trust, S.A. Until 30 June 2005, he was the Managing Director of Arnhold and S. Bleichroeder Advisers, LLC, a privately owned investment bank and asset management firm; and until 25 July 2013, he was a non-executive director of Leucadia National Corporation. He is a Trustee and Vice Chairman of the World Monuments Fund, and serves on the Chairman's Council of Conservation International.

#### ***Tanja Tibaldi***

Ms Tibaldi was appointed to the Board in April 2008. She was on the board of JZ Equity Partners Plc from January 2005 until the company's liquidation on 1 July 2008. She was Managing Director at Fairway Investment Partners, a Swiss asset management company, where she was responsible for the group's marketing and co-managed two fund of funds. Previously she was an executive at the Swiss Stock Exchange and currently serves on the board of several private companies.

#### ***Christopher Waldron***

Mr Waldron was appointed to the Board in October 2013. He has more than 25 years' experience as an investment manager and until January 2013 was Chief Executive of the Edmond de Rothschild Group in Guernsey. He remains a consultant to the Edmond de Rothschild Group and is a Fellow of the Chartered Institute of Securities and Investment. He is a director of a number of listed funds and is Chairman of UK Mortgages Limited and Ranger Direct Lending plc. He is also a member of the States of Guernsey's Treasury and Resources Investment Sub-Committee and its Bond Management Sub-Committee. He is a resident of Guernsey.



## **Corporate Governance**

The Company is a member of the AIC and by complying with the AIC Code is deemed to comply with both the UK Corporate Governance Code and the Guernsey Code.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to Shareholders. To ensure ongoing compliance with these principles the Board receives and reviews a report from the Company Secretary, at each quarterly meeting, identifying how the Company is in compliance and identifying any changes that might be necessary.

Throughout the accounting period the Company has complied with the recommendations of the AIC Code and thus the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- (a) the role of the Chief Executive;
- (b) executive Directors' remuneration;
- (c) the need for an internal audit function; and
- (d) whistle-blowing policy.

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company has, therefore, not reported further in respect of these provisions. The Directors are non-executive and the Company does not have employees, hence no whistle-blowing policy is required. However, the Directors have satisfied themselves that the Company's service providers have appropriate whistle-blowing policies and procedures in place and have received confirmation from the service providers that nothing has arisen under those policies and procedures that should be brought to the attention of the Board.

The Guernsey Code came into effect on 1 January 2012. The introduction to the Guernsey Code states that companies that report against the UK Corporate Governance Code or the AIC Code are deemed to meet the Guernsey Code.

### ***The Board***

Corporate governance of the Company is monitored by the Board, all the Directors of which are non-executive. The Board considers that all of the Directors are independent of the Investment Adviser. The Board also considers the Directors are free from any business or other relationship that could materially interfere with the exercise of their independent judgement. The Board reviews the independence of the Directors at least annually.

The Directors have overall responsibility for the Company's activities and the determination of its investment policy and strategy. The Company has entered into an Investment Advisory Agreement with its Investment Adviser, Jordan/Zalaznick Advisers, Inc., pursuant to which, subject to the overall supervision of the Board and to the Articles, the Investment Adviser acts as the investment adviser and manager to the Company and manages the investment and reinvestment of the assets of the Company in pursuit of the Company's corporate objectives and in accordance with the investment policy of the Company and any investment limits and restrictions notified by the Board to (and following consultation with) the Investment Adviser. Within its strategic responsibilities the Board regularly considers corporate strategy as well as dividend policy, the policy on share buy backs and corporate governance issues.

The Directors meet at least quarterly to direct and supervise the Company's affairs. This includes reviewing the investment strategy, risk profile and performance of the Company and the performance of the Company's functionaries, and monitoring compliance with the Company's corporate objective. The Directors hold regular meetings to review the Investment Adviser's investment decisions and valuations and to decide if the levels of gearing within the investment portfolio are appropriate. The Directors deem it appropriate to review the valuations on a quarterly basis.

### ***Board Committees***

In accordance with the AIC Code, the Board has established an Audit Committee and a Nomination Committee, in each case with formally delegated duties and responsibilities within written terms of reference. The identity of each Chairman of the committees referred to below is reviewed on an annual basis. The Board has decided that the entire Board should fulfil the role of the Audit Committee and the Nomination Committee.

#### ***Nominations Committee***

The Nomination Committee is chaired by David Macfarlane, and each of the other Directors is also a member. The committee meets at least twice a year. The main role of the committee is to propose candidates for election to the Board, including the Chairman. The Nomination Committee takes into consideration the AIC Code's rules on independence of the Board in relation to the Company, its senior management and major Shareholders. The members of the committee are independent of the Investment Adviser. The Nomination Committee has responsibility for considering the size, structure and composition of the Board, retirements and appointments of additional and replacement Directors and making appropriate recommendations to the Board. The final decision with regard to appointments always rests with the Board and all such appointments are subject to confirmation by Shareholders.

#### ***Audit Committee***

The Audit Committee is chaired by Patrick Firth, and each of the other Directors is also a member. Members of the committee are independent of the Company's external Auditors and the Investment Adviser. The Audit Committee meets at least twice a year and meets the external Auditors at least annually. The Audit Committee is responsible for overseeing the Company's relationship with the external Auditors, including making recommendations to the Board on the appointment of the external Auditors and their remuneration. The Audit Committee also considers the nature, scope and results of the Auditors' work and reviews, and develops and implements policies on the supply of any non-audit services that are to be provided by the external Auditors.

In view of its non-executive and independent nature, the Board considers that it is not appropriate for there to be a separate Remuneration Committee as prescribed by the AIC Code. All of the matters recommended by the AIC Code that would be delegated to such a committee are considered by the Board as a whole.

The Board, Audit Committee, and Nomination Committee undertake an evaluation of their own performance and that of individual Directors on an annual basis. In order to review their effectiveness, the Board and its committees carry out a process of formal self-appraisal. The Board and committees consider how they function as a whole and also review the individual performance of their members. This process is conducted by the respective Chairman reviewing each member's performance, contribution and commitment to the Company. The Board as a whole reviews the performance of the Chairman.

### **Other Service Providers**

#### ***Administrator***

The Company has entered into an administration agreement dated 3 September 2012 (the "**Administration Agreement**") with the Administrator. The Administrator acts as the Administrator, Company Secretary and Registrar for the Company and provides accounting and financial reporting services (including the calculation of NAV), registrar services, compliance services, corporate secretarial services and administrative services.

The Company pays to the Administrator an annual fee in respect of the services and paid an initial set-up fee. Details of these fees, as well as costs and expenses, are set out below in this Part V (*Directors, Corporate Governance and Administration*) of this Prospectus.

The Administration Agreement shall continue in full force and effect until terminated by either party by a notice in writing delivered or posted to the other party, such termination to take effect not sooner than 90 days after the date of such delivery or posting. The Company or the Administrator may, however, at any

time immediately terminate the Administration Agreement in the case of certain events of insolvency, if the other party commits any breach of the Administration Agreement which if capable of remedy is not so remedied within the specified timeframe or if the continued performance of the Administration Agreement ceases to be lawful.

A summary of the main provisions of the Administration Agreement is set out in paragraph 8.3 of Part X (*Additional Information*) of this Prospectus.

### ***Custodian***

The Company has completed various account applications (and a number of related forms and information) including a relationship agreement and applications and agreements for a deposit account and custody account with the Custodian. The agreements and applications together constitute the Custodian Agreement dated in or around May 2008 between the Company and the Custodian. The Custodian acts as custodian of the Company's investments, cash and other assets and, in that capacity, is responsible for the safe custody of the property of the Company and dealing with settlement arrangements.

The Custodian is entitled to quarterly payment of fees calculated based upon the activities of the Custody Accounts as follows: a) the number of items on deposit x \$175.00; b) number of items withdrawn x \$125.00; and c) number of items deposited x \$50. The Custodian is not entitled to a minimum fee.

The Custodian's fees include domestic and global custody. Details of these fees are set out below in this Part V (*Directors, Corporate Governance and Administration*) of this Prospectus.

The Custodian Agreement may be terminated by either party by giving not less than 30 days' written notice, or less in the event of breach. On termination, the Custodian shall immediately transfer the securities held by it to the Company or another custodian chosen by the Company.

A summary of the main provisions of the Custodian Agreement is set out in paragraph 8.4 of Part X (*Additional Information*) of this Prospectus.

The Custodian is a member of the Federal Deposit Insurance Corporation and is regulated by the Office of the Comptroller of the Currency (OCC), a part of the US Department of the Treasury.

### ***UK Transfer and Paying Agent***

The Company has entered into a transfer agent agreement dated in or around December 2008 (the "**UK Transfer Agent Agreement**") with the UK Transfer and Paying Agent. The UK Transfer and Paying Agent acts as the UK transfer agent for the Company and provides transfer agent services, including a securities registration service for the Company's securities.

The Company pays to the UK Transfer and Paying Agent fees for each action undertaken in respect of maintenance of the Register, transfers of securities, annual general meetings, analysis of the Register and reporting, access to the selector portal and dividend payment services, subject to a minimum annual fee for certain of those actions. Details of these fees, as well as costs and expenses are set out below in this Part V (*Directors, Corporate Governance and Administration*) of this Prospectus.

The UK Transfer Agent Agreement may be terminated by the UK Transfer and Paying Agent with immediate effect at any time upon sending written notice to the Company if the Company fails to pay the UK Transfer and Paying Agent within specified timeframes, the Company becomes subject to certain events of insolvency or certain assumptions relating to the Company's registers or documents of title concerning the Company's securities made by the UK Transfer and Paying Agent prior to entering into the UK Transfer Agent Agreement are materially incorrect. The Company may terminate the UK Transfer Agent Agreement with immediate effect at any time upon sending written notice to the UK Transfer and Paying Agent if the agent becomes subject to certain events of insolvency.

A summary of the main provisions of the UK Transfer Agent Agreement is set out in paragraph 8.5 of Part X (*Additional Information*) of this Prospectus.

## **Fees and Expenses**

### ***Ongoing and Annual Expenses***

The Investment Adviser (and not the Company) provides and pays for the compensation and routine overhead expenses of the investment professionals of the Investment Adviser and their staff when and to the extent engaged in providing investment advisory and management services under the Investment Advisory Agreement. The Investment Adviser, however, is entitled to reimbursement of all other costs and expenses properly incurred by it and directly necessitated by its dealings with the Company. The Company also bears all other costs and expenses of its operations and transactions. These costs and expenses include (without limitation) those relating to:

- investment advisory and management fees and other expenses payable under the Investment Advisory Agreement;
- the organisation of the Company;
- Directors' fees and expenses and fees and expenses payable to auditors, lawyers and other professional advisers;
- the costs of calculating the Company's NAV (including the cost and expenses of any independent valuation firm and pricing services);
- expenses incurred by the Investment Adviser payable to third parties, including agents, consultants or other advisers, in monitoring the Company's financial and legal affairs and in initiating and monitoring the Company's investments (including the negotiating, closing, monitoring and maintaining of their documentation) and performing due diligence on its prospective portfolio companies;
- interest payable on debt, if any, incurred to finance the Company's investments;
- offerings of shares and other securities, including all fees payable in connection with the listing of shares on any securities exchange;
- fees and out-of-pocket expenses of the Administrator;
- fees payable to the UK Transfer and Paying Agent and Custodian;
- fees payable to third parties, including agents, consultants or other advisers, relating to, or associated with, evaluating and making investments;
- all registration fees;
- all taxes;
- costs of preparing and filing reports and other documents;
- costs of any reports, circulars or other notices to shareholders, including printing costs; and
- directors and officers errors and omissions liability insurance, and any other insurance premiums.

### ***Directors' Fees***

The Chairman is entitled to a fee of US\$140,000 per annum. The Chairman of the Audit Committee, Patrick Firth, is entitled to a fee of US\$70,000 per annum and Christopher Waldron is entitled to a fee of US\$60,000 per annum. All other Directors are entitled to a fee of US\$60,000 per annum. For the year ended 28 February 2015, total Directors' fees included in the statement of comprehensive income were US\$394,000 (year ended 28 February 2014: US\$348,000); of this amount US\$63,000 was outstanding at the year end (28 February 2014: US\$63,000). The Company's Articles state that Directors' remuneration payable in any accounting year shall not exceed in the aggregate an annual sum of US\$650,000. The aggregate annual remuneration to which the Directors are entitled is set out in paragraph 6.3 of Part XII (*Additional Information*) of this Prospectus.

### ***Investment Adviser's Fees***

The Investment Adviser is entitled to receive a base management fee and an investment fee on the terms summarised in Part III (*Information on the Investment Adviser*) of this Prospectus. The quantum of those fees for the year ended 28 February 2015 and comparatives for the year ended 28 February 2014 are also summarised in Part III (*Information on the Investment Adviser*) of this Prospectus.

### ***Administrator's Fees***

The Administrator is entitled to receive: (a) a fee of US\$350,000 per annum in respect of its services; and (b) an initial set-up fee of US\$20,000 (both exclusive of VAT, if applicable). The annual fee was fixed for three years from 1 September 2012 and thereafter will be reviewed annually. The annual fee is paid quarterly in arrears within 15 days of each of 31 May, 31 August, 30 November and 28/9 February in respect of the quarter ending on that date (noting that if such a date is not a business day then the fees are payable on the next business day). The Administrator shall also be entitled to receive and the Company shall pay or reimburse all out-of-pocket expenses and disbursements properly incurred in fulfilling its duties under the Administration Agreement.

### ***Custodian's Fees***

The fees received by the Custodian vary according to the market value of the assets held in the custody account but are subject to a minimum annual safekeeping fee of US\$2,500 and US\$5,000 for domestic and global custody respectively. For the year ended 28 February 2015, total Custodian expenses of US\$54,000 (28 February 2014: US\$63,000) were included in the statement of comprehensive income of which US\$26,000 (28 February 2014: US\$16,000) was outstanding at the year end and is included within other payables.

### ***UK Transfer and Paying Agent's Fees***

The UK Transfer and Paying Agent is entitled to receive fees for each action undertaken in respect of maintenance of the Register, transfers of securities, annual general meetings, analysis of the Register and reporting, access to the selector portal and dividend payment services, subject to a minimum annual fee for certain of those actions (being Register maintenance, transfers and annual general meetings) for the first year in 2008 of £13,500 (plus retail price index linked in subsequent years) (exclusive of VAT). Payment shall be made within 30 days of receipt by the Company of a written invoice from the UK Transfer and Paying Agent. The UK Transfer and Paying Agent can also recover from the Company which shall reimburse upon demand all actual costs and expenses incurred in the performance of its duties under the UK Transfer Agent Agreement.

### ***Auditors' Remuneration***

During the year ended 28 February 2015, the Company incurred fees for audit services of US\$151,000, and fees for non-audit services (reporting accountant services, interim review and taxation services) of US\$210,000, of which US\$43,000 were charged to Auditor's remuneration within administrative expenses in the statement of comprehensive income, and US\$110,000 were included within finance costs in the statement of comprehensive income and related to services provided in connection with the issue of the CULS.

## PART VI

### OPERATING AND FINANCIAL REVIEW

*The following review of the Company's financial condition and operating results should be read in conjunction with the financial information incorporated by reference in Part VII (Historical Financial Information) of this Prospectus, and with the information relating to the business of the Company included elsewhere in this document, including Part II (Information on the Company). In addition to historical information, the following review and other parts of this Prospectus contain forward-looking statements based on the Directors' current expectations and assumptions about the Company's future business. These forward-looking statements involve risks and uncertainties. The Company's actual results could differ materially from those contained in the forward-looking statements as a result of a number of factors including, but not limited to, the risk factors set out in the section entitled "Risk Factors" and the factors stated in the paragraph entitled "Forward-Looking Statements" in the section entitled "Important Information". Prospective investors should read the whole of this document. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods.*

*Unless otherwise stated, the following discussion is based on financial information derived from the audited financial statements of the Company for the three years ended 28 February 2015, in each case prepared in accordance with IFRS.*

#### 1. Overview

The Company is a Guernsey domiciled closed-ended investment company which targets predominantly private investments, seeking to back exceptional management teams to deliver on attractive investment propositions. In executing this strategy, the Company takes a long-term view. The Company seeks to invest directly in its target investments, although it may also invest through other collective investment vehicles. The Company may also invest in listed investments, whether arising on the listing of its private investments or directly.

The Company's corporate objective is to create a portfolio of investments providing a superior overall return comprised of current yield and significant capital appreciation. One of the key metrics the Directors use to assess the Company's performance from period to period with respect to the capital appreciation of its assets is NAV. The Company seeks to deploy its cash resources (including those arising through realisations of prior investments) in investments that provide the opportunity for value accretion and that will increase the Company's NAV. As at 31 July 2015, the Company's NAV was US\$689.9 million, as compared to US\$705.5 million on 28 February 2015, US\$666.5 million on 28 February 2014 and US\$630.2 million on 28 February 2013, and the NAV per Ordinary Share was US\$10.60, as compared to US\$10.85 on 28 February 2015, US\$10.25 on 28 February 2014 and US\$9.69 on 28 February 2013. The total NAV return (being the cumulative growth in NAV assuming that dividends were reinvested) for the 3 months to 31 July 2015, the year to 31 July 2015 and the 3 years to 31 July 2015 was (0.1) per cent., 11.6 per cent. and 23.9 per cent., respectively. The total Ordinary Shareholder return (being the total return earned by Ordinary Shareholders taking into account both the cumulative change in the price of the Ordinary Shares and dividends earned during the period) for the 3 months to 31 July 2015, the year to 31 July 2015 and the 3 years to 31 July 2015 was 9.8 per cent., 8.7 per cent. and 48.0 per cent. respectively. Further detail with respect to NAV and NAV per Ordinary Share is provided in paragraph 3 below.

The Company's income from period to period is driven principally by gains (or losses) on its investments and by investment income. Gains and losses include realised gains and losses, reflecting the proceeds of investments sold during the period less the cost to the Company of acquiring such investments, and unrealised gains and losses, reflecting increases (or decreases) in the fair value of investments held at the end of the period. Both realised and unrealised gains and losses are recognised in the Company's statement of comprehensive income, while only realised gains are recognised in the Company's statement of cash flows. The Company's other principal source of income, investment income, includes income from dividends, preferred dividends, interest on loan notes and other interest arising from its investments.

The Company's investment policy permits:

- (a) small or micro cap buyouts in the form of debt and equity and preferred stock;
- (b) real estate or real estate linked investments and natural resources investments;
- (c) debt opportunities, including mezzanine investments, comprising loans and high-yield securities, and listed bank debt, including both senior secured debt and second lien loans; and
- (d) other debt and equity opportunities, including distressed debt and structured and off-balance sheet financings, derivatives and publicly traded securities.

The Company's investment adviser is Jordan/Zalaznick Advisers, Inc., which manages the Company's investments and advises on its investment strategies. The Investment Adviser has experience in US micro cap buyouts and has a wide network of independent business brokers that has been built up over 30 years. John (Jay) W Jordan II and David W Zalaznick, who are primarily responsible for the Investment Adviser's decisions, have a 30 year history of investing together, during which period they have executed over 100 micro cap buyouts.

The Investment Adviser is able to invest globally but has a particular focus on opportunities in the United States and Europe.

## **2. Significant Factors Affecting Financial Condition and Results of Operations**

The results of the Company's operations have been, and will continue to be, affected by many factors, some of which are beyond the Company's control. This section sets out certain key factors that the Directors believe have affected the Company's results of operations in the periods under review or could affect its results of operations in the future.

### **2.1 *Ability of the Company and its Investment Adviser to source new investments***

The Company's corporate objective is to create a portfolio of investments providing a superior overall return comprised of a current yield and significant capital appreciation. The ability of the Company to realise its corporate objective is dependent to a significant extent on its ability, and the ability of the Investment Adviser, to source new investments that are in line with its value-oriented investment strategy and possess the financial and other characteristics targeted by the Company. The Company seeks to deploy its cash resources (including those arising through realisations of prior investments) in investments that provide the opportunity for value accretion and that will increase the Company's NAV. The Company's results of operations and NAV from period to period are influenced significantly by the ability of it and the Investment Adviser to source, win and close new investments in each of its portfolios. The three primary markets in which the Company seeks to source new investments are the US micro cap market, the European micro cap market and the US real estate market. Each of these segments is subject to different dynamics and competitive forces.

In recent years, the micro cap acquisition opportunities in the United States have become relatively more expensive and the Directors have seen a smaller supply of opportunities in the United States possessing the value characteristics sought by the Company (including reasonable EBITDA multiple levels). The Directors have recently seen a higher volume of opportunities with attractive multiples arising in the European micro cap market, where, amongst other things, illiquidity and financial distress in the banking sector has given rise to increased specialty finance opportunities. In sourcing investments for both its US and European micro cap portfolios, the Company typically seeks businesses with strong incumbent management teams with whom it can work to grow the value of the business, while maintaining diversity in terms of industries, asset classes and geography. The Company takes an opportunistic, value orientated approach with respect to its investments, focusing on acquiring assets that it believes have an intrinsic value higher than the acquisition cost and where the Company can enhance the growth prospects and scale the businesses. Another factor relevant to the Company's micro cap acquisition strategy, particularly for its US micro cap portfolio, is its "vertical" strategy which sees it invest in similar companies in the same industry sector (particularly

fragmented industries) with the intention of integrating them, as appropriate, and ultimately reselling the resulting larger company as one entity. Each of these factors, in line with the Company's value-oriented investment strategy, result in a selective and disciplined approach to investing, and the Investment Adviser's ability to source and close investments meeting the Company's criteria is a key driver of the Company's NAV growth.

The Company's real estate segment is a relatively new investment class for the Company, with its first significant real estate investments made in the financial year ended 28 February 2013. The Company's approach with respect to its real estate portfolio is to acquire off-market properties in neighbourhoods that are beginning to see rental and valuation growth, for example as a result of demographic changes and gentrification. The number of real estate assets in the Company's current principal target real estate markets (being Brooklyn, New York, and Miami, Florida) which possess the value-added potential sought by the Company is limited and these opportunities are subject to significant competition from real estate investors and other investors. The Company's success in sourcing new investments for its real estate portfolio also depends significantly on the ability of its partner in the real estate sector, RedSky Capital, to continue to originate a pipeline of attractive investment opportunities in the Company's target markets.

When the Company is successful in sourcing and closing new investments, this has an impact on the Company's cash flows but the impact on NAV is typically small initially as the net value of the investment assets (after taking account of any debt entered into with respect to such assets) is generally initially equivalent to the amount of cash expended on the acquisition.

## 2.2 *Valuation of the Company's investments*

The value of the assets comprised within the Company's investment portfolios has a significant effect on the Company's performance, both in terms of the valuation of the assets reflected in the Company's financial statements and the prices the Company will be able to realise upon the sale of any such assets. In particular, the value of the Company's assets is determinative of the Company's NAV. For purposes of the Company's financial results and reporting, including the reporting of NAV, the assets in the Company's investment portfolios are valued in accordance with the methodologies summarised in note 4 to the Company's audited financial statements for the financial year ended 28 February 2015 incorporated by reference in Part VII: (*Historical Financial Information*) of this Prospectus and in the section entitled "NAV and Valuation Methodology" in Part II (*Information on the Company*). Asset valuation is inherently subjective, in part because all valuations are made on the basis of assumptions which may not prove to be correct and in part because of the individual nature of each asset.

In relation to the Company's financial statements, NAV attributable to the Ordinary Shares will be based on the most recent valuations of the Company's assets. Fluctuations in the value of the Company's investments from period to period will impact the Company's NAV and will affect both the income recognised in the Company's income statement and the Company's cash flows at the time of realisation of an investment. The valuation of the Company's assets influences, *inter alia*, the amount of the base management fee and any capital gains incentive fee payable to the Investment Adviser from period to period, as these are calculated by reference to asset values.

The values of the assets in the Company's principal investment portfolios, being its US and European and micro cap portfolios and its real estate portfolio, are also subject to market dynamics specific to each asset type.

### *US and European micro cap portfolios*

As at 31 July 2015, 57.2 per cent. of the Company's gross assets were comprised within its US and European micro cap portfolios, which typically represent equity and debt interests in portfolio companies across a range of industries. The performance of investments in the Company's micro cap portfolios has historically been the primary driver behind the Company's NAV growth and the Directors expect that it will continue to be so for the foreseeable future.



A substantial majority of the Company's investments in its US and European micro cap portfolios are unlisted securities, valued at fair value by reference to their enterprise value, which is generally calculated by applying an appropriate multiple to the last 12 months' EBITDA at the time of the valuation. In determining the multiple, the Directors consider, *inter alia*, where practical, the multiples used in recent transactions in comparable unquoted companies, previous valuation multiples used and, where appropriate, multiples of comparable publicly traded companies with appropriate discount. However, such valuations involve significant judgement and are made on the basis of assumptions that may not prove to be correct.

The value ultimately realised on a micro cap investment will be determined by a variety of factors, including the success of the portfolio company's management team in executing their business strategy, the success of cost control measures, sales and other income figures, debt management and both industry and macro economic and market forces (particularly in the United States and Europe).

#### *Real estate portfolio*

As at 31 July 2015, 24.5 per cent. of the Company's gross assets were comprised within its real estate portfolio. For purposes of the Company's financial reporting, including NAV, real estate investments are valued in the aggregate by reference to the net asset value of JZCP Realty Fund (in which the Company owns 100 per cent. of the shares and voting rights and through which it holds all its interests and makes its investments in real estate), which is in turn based on the underlying fair value of the properties themselves. The fair value techniques used in the underlying valuations include the use of third party appraisals (where available), use of market values of comparable properties in the same vicinity, discounted cash flow analysis based on the relevant rental stream less future expenses discounted at a market capitalisation rate or interest rate, and the relevant rental stream less expenses divided by the market capitalisation rate (which approximates the enterprise value construct used for non-real estate assets). The Company engages external, independent appraisers to value the Company's real estate assets. The Company's policy is to obtain a new valuation for each real estate asset at least once a year.

The values of the Company's real estate investments are principally affected by the real estate markets in the locations where the Company invests, currently including Brooklyn, New York, and Miami, Florida, in the United States, which are driven by a variety of local, regional and national demographic, socio-economic and market factors. These factors include, amongst other things, the supply of and demand for retail and residential properties, general and local economic and business conditions, interest rates and the availability of finance.

Due to the inherent uncertainties of real estate valuation, the values reflected in the Company's financial statements may differ significantly from the values that would be determined by negotiation between the parties in a sale transaction and those differences could be material.

### **2.3 Realisations**

The Company's cash flows, income and NAV from period to period will be influenced by the number and value of realisations of investments that take place. The Company's cash resources will increase upon the completion of any sales of assets. The Company's income statement reflects net realised gains or losses upon the sale of assets within net gain/(loss) on investments at fair value through profit or loss. The Company's NAV may increase or decrease depending on the amount of proceeds received on the sale compared to the most recent valuations of the assets reflected in the Company's financial statements. Generally, to the extent assets increase or decrease in value, the value of the investment will be adjusted over time. As a result, the impact of the realisation on NAV and on the Company's statement of comprehensive income for the period during which the sale takes place may be limited and, in some cases, negligible. As many of the Company's investments are in unlisted securities that are relatively illiquid, there can be no assurance that the Company will be able to realise its investments at the time and at the price it targets. In the financial year ended 28 February 2013, the Company completed one significant realisation – the sale of the Company's remaining position in TAL (a container leasing business) for US\$42.1 million. In the financial year ended 28 February 2014,

the Company completed two significant realisations – the sale of Horsburgh and Scott (a producer of large diameter gears), realising cumulative proceeds of US\$38.6 million, and the refinancing of US\$26.3 million of investments in the Company's Industrial Services Solutions vertical with a senior debt facility. In the financial year ended 28 February 2015, the Company completed the sale of four US micro cap businesses and its remaining interest in Safety Insurance, resulting in aggregate proceeds of US\$219.4 million. In recent years, a large proportion of the Company's realisations have been in its US micro cap portfolio, as the Company has sought to realise the value added to portfolio companies during the Company's investment period and capitalise on the generally higher EBITDA multiple levels (when compared to historical US levels or to levels seen in Europe) currently seen in the US market.

#### 2.4 *Exchange rate movements*

The Company's functional and presentation currency is the US Dollar, but its activities outside the United States use currencies other than US Dollars, principally the Euro and Pounds Sterling. In particular, the Group's investments in its Euro micro cap portfolio (which comprised 26.1 per cent. of the Group's gross assets as at 31 July 2015) are primarily denominated in and/or produce investment income in Euro or Pounds Sterling. Additionally, as at 31 July 2015 the Group held UK treasury gilts denominated in Pounds Sterling with a value of approximately US\$39.5 million as at the date. The Company's financial performance is therefore subject to fluctuations as a result of foreign currency exchange movements whenever financial information is translated from non-US Dollar currencies. Any foreign currency exchange gains or losses relating to assets and liabilities classified at fair value in the Company's financial statements will be reflected in net gain/(loss) on investments at fair value through profit or loss, while foreign currency exchange gains and losses on monetary financial assets and liabilities will be reflected in net foreign currency exchange gains/(losses).

The Company's results are also subject to currency risk as a result of certain financial instruments being denominated in Pounds Sterling. The 2016 ZDP Shares are denominated (and the 2022 ZDP Shares will be denominated) in Pounds Sterling. The total liability on the existing repayment date of the 2016 ZDP Shares, being 22 June 2016, will be £76.6 million (excluding the impact of the ZDP Rollover Offer if it proceeds). The CULS are also denominated in Pounds Sterling. The total liability on the maturity date of the CULS, being 30 July 2021, will be £38.7 million. Although the Company does not currently have any hedging arrangements in place, the Company's holding of Sterling-denominated UK treasury gilts and UK-listed corporate bonds (as mentioned above) helps it to manage its foreign currency exchange exposure to Pounds Sterling arising as a result of its payment obligations in respect of the CULS and the 2016 ZDP Shares.

### 3. NAV

One of the key metrics used by the Directors in assessing the performance of the Company is NAV, which reflects the fair value of the Company's investments (together with cash and cash equivalents and other receivables) after deducting the Company's liabilities (including fees payable to the Investment Adviser and the liabilities attributable to the CULS, the ZDP Shares, loans and other payables). The Directors believe that NAV provides an effective measure of the Company's performance from period to period as it provides an indication of the success of the Company's capital deployment and the capital appreciation of its investments.

The Company reports NAV and NAV per Ordinary Share on a monthly basis, through an RIS provider and on the Company's website: jzcp.com. NAV is calculated by the Administrator based upon valuations of the investments in the investment portfolio derived from the application of the valuation methodologies summarised in note 4 to the Company's audited financial statements for the financial year ended 28 February 2015 incorporated by reference in Part VII: (*Historical Financial Information*) of this Prospectus and in the section entitled "NAV and Valuation Methodology" in Part II (*Information on the Company*). There are inherent limitations in the monthly publication of NAV, as the valuations of a substantial majority of the Company's underlying investments are not undertaken on a monthly basis. Private investments (other than real estate investments), being those whose value cannot be determined by reference to quoted market prices and for which there are no active markets, are valued each quarter and such valuations, subject to adjustment for accruals, are adopted in NAV published for the two succeeding months following each quarter. With respect to real estate investments, the Company's policy is to obtain a new valuation for each asset at least once a year. In either case, the Company may revalue an investment earlier if it has reason to believe that there has been a significant change in the value of the investment. Save for when new valuations of the Company's underlying investments have been performed, the main factors which cause NAV to vary from month to month include (i) foreign currency exchange fluctuations, (ii) release of proceeds from escrow accounts, (iii) income from investments and (iv) expenses.

The Directors believe that consideration of NAV and NAV per Ordinary Share enhances an investor's understanding and assessment of the Company's financial condition and results of operations and should be viewed alongside other measures of the Company's financial performance, such as those contained in the Company's statement of comprehensive income.

The following table sets out the Company's NAV and NAV per Ordinary Shares as at the end of each of the last three financial years ended 28 February 2015:

	<i>FY 2013</i>	<i>FY 2014</i>	<i>% increase</i>	<i>FY 2015</i>	<i>% increase</i>
NAV (US\$'000)	630,182	666,456	5.8%	705,510	5.9%
NAV per Ordinary Share <sup>(1)</sup>	US\$9.69	US\$10.25	5.8%	US\$10.85	5.9%

(1) Before dividends.

NAV increased from US\$630.2 million as at 28 February 2013 to US\$666.5 million as at 28 February 2014, an increase of 5.8 per cent. This increase was driven primarily by increased earnings across many of the Company's micro cap portfolio companies and an increase in the value of the Company's publicly listed investments. The aggregate value of the Company's US micro cap portfolio increased due to increased earnings at Milestone Aviation Group, the Company's water vertical, the Company's sensors vertical, Nationwide Studios and Justrite Manufacturing, partially offset by decreases in earnings at Healthcare Products Holdings and MEDS Holdings. The aggregate value of the Company's European micro cap portfolio increased due to increased earnings at Factor Energia and Grupo OMBUDS, partially offset by write-downs of Oro Direct and Xacom. The Company's interest in Safety Insurance, the Company's only listed equity investment of material size during this period, also increased in value.

NAV increased by 5.9 per cent. to US\$705.5 million as at 28 February 2015 from US\$666.5 million as at 28 February 2014. This increase was driven primarily by steady performance across its micro cap and real estate portfolios. The aggregate value of the Company's US micro cap portfolio saw a significant uplift from the sales of Milestone Aviation and Dental Services Group at higher prices than their carrying values and increased earnings at the Company's Industrial Services Solutions vertical, as well as increases in value in several of the Company's co-investment portfolio companies. These increases were partially offset by the sale of Amptek below its carrying value, as well as decreased earnings in some of the other US micro cap portfolio investments, including Accutest, New Vitality Holdings, Healthcare Products Holdings, Nationwide Studios and the Company's water vertical. The aggregate value of the Company's European micro cap portfolio also increased, primarily driven by increased performance at portfolio companies including OneWorld Packaging, Grupo OMBUDS, Winn Solicitors and Toro Finance, partially offset by write-downs at Oro Direct and Xacom. The Company's real estate portfolio also increased in value, led by significant write-ups at several of its properties, partially offset by a slight write-down at one of its properties.

The Company has achieved NAV growth in 23 of its last 25 quarters.

The Company's NAV as at 31 July 2015 was US\$689.9 million and the NAV per Ordinary Share as at that date was US\$10.60. The total NAV return (being the cumulative growth in NAV assuming that dividends were reinvested) for the 3 months to 31 July 2015, the year to 31 July 2015 and the 3 years to 31 July 2015 was (0.1) per cent., 11.6 per cent. and 23.9 per cent., respectively.

#### **4. Key components of the Company's statement of comprehensive income**

The key components of certain line items of the Company's statement of comprehensive income are described below.

##### ***Income***

###### *Net gain/(loss) on investments at fair value through profit or loss*

Net gain/(loss) on investments at fair value through profit or loss represents the aggregate of the net movement in unrealised gains and losses in the year and total net realised gains or losses in the year. Unrealised gains and losses in the year reflect increases or decreases, respectively, in the fair value of investments that the Company holds at the end of the financial year. Total net realised gains or losses in the year are comprised of proceeds from investments realised less the cost of investments realised (being the total cost to the Company in acquiring the investment) and less any realised gains that were recognised as unrealised gains in prior periods.

###### *Net gain/(loss) on financial liabilities at fair value through profit or loss*

Net gain/(loss) on financial liabilities at fair value through profit or loss represents the unrealised movement in the fair value of the CULS issued on 30 July 2014. During the period under review, a loss arose only in the financial year ended 28 February 2015 as the CULS were not in issue in prior periods. In the future, this item could constitute either a net loss or a net gain depending on the direction of the unrealised movement in fair value.

###### *(Net impairment)/net write-back of impairments on loans and receivables*

(Net impairment)/net write-back of impairments on loans and receivables represents the aggregate of any impairments recognised during the year on loans and receivables (which during the period under review comprised the unquoted senior subordinated debt included within the Company's mezzanine investment portfolio), any increases or decreases to previously recognised impairments and the write-back of any amounts previously written-off but recovered during the year. The Company assesses as at each reporting date whether the loans and receivables are impaired. Evidence of impairment may include indications that the counterparty is experiencing significant financial difficulty, default or delinquency in interest or principal payments or indications that the counterparty may enter bankruptcy or another financial reorganisation, or may include observable data indicating that there is a measurable decrease in the counterparty's estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the net present value of expected cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income.

Impaired debts together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is credited to (net impairment)/net write-back of impairments on loans and receivables.

###### *Realisations from investments held in escrow accounts*

Realisations from investments held in escrow accounts represent the total net proceeds released to the Company from escrow accounts during the period. These amounts represent realisations from investments disposed of by the Company where the contractual terms of such disposals required that a percentage of the

consideration be held in escrow accounts pending resolution of any indemnifiable claims. The amounts remaining after the resolution of any indemnifiable claims during the contractual indemnification period are released from the escrow accounts and recognised in the statement of comprehensive income.

#### *Net foreign currency exchange gains/(losses)*

Net foreign currency exchange gains/(losses) represent the net foreign currency exchange gains/(losses) on monetary financial assets and liabilities resulting from the translation at the reporting period end exchange rates of monetary financial assets and liabilities that are denominated in foreign currencies. The Company's functional and presentational currency is the US dollar, and the principal foreign currencies to which the Company is exposed are Pounds Sterling and the Euro. Any foreign currency exchange gains/(losses) relating to assets and liabilities classified at fair value will be reflected in net gain/(loss) on investments at fair value through profit or loss and are not included in net foreign currency exchange gains/(losses).

#### *Investment income*

Investment income represents income received from the Company's investments, including income from dividends, preferred dividends, interest on loan notes (paid in cash or through PIK) and other interest.

#### **Expenses**

##### *Investment Adviser's base management fee*

The Investment Adviser's base management fee represents the base management fee payable to the Investment Adviser under the Investment Advisory Agreement. The base management fee is an amount equal to 1.5 per cent. per annum of the average total assets under management of the Company, less certain assets identified by the Company as being excluded from the base management fee pursuant to the terms of the Investment Advisory Agreement. The base management fee is payable quarterly in arrears. The Investment Advisory Agreement is described in more detail in Part III (*Information on the Investment Adviser*) of this Prospectus.

##### *Investment Adviser's incentive fee*

The Investment Adviser's incentive fee represents the incentive fee payable to the Investment Adviser under the Investment Advisory Agreement. The incentive fee is comprised of two parts. The first part is calculated by reference to the net investment income of the Company for each quarter and is payable quarterly in arrears provided that the net investment income for the quarter exceeds 2 per cent. of the average of the NAV of the Company at the end of that quarter (the "hurdle") (8 per cent. on an annualised basis). The fee is an amount equal to (a) 100 per cent. of that proportion of the net investment income for the quarter as exceeds the hurdle, up to 2.5 per cent. above the hurdle, and (b) 20 per cent. of any net investment income of the Company in excess of 2.5 of the average of NAV at the end of the quarter. Assets which are excluded from the calculation of the income incentive fee in accordance with the Investment Advisory Agreement, as well as investments categorised in the Investment Advisory Agreement as legacy investments (such investments, insofar as still held by the Company, representing less than 2 per cent. of the Company's gross assets as at 31 July 2015), are excluded from the calculation of the fee. A true-up calculation is also prepared at the end of each financial year whereby the fee will be adjusted at the end of such financial year to "true up" quarterly payments against an annual hurdle of 8 per cent. per annum, with any shortfall being paid by the Company and any excess payments being set off against future income incentive fees earned.

The second part of the incentive fee is calculated by reference to the net realised capital gains of the Company and equals (a) 20 per cent. of all realised capital gains of the Company, if any, on a cumulative basis to the end of the relevant financial year, computed net of all realised capital losses of the Company, if any, again on a cumulative basis to the end of the relevant financial year, less (b) the aggregate amount of all capital gains incentive fees previously paid by the Company to the Investment Adviser. Notwithstanding the foregoing, the Investment Adviser may structure investments by the Company in such ways that allows the capital gains incentive fee to be structured as a participation by the Investment Adviser in the capital profits realised by the Company on its investments by the Investment Adviser purchasing, side-by-side with the Company, 20 per cent. of common equity investments available to the Company, such purchase to be at the same price and on the same terms as made available to the Company provided that, in connection with any such investment so structured, any capital gains profits realised therefrom by the Investment Adviser shall

be subject to reimbursement to the Company if and to the extent that such profits would (had such investment not been so structured) have been offset by realised capital losses in connection with the calculation of any capital gains incentive fee payable. The capital gains incentive is payable in arrears within 90 days of the fiscal year end. Assets which are excluded from the calculation of the capital gains incentive fee in accordance with the Investment Advisory Agreement, as well as investments categorised in the Investment Advisory Agreement as legacy investments (such investments, insofar as still held by Company, representing less than 2 per cent. of the Company's gross assets as at 31 July 2015), are excluded from the calculation of the fee. Further, the Company's interests in the EuroMicrocap Fund (and, prospectively, the JZI Fund III) and their assets are also excluded for the purposes of calculating the capital gains incentive fee.

No incentive fee is payable in respect of unrealised capital gains. However, the Company makes provisions for incentive fees based on unrealised gains and these are included in the Investment Adviser's incentive fee recorded in the Company's statement of comprehensive income.

#### *Administrative expenses*

Administrative expenses represent legal and professional fees, accounting, secretarial and administration fees, auditors' remuneration, custodian fees and other expenses.

#### *Finance costs*

Finance costs represent the amortisation of the interest on the ZDP Shares, interest on the CULS, the issue costs of the CULS and interest on loans. Finance costs are allocated to the statement of comprehensive income using the effective interest rate method.

#### *Taxation*

For each of the financial years under review, the Company applied for and was granted exempt status for Guernsey tax purposes under the terms of The Income Tax (Zero 10) (Guernsey) Law, 2007.

#### *Withholding taxes*

Withholding taxes represent withholding tax on dividend income from listed investments.

### **5. No consolidation of subsidiaries**

The Board has concluded that the Company meets the criteria of an investment entity as defined by IFRS 10 and, as such, does not consolidate its subsidiaries and, instead, accounts for the investment in its subsidiaries at fair value through profit or loss ("FVTPL").

### **6. Segments**

The Company has been organised into the following segments for the purposes of its financial statements:

- (a) Portfolio of US micro cap investments;
- (b) Portfolio of European micro cap investments;
- (c) Portfolio of Real Estate investments;
- (d) Portfolio of Mezzanine investments;
- (e) Portfolio of Bank debt;
- (f) Portfolio of Listed investments; and
- (g) Portfolio of Other investments.

The investment objective of each segment is to achieve consistent returns from the investments in each segment while safeguarding capital by investing in a diversified portfolio.

Although the Company has broad discretion to invest in a variety of assets in accordance with its investment policy, the majority of the Company's investments are comprised in the US micro cap, European micro cap

and real estate segments. However, this may change in the future, subject to the Company remaining in compliance with its investment policy.

The table below sets out certain key financial information as at and for the financial year ended 28 February 2015 by segment:

	<i>US micro cap US\$'000</i>	<i>European micro cap US\$'000</i>	<i>Real estate US\$'000</i>	<i>Mezzanine portfolio US\$'000</i>	<i>Bank debt US\$'000</i>	<i>Listed investments US\$'000</i>	<i>Other investment US\$'000</i>
<b>Segmental assets</b>							
Investments at fair value through profit or loss	297,340	245,884	221,151	1,955	10,452	–	63,586
Investments classified as loans and receivables	–	–	–	1,000	–	–	–
Other payables and accrued expenses	(18,508)	1,180	(10,551)	2,431	(15)	(1,080)	728
<b>Total segmental net assets</b>	<b>278,832</b>	<b>247,064</b>	<b>210,600</b>	<b>5,386</b>	<b>10,437</b>	<b>(1,080)</b>	<b>64,314</b>
<b>Income/expenses</b>							
Interest revenue	29,666	3,554	321	174	1,262	–	–
Dividend revenue	–	–	–	–	–	311	–
Net gain/(loss) on investments at fair value	23,669	7,815	46,441	(629)	–	(7,377)	(2,504)
Impairments on loans and receivables	–	–	–	(121)	–	–	–
Investment Adviser's base management fee	(3,875)	(3,205)	(2,882)	(39)	(136)	–	(829)
Investment Adviser's capital incentive fee <sup>(1)</sup>	(13,457)	1,538	(9,289)	151	–	–	608
<b>Total segmental operating profit</b>	<b>36,003</b>	<b>9,702</b>	<b>34,591</b>	<b>(464)</b>	<b>1,126</b>	<b>(7,066)</b>	<b>(2,725)</b>

(1) The capital incentive fee is allocated across segments where a realised or unrealised gain or loss has occurred. Segments with realised or unrealised losses are allocated a credit *pro rata* to the size of the loss and segments with realised or unrealised gains are allocated a charge *pro rata* to the size of the gain.

Investments in corporate bonds, money market funds and UK treasury gilts are not considered part of any individual segment and are therefore excluded from the segmental analysis in the Company's financial information. Additionally, certain income and expenditure is not considered part of the performance of an individual segment. This includes net foreign exchange gains, interest on cash, finance costs, custodian and administration fees, Directors' fees and general expenses.

## 7. Results of Operations

### 7.1 Overview

The following table sets out certain income statement items for the Company for the financial years ended 28 February 2013, 2014 and 2015:

	<i>Financial Year ended 28 February</i>		
	<i>2013</i>	<i>2014</i>	<i>2015</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<b>Income</b>			
Net gain on investments at fair value through profit or loss	13,886	55,408	60,665
Net loss on financial liabilities at fair value through profit or loss	–	–	(1,867)
(Net impairment)/net write back of impairment on loans and receivables	1,025	(77)	(121)
Realisations from investments held in escrow accounts	7,528	2,233	6,924
Net foreign currency exchange gains/(losses)	3,915	(9,980)	5,899
Investment income	41,343	39,184	36,196
Bank and deposit interest	393	130	53
<b>Total Income</b>	<b>68,090</b>	<b>86,898</b>	<b>107,749</b>
<b>Expenses</b>			
Investment Adviser's base management fee	(10,707)	(11,220)	(12,976)
Investment Adviser's incentive fee	(9,030)	(9,408)	(19,102)
Directors' remuneration	(380)	(348)	(394)
Administrative expenses	(2,405)	(2,138)	(1,984)
Share class restructuring costs	1,580	–	–
<b>Total Expenses</b>	<b>(24,102)</b>	<b>(23,114)</b>	<b>(34,456)</b>
<b>Operating profit</b>	<b>43,988</b>	<b>63,784</b>	<b>73,293</b>
Finance costs	(7,007)	(7,489)	(13,990)
<b>Profit before taxation</b>	<b>36,981</b>	<b>56,295</b>	<b>59,303</b>
Withholding taxes	(1,131)	(841)	(93)
<b>Profit for the year</b>	<b>35,850</b>	<b>55,454</b>	<b>59,210</b>

### 7.2 *Financial year ended 28 February 2015 compared to the financial year ended 28 February 2014*

#### *Income*

Income in the financial year ended 28 February 2015 was US\$107.7 million, an increase of US\$20.8 million, or 23.9 per cent., from US\$86.9 million in the financial year ended 28 February 2014. This increase was due primarily to a change from net foreign currency exchange losses to net foreign exchange gains, together with increases in net gain on investments at fair value through profit or loss and realisations from investments held in escrow accounts, partially offset by a small decrease in investment income.

#### *Net gain on investments at fair value through profit or loss*

Net gain on investments at fair value through profit or loss in the financial year ended 28 February 2015 was US\$60.7 million, an increase of US\$5.3 million, or 9.6 per cent., from US\$55.4 million in the financial year ended 28 February 2014. This increase was due primarily to a significant increase in total net realised gains, from US\$0.4 million in the financial year ended 28 February 2014 to US\$24.1 million in the financial year ended 28 February 2015, as in the latter financial year the Company sold or refinanced four US micro cap investments and sold its remaining interest in Safety Insurance. In particular, the Company achieved significant realised gains upon the sale of Milestone Aviation and the Company's Dental Services Group following their sales at higher than their carrying



values. The increase in total net realised gains was partially offset by a reduction in the net movement in unrealised gains in the year, from US\$55.0 million in the financial year ended 28 February 2014 to US\$36.5 million in the financial year ended 28 February 2015, due principally to significant write-ups of investments in the financial year ended 28 February 2014. The Company did write up the value of its Industrial Services Solutions US vertical as a result of increased earnings in the financial year ended 28 February 2015, and a number of the Company's co-investments in both its US and European micro cap portfolios were also written up. However, this was partially offset in the financial year ended 2015 by write-downs of other investments in the Company's US and European micro cap portfolios, including in particular Accutest (a US provider of environmental testing laboratories), due to decreased earnings.

#### *Net loss on financial liabilities at fair value through profit or loss*

Net loss on financial liabilities at fair value through profit or loss was US\$1.9 million in the financial year ended 28 February 2015, compared to nil in the financial year ended 28 February 2014. This increase was due to the increase in the fair value of the CULS as at 28 February 2015 as compared with their value as at their issue on 30 July 2014. The CULS were not in issue in the financial year ended 28 February 2014.

#### *(Net impairment)/net write back of impairment on loans and receivables*

The Company had a net impairment on loans and receivables of US\$0.1 million in both the financial year ended 28 February 2015 and the financial year ended 28 February 2014, in each case representing impairments on certain unquoted senior subordinated debt investments held in the Company's mezzanine portfolio.

#### *Realisations from investments held in escrow accounts*

Realisations from investments held in escrow accounts were US\$6.9 million in the financial year ended 28 February 2015, an increase of US\$4.7 million, or 210 per cent., from US\$2.2 million in the financial year ended 28 February 2014. This increase was due to the higher value of realisations being released from escrow in the latter financial year.

#### *Net foreign currency exchange gains/(losses)*

The Company had a net foreign currency exchange gain of US\$5.9 million in the financial year ended 28 February 2015, compared to a net foreign currency exchange loss of US\$10.0 million in the financial year ended 28 February 2014. This movement was primarily due to the changes in the exchange rates between the US Dollar and Pounds Sterling and between the US Dollar and the Euro.

#### *Investment Income*

Investment income was US\$36.2 million in the financial year ended 28 February 2015, a decrease of US\$3.0 million, or 7.6 per cent., from US\$39.2 million in the financial year ended 28 February 2014. This decrease was primarily due to a significant decrease in income from dividends from listed investments following the disposal by the Company of its listed equity investments in the financial year ended 28 February 2015 and a decrease in cash interest received on loan notes in the Company's US micro cap portfolio, partially offset by an increase in cash and PIK interest received on loan notes in the Company's European micro cap portfolio.

#### *Expenses*

Expenses were US\$34.5 million in the financial year ended 28 February 2015, an increase of US\$11.4 million, or 49.4 per cent, from US\$23.1 million in the financial year ended 28 February 2014. This increase was due primarily to a significant increase in the Investment Adviser's incentive fee and, to a lesser extent, to an increase in the Investment Adviser's base management fee.

#### *Investment Adviser's base management fee*

The Investment Adviser's base management fee was US\$13.0 million in the financial year ended 28 February 2015, an increase of US\$1.8 million, or 15.7 per cent., from US\$11.2 million in the financial year ended 28 February 2014. This increase was due primarily to an increase in the average total assets under management in the financial year ended 28 February 2015.

#### *Investment Adviser's incentive fee*

The Investment Adviser's incentive fee was US\$19.1 million in the financial year ended 28 February 2015, an increase of US\$9.7 million, or 103.0 per cent., from US\$9.4 million in the financial year ended 28 February 2014, as a result of the significant increase in total net realised gains in the financial year ended 28 February 2015. The total incentive fee recorded in the financial year ended 28 February 2015 included a US\$13.2 million capital gains incentive fee based on realised gains during the financial year and a provision for US\$5.9 million in respect of a capital gains incentive fee based on unrealised gains. The total incentive fee recorded in the financial year ended 28 February 2014 included a US\$3.1 million capital gains incentive fee based on realised gains during the financial year and a provision for US\$3.5 million in respect of a capital gains incentive fee based on unrealised gains. The provisions for incentive fees on unrealised gains will become payable only if and when such gains are realised. Additionally, a reinterpretation of the Investment Advisory Agreement during the financial year ended 28 February 2014 resulted in cumulative preferred dividends being treated as capital rather than income for the purpose of incentive fee calculations, giving rise to retrospective amendments to the incentive fees in that and prior years. This resulted in a write-back of US\$4.4 million in respect of the financial year ended 28 February 2014 and additional fees payable on prior year realisations of US\$7.2 million, with a net result of US\$2.8 million in additional fees payable.

#### *Administrative expenses*

Administrative expenses were US\$2.0 million in the financial year ended 28 February 2015, a decrease of US\$0.1 million, or 4.8 per cent., from US\$2.1 million in the financial year ended 28 February 2014. This decrease was due primarily to a small decline in auditors' remuneration and expenses categorised as other expenses in the financial year ended 28 February 2015, partially offset by an increase in legal and professional fees, resulting in part from the issue of the CULS.

#### *Operating profit*

As a result of the factors set out above, operating profit increased by US\$9.5 million, or 15 per cent., from US\$63.8 million in the financial year ended 28 February 2014 to US\$73.3 million in the financial year ended 28 February 2015.

#### *Finance costs*

Finance costs were US\$14.0 million in the financial year ended 28 February 2015, an increase of US\$6.5 million, or 86.8 per cent., from US\$7.5 million in the financial year ended 28 February 2014. This increase was due primarily to additional finance costs arising during the financial year ended 28 February 2015 from the issue of the CULS and the Company's borrowings under loan agreements with Jefferies Finance and Deutsche Bank, and to a lesser extent to an increase in the finance costs attributable to the 2016 ZDP Shares based on the effective interest rate method as a result of an increase in the amortised cost of the 2016 ZDP Shares in the financial year ended 28 February 2015.

#### *Withholding tax*

The Company incurred withholding tax of US\$0.1 million in the financial year ended 28 February 2015, a decrease of US\$0.7 million, or 89 per cent., from US\$0.8 million in the financial year ended 28 February 2014. In each of these financial years the withholding tax relates to dividend income from listed investments, and the decrease between the financial year ended 28 February 2014 and the financial year ended 28 February 2015 is due primarily to the disposal by the Company of its listed equity investments during the financial year ended 28 February 2015.

### *Profit for the year*

As a result of the factors set out above, profit for the year increased by US\$3.7 million, or 6.7 per cent., from US\$55.5 million in the financial year ended 28 February 2014 to US\$ 59.2 million in the financial year ended 28 February 2015.

## **7.3 Financial year ended 28 February 2014 compared to the financial year ended 28 February 2013**

### *Income*

Income in the financial year ended 28 February 2014 was US\$86.9 million, an increase of US\$18.8 million, or 27.6 per cent., from US\$68.1 million in the financial year ended 28 February 2013. This was due primarily to a significant increase in the net gain on investments at fair value through profit or loss, partially offset by a decrease in realisations from investments held in escrow accounts and investment income, net impairments on loans and receivables and net foreign currency exchange losses in the financial year ended 28 February 2014.

### *Net gain on investments at fair value through profit or loss*

Net gain on investments at fair value through profit or loss in the financial year ended 28 February 2014 was US\$55.4 million, an increase of US\$41.5 million, or 299.0 per cent., from US\$13.9 million in the financial year ended 28 February 2013. This increase was due primarily to a significant increase in net movements in unrealised gains in the financial year, from US\$4.6 million in the financial year ended 28 February 2013 to US\$55.0 million in the financial year ended 28 February 2014, as the Company's micro cap and real estate investment portfolios as a whole continued to perform well and this was reflected in significant write-ups of these investments. Both the US and European micro cap portfolios contributed to the growth in unrealised gains in the financial year ended 28 February 2014, with one of the European micro cap investments, Factor Energia (a Spanish energy reseller), in particular being written up significantly, in addition to write-ups of a number of the Company's other US and European micro cap investments. These unrealised gains were partially offset by write-downs of other micro cap investments, including Oro Direct. This increase was partially offset by a decrease in total net realised gains in the financial year, from US\$9.3 million on the financial year ended 28 February 2013 to US\$0.4 million in the financial year ended 28 February 2014, reflecting both a significant decrease in the number of realisations in the latter year and the fact that the biggest realisation in that year, being one of the Company's US micro cap investments, Horsburgh and Scott, had already been written up over time, resulting in a small net gain on realisation.

### *(Net impairment)/net write back of impairment on loans and receivables*

The Company had a net impairment on loans and receivables of US\$0.1 million in the financial year ended 28 February 2014, primarily representing impairments on certain unquoted senior subordinated debt investments held in the Company's mezzanine portfolio. The Company had a net write back of impairment on loans and receivables of US\$1.0 million in the financial year ended 28 February 2013, primarily representing proceeds from investments previously written off.

### *Realisations from investments held in escrow accounts*

Realisations from investments held in escrow accounts were US\$2.2 million in the financial year ended 28 February 2014, a decrease of US\$5.3 million, or 70.3 per cent., from US\$7.5 million in the financial year ended 28 February 2013. This decrease was due to the higher value of realisations being released from escrow in the financial year ended 28 February 2013.

### *Net foreign currency exchange gains/(losses)*

The Company had a net foreign currency exchange loss of US\$10.0 million in the financial year ended 28 February 2014, compared to a net foreign currency exchange gain of US\$3.9 million in the financial year ended 28 February 2013. This movement was primarily due to the changes in the exchange rates between the US Dollar and Pounds Sterling and between the US Dollar and the Euro.

### *Investment Income*

Investment income was US\$39.2 million in the financial year ended 28 February 2014, a decrease of US\$2.1 million, or 5.1 per cent., from US\$41.3 million in the financial year ended 28 February 2013. This decrease was primarily due to decreases in income from dividends and interest (cash and PIK) in the Company's mezzanine portfolio, in income from interest on bank debt and on dividends from listed investments, partially offset by increased income from preferred dividends and PIK interest in the Company's US micro cap portfolio and increased income from PIK interest in the Company's European micro cap portfolio.

### *Expenses*

Expenses were US\$23.1 million in the financial year ended 28 February 2014, a decrease of US\$1.0 million, or 4.1 per cent, from US\$24.1 million in the financial year ended 28 February 2013. This decrease was due primarily to the incurrence of share class restructuring costs in the financial year ended 28 February 2013.

### *Investment Adviser's base management fee*

The Investment Adviser's base management fee was US\$11.2 million in the financial year ended 28 February 2014, an increase of US\$0.5 million, or 4.8 per cent., from US\$10.7 million in the financial year ended 28 February 2013. This increase was due primarily to an increase in the average total assets under management in the financial year ended 28 February 2014.

### *Investment Adviser's incentive fee*

The Investment Adviser's incentive fee was US\$9.4 million in the financial year ended 28 February 2014, an increase of US\$0.4 million, or 4.2 per cent., from US\$9.0 million in the financial year ended 28 February 2013. The total incentive fee recorded in the financial year ended 28 February 2014 included a US\$3.1 million capital gains incentive fee based on realised gains during the financial year and a provision for US\$3.5 million in respect of a capital gains incentive fee based on unrealised gains. The provision for incentive fees on unrealised gains will become payable only if and when such gains are realised. Additionally, a reinterpretation of the Investment Advisory Agreement during the financial year ended 28 February 2014 resulted in cumulative preferred dividends being treated as capital rather than income for the purpose of incentive fee calculations, giving rise to retrospective amendments to the incentive fees in that and prior years. This resulted in a write-back of US\$4.4 million in respect of the financial year ended 28 February 2014 and additional fees payable on prior year realisations of US\$7.2 million, with a net result of US\$2.8 million in additional fees payable. The total incentive fee recorded in the financial year ended 28 February 2013 included a US\$9.0 million capital gains incentive fee based on realised gains during the financial year. The increase in the Investment Adviser's incentive fee between the financial year ended 28 February 2013 and the financial year ended 28 February 2014 was due primarily to the increase in capital gains, both realised and unrealised, between these periods.

### *Administrative expenses*

Administrative expenses were US\$2.1 million in the financial year ended 28 February 2014, a decrease of US\$0.3 million, or 11.1 per cent., from US\$2.4 million in the financial year ended 28 February 2013. This decrease was due primarily to a decrease in legal and professional fees and in accounting, secretarial and administration fees, partially offset by an increase in auditors' remuneration (including in respect of non-audit fees) and custodian fees.

### *Share class restructuring costs*

The Company incurred one-off costs of US\$1.6 million in the financial year ended 28 February 2013, in connection with a share class restructuring, undertaken in connection with the admission of the Ordinary Shares to listing on the Channel Islands Stock Exchange and to facilitate compliance with applicable securities laws.

### *Operating profit*

As a result of the factors set out above, operating profit increased by US\$19.8 million, or 45 per cent., from US\$44.0 million in the financial year ended 28 February 2013 to US\$63.8 million in the financial year ended 28 February 2014.

### *Finance costs*

Finance costs were US\$7.5 million in the financial year ended 28 February 2014, an increase of US\$0.5 million, or 6.9 per cent., from US\$7.0 million in the financial year ended 28 February 2013. This increase was due primarily to an increase in the finance costs attributable to the 2016 ZDP Shares based on the effective interest rate method as a result of an increase in the amortised cost of the 2016 ZDP Shares in the financial year ended 28 February 2014.

### *Withholding tax*

The Company incurred withholding tax of US\$0.8 million in the financial year ended 28 February 2014, a decrease of US\$0.3 million, or 25.6 per cent., from US\$1.1 million in the financial year ended 28 February 2013. In each of these financial years the withholding tax relates to dividend income from listed investments, and the decrease between the financial year ended 28 February 2013 and the financial year ended 28 February 2014 is due primarily to fewer dividends being accrued.

### *Profit for the year*

As a result of the factors set out above, profit for the year increased by US\$19.6 million, or 54.7 per cent., from US\$35.9 million in the financial year ended 28 February 2013 and US\$55.5 million in the financial year ended 28 February 2014.

## **8. Liquidity and Capital Resources**

### **8.1 Sources and Uses of Funds**

The Company's principal sources of liquidity are:

- the expected proceeds of the Placing and Open Offer;
- proceeds from realisations of the Company's investments;
- investment income, primarily relating to dividends and interest; and
- proceeds from loans, including the Guggenheim Credit Agreement, the Deutsche Bank Account Agreement and (during the period under review) the Jefferies Finance Credit Agreement.

The Company's principal liquidity needs are to:

- make investments;
- pay its operating expenses, including the base management fee and incentive fee payable to the Investment Adviser;
- satisfy liabilities payable under the CULS, the 2016 ZDP Shares (and, following the ZDP Rollover Offer, if it proceeds, the 2022 ZDP Shares) and bank loans; and
- pay dividends.

The Company's current dividend policy is to distribute in each financial year in the form of dividends paid through semiannual instalments in US Dollars an aggregate amount equal to approximately three per cent. of the Company's net assets, subject to restrictions contained in the Articles and the Guggenheim Credit Agreement.

The total liability on the existing repayment date of the 2016 ZDP Shares, being 22 June 2016, will be £76.6 million (excluding the impact of the ZDP Rollover Offer if it proceeds). The total liability on the maturity date of the CULS, being 30 July 2021, will be £38.7 million.

As described further in paragraph 8.3 below of this Part VI (*Operating and Financial Review*), the Company has drawn down US\$99.9 million (comprising US\$80 million and EUR18 million) under

the Guggenheim Credit Agreement, repayable on 12 June 2021, and has drawn down US\$40.1 million (out of a total available facility of US\$52 million) under the Deutsche Bank Account Agreement.

As at 31 July 2015, the Company had cash and cash equivalents of £43 million. The Company estimates that the Net Proceeds from the Placing and Open Offer will be approximately £95.1 million, after deducting the costs and expenses (exclusive of VAT) of, or incidental to, the Placing and Open Offer payable by the Company, estimated to be approximately £3.0 million. The Net Proceeds of the Placing and Open Offer will allow the Company greater flexibility to fund future investments in accordance with its investment policy. In addition, the Net Proceeds will provide the Company with similarly greater flexibility for its general corporate purposes including managing the Company's liquid resources, in conjunction with loan facilities that the Company has arranged or may arrange in the future. The Company also intends to use a portion of the Net Proceeds to pay down the current outstanding balance of US\$40.1 million under the Deutsche Bank Facility.

## 8.2 *Cash Flows*

The following table summarises the Company's cash flows during the financial years ended 28 February 2013, 2014 and 2015, respectively:

	<i>Financial Year</i>		
	<i>2013</i>	<i>2014</i>	<i>2015</i>
	<i>US\$m</i>	<i>US\$m</i>	<i>US\$m</i>
Net cash outflow from operating activities	(70.6)	(90.0)	(24.1)
Net cash inflow/(outflow) from financing activities	(21.1)	(1.3)	114.1
<b>Increase/(decrease) in cash and cash equivalents</b>	<u>(91.8)</u>	<u>(91.4)</u>	<u>90.0</u>
<b>Cash and cash equivalents at year end</b>	<u>102.7</u>	<u>11.4</u>	<u>101.3</u>

### *Net cash outflow from operating activities*

For the financial year ended 28 February 2015, the Company had a net cash outflow from operating activities of US\$24.1 million. This amount primarily reflected US\$226.5 million deployed in the purchase of investments across the US micro cap, European micro cap and real estate portfolios and cash calls by the Euro Microcap Fund, partially offset by US\$211.9 million realised primarily through the repayment and disposal of investments, including the disposal of four micro cap businesses and the Company's residual interest in securities in Safety Insurance.

For the financial year ended 28 February 2014, the Company had a net cash outflow from operating activities of US\$90.0 million. This amount primarily reflected US\$226.6 million deployed in the purchase of investments across the US micro cap, European micro cap and real estate portfolios and cash calls by the EuroMicrocap Fund, partially offset by US\$143.8 million realised primarily through the repayment and disposal of investments, including asset sales (including the sale of the Company's interest in Horsburgh and Scott) and the refinancing of debt in connection with the Company's Industrial Services Solutions vertical.

For the year ended 28 February 2013, the Company had a net cash outflow from operating activities of US\$70.6 million. This amount primarily reflected US\$267.2 million deployed in the purchase of investments across the portfolio and cash calls by the EuroMicrocap Fund, partially offset by US\$186.4 million realised primarily through the repayment and disposal of investments, including the Company's remaining position in TAL (a container leasing business) for US\$42.1 million.

### *Net cash inflow/(outflow) from financing activities*

For the year ended 28 February 2015, the Company had a net cash inflow from financing activities of US\$114.1 million. This amount primarily reflected US\$65.7 million raised through the issuance of the CULS and the drawdown of US\$72.3 million under the Jefferies Finance Credit Agreement and the Deutsche Bank Account Agreement, partially offset by US\$20.2 million of dividends paid to Ordinary Shareholders and US\$3.7 million of finance costs.

For the year ended 28 February 2014, the Company had a net cash outflow from financing activities of US\$1.3 million. This amount primarily reflected US\$19.2 million of dividends paid to Ordinary Shareholders, partially offset by the drawdown of US\$17.8 million under the Deutsche Bank Account Agreement.

For the year ended 28 February 2013, the Company had a net cash outflow from financing activities of US\$21.1 million. This amount reflected dividends paid to Ordinary Shareholders.

### 8.3 *Loan Facilities*

#### *Guggenheim Credit Agreement*

On 12 June 2015, the Company entered into the Guggenheim Credit Agreement providing for a six year credit term loan facility in an aggregate principal amount of US\$99.9 million (comprising US\$80 million and EUR18 million) for, among other purposes, the repayment of the Jefferies Finance Credit Agreement (described below), general corporate purposes and the making of certain permitted investments (including, existing portfolio investments, other additional investments subject to certain financial tests being satisfied and the pledging of collateral, cash equivalent investments and certain investments within the group). The Guggenheim Facility is a one-draw term loan under which the full principal amount was borrowed at closing and remains outstanding. Interest under the Guggenheim Credit Agreement is payable quarterly at a floating rate and will differ according to the choice of loan elected by the Company. If a “Base Rate Loan” is selected, interest will accrue at the “Alternate Base Rate”, being the sum of: (a) the prime lending rate as set forth on the Bloomberg page PRIMBB Index (or successor page) for such day (provided that in no event shall the Alternate Base Rate be less than 2 per cent. per annum); plus (b) the applicable margin of 4.75 per cent. per annum. If a “LIBO Rate Loan” is selected, interest will accrue at the “LIBO Base Rate”, being the sum of: (a) the rate which appears on the Bloomberg page BBAM1 (or successor page) for the relevant interest period; plus (b) the applicable margin, being 5.75 per cent. per annum. The Company may elect from time to time to convert “LIBO Rate Loans” into “Base Rate Loans”, or vice versa, if certain conditions are met. Certain of the Company’s subsidiaries guarantee the payment and performance of the Company’s secured obligations under the Guggenheim Credit Agreement, including the payment of principal and interest on the same. The loan is repayable on 12 June 2021. The agreement includes covenants from the Company customary for an agreement of this nature, including with respect to asset coverage and liquidity maintenance. For further information on the Guggenheim Credit Agreement, see paragraph 8.6 of Part X (*Additional Information*) of this Prospectus.

#### *Deutsche Bank Account Agreement*

On 25 October 2010, the Company entered into the Deutsche Bank Account Agreement providing for a margin account facility, which allows for an aggregate amount outstanding of not in excess of approximately US\$52 million and as at 3 September 2015 (being the latest practicable date prior to the publication of this Prospectus) a margin loan in the amount of US\$40.1 million has been drawn down and is outstanding against securities owned by the Company and held in a margin account with Deutsche Bank (including UK treasury gilts and listed corporate bonds). This loan bears interest at the London Interbank Offered Rate (Libor) +75 basis points. The loan is repayable on demand. For further information on the Deutsche Bank Account Agreement, see paragraph 8.7 of Part X (*Additional Information*) of this Prospectus.

#### *Jefferies Finance Credit Agreement*

On 16 June 2014, the Company entered into the US\$50 million Jefferies Finance Credit Agreement with Jefferies Finance. Proceeds of US\$49.0 million were received after deduction of a 2 per cent. original issue discount. Interest under the Jefferies Finance Credit Agreement was payable at a rate of 7 per cent. After allowing for transaction costs and the initial discount, the effective interest rate applied was 9.6 per cent. The Jefferies Finance Credit Agreement was repaid in full on 12 June 2015 and the security the subject of the pledge agreement entered into on 16 June 2014 between the Company and Jefferies Finance was released at the same time.

## 9. Contractual Obligations and Commitments

The following table summarises the Company's known material contractual obligations as at 28 February 2015:

<i>Contractual obligation</i>	<i>Payments due by period</i>				<i>Total</i>
	<i>Less than 1 year £m</i>	<i>1-3 years £m</i>	<i>3-5 years £m</i>	<i>More than 5 years £m</i>	
Indebtedness	90,114	106,813	–	67,563	264,490
Investment Commitments	18,499	–	–	–	18,499
Other <sup>(1)</sup>	22,595	–	–	–	22,595
<b>Total</b>	<b>131,208</b>	<b>106,813</b>	<b>–</b>	<b>67,563</b>	<b>305,584</b>

(1) Includes accrued Investment Adviser's incentive fee.

The above table of known material contractual obligations as at 28 February 2015 includes within indebtedness the Company's obligation to redeem the 2016 ZDP Shares in full on 22 June 2016, assuming no rollover pursuant to the ZDP Rollover Offer.

Subsequent to 28 February 2015, the Company:

- entered into the Guggenheim Credit Agreement, pursuant to which the Company has drawn down US\$99.9 million (comprising US\$80 million and EUR18 million), repayable on 12 June 2021; and
- used a portion of the proceeds of the Guggenheim Facility to repay in full the US\$50.0 million loan outstanding under the Jefferies Finance Credit Agreement.

## 10. Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

## 11. Capitalisation and Indebtedness of the Company

The following tables set out the capitalisation and indebtedness of the Company as at 31 July 2015. This statement of capitalisation and indebtedness has been extracted from the Company's internal accounting records:

<i>Total current debt</i>	<i>US\$ (000's)</i>
Secured	39,726
Unguaranteed/unsecured	111,349
<b>Total</b>	<b>151,075</b>
Total non-current debt (excluding current portion of long-term debt)	
Secured	96,931
Unguaranteed/unsecured	68,223
<b>Total</b>	<b>165,154</b>
<b>Shareholders' equity</b>	
Share capital	149,269
Other reserves	540,201
<b>Total equity</b>	<b>689,470</b>

The following table sets out the net financial indebtedness of the Company as at 31 July 2015. This statement of net financial indebtedness has been extracted from the Company's internal accounting records:



	US\$ (000's)
Cash and cash equivalents	42,995
Bank overdrafts used for cash management purposes	–
<b>Liquidity</b>	<u>42,995</u>
Current bank loans	39,726
Current shareholder loans	–
Current finance lease obligations	–
Other current financial debt	111,349
<b>Current financial debt</b>	<u>151,075</u>
<b>Net current financial liquidity</b>	108,080
Non-current bank loans	96,931
Non-current finance lease obligations	–
Non-current other loans	68,223
<b>Non-current financial indebtedness</b>	<u>165,154</u>
<b>Net financial indebtedness</b>	273,234

## 12. Disclosures About Market and Other Risks

The following information should be read in conjunction with Part VII (*Historical Financial Information*) and the information incorporated by reference therein. The Company is exposed to market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework, focusing on the unpredictability of the financial markets, seeking to minimise the potential adverse effects of financial performance and setting policies that enable reduction of on-going risk without unduly affecting the Company's competitiveness and flexibility.

### 12.1 *Market Risk*

Market risk is the risk that the fair value or future cash flows of an investment or a financial instrument will fluctuate because of changes in variables such as equity price, interest rate and foreign currency rate. The Company's investments are subject to normal market fluctuations and there can be no assurance that no depreciation in the value of those investments will occur. There can be no guarantee that any realisation of an investment will be on a basis which reflects the Company's valuation of that investment for the purposes of calculating NAV.

Changes in industry conditions, competition, political and diplomatic events, tax, environmental and other laws and other factors, whether affecting the United States or Europe alone or other countries and regions more widely, can substantially and either adversely or favourably affect the value of the assets in which the Company invests and, therefore, the Company's performance and prospects. The Company's market risk is managed through diversification of the investment portfolio across various sectors. The Investment Adviser considers each investment purchase to attempt to ensure that an acquisition will enable the Company to continue to have an appropriate spread of market risk and that an appropriate risk/reward profile is maintained.

### 12.2 *Interest Rate Risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. It has not been the Company's policy to use derivative instruments to mitigate interest rate risk, as the Investment Adviser believes that the effectiveness of such instruments does not justify the costs involved. The income receivable by the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. However, whilst the income received from fixed rate securities is unaffected by changes in interest rates, the investments are subject to risk in the movement of fair value. The Investment

Adviser considers the risk in the movement of fair value as a result of changes in the market interest rate for fixed rate securities to be insignificant.

Of the money held on deposit as at 28 February 2015, US\$101.3 million earned interest at variable rates and the Company's interest income may rise and fall depending on changes to interest rates. The sensitivity of the market value of bank debt held by the Company is not influenced by a change in prevailing interest rates, because this debt is represented by floating rate instruments. The market value of such bank debt is influenced by factors such as the performance of the issuer and bank liquidity.

The Company is further subject to interest rate risk in relation to its own borrowings, as both the Guggenheim Facility and the Deutsche Bank Facility bear interest at floating rates.

### 12.3 *Credit Risk*

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss to the Company by failing to discharge an obligation. These credit exposures exist within investments classified as FVTPL, debt investments, loans and receivables and cash and cash equivalents and may arise, for example, from a decline in the financial condition of a counterparty or from entering into derivative contracts under which counterparties have obligations to make payments to the Company.

An impairment review is performed by the Investment Adviser on an investment by investment basis every quarter. During the financial year ended 28 February 2015 there was an increase in the allowance for impairment in respect of loans and receivables of US\$121,000 compared to an increase in allowance of US\$77,000 during the financial year ended 28 February 2014. Total impairment of loans and receivables as at 28 February 2015 was US\$7.3 million compared to US\$7.2 million as at 28 February 2014.

Mezzanine investments typically have no or a limited trading market and therefore such investments will be illiquid, and as such the Company's ability to sell them in the short term may be limited. The Investment Adviser closely monitors the creditworthiness of mezzanine debt counterparties and other loans and receivables and upon unfavourable change, may seek to terminate the agreement or to realise the collateral. The creditworthiness is monitored by the review of quarterly covenant agreements and by the Investment Adviser having representatives on the managing bodies of a significant number of these investees.

### 12.4 *Liquidity Risk*

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected. Many of the Company's investments are small private investments, mezzanine loans and other unlisted investments, which generally are of a long-term and illiquid nature and there may be no readily available market for sale of these investments. The closed-ended nature of the Company enables the Investment Adviser to manage the risk of illiquid investments. The Directors review liquidity reports and consider how best to utilise the funds generated to maximise income. As at 28 February 2015, the Company had outstanding investment commitments of US\$18.5 million compared to US\$74.0 million as at 28 February 2014. The Company manages liquidity levels to ensure these obligations can be met.

### 12.5 *Currency Risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. ZDP shares are denominated in Pounds Sterling. The total liability on the existing repayment date of the 2016 ZDP Shares, being 22 June 2016, will be £76.6 million (excluding the impact of the ZDP Rollover Offer if it proceeds). The CULS are also denominated in Pounds Sterling. The total liability on the maturity date of the CULS, being 30 July 2021, will be £38.7 million. Although the Company does not currently have any hedging arrangements in place, the Company's holding of Sterling-denominated UK treasury gilts and UK-listed corporate bonds (as mentioned

above) helps it to manage its foreign currency exchange exposure to Sterling arising as a result of its payment obligations in respect of the CULS and the 2016 ZDP Shares.

### **13. Critical Accounting Policies**

The Company's historical financial information as at and for the period ended 28 February 2015 incorporated by reference in Part VIII: (*Historical Financial Information*) has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. A summary of the Company's significant accounting policies is set forth in note 2 to the Company's financial information as at and for the period ended 28 February 2015 incorporated by reference in Part VIII: (*Historical Financial Information*).

The preparation of the Company's financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Information about critical judgements in applying accounting policies that had the most significant effect on amounts recognised in the audited financial statements of the Company in the period ended 28 February 2015 is set out below.

#### ***Fair Value of Investments at FVTPL***

The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted market prices as at the date of the statement of financial position. The quoted market price used for financial assets held by the Company is the bid price.

Certain investments are classified as FVTPL, and valued accordingly. The key source of estimation uncertainty is on the valuation of unquoted equities and equity-related securities. In reaching its valuation of the unquoted equities and equity-related securities the key judgements the Board has to make relate to the selection of the multiples and the discount factors used in the valuation models.

Unquoted preferred shares, micro cap loans, unquoted equities and equity-related securities investments are typically valued by reference to their enterprise value, which is generally calculated by applying an appropriate multiple to the EBITDA for the last 12 months. In order to determine the appropriate multiple, the Board considers, among others, the multiples used in recent transactions in comparable unquoted companies, previous valuation multiples used and, where appropriate, multiples of comparable publicly traded companies. In accordance with the guidelines of the International Private Equity and Venture Capital Association, a marketability discount is applied which reflects the discount that, in the opinion of the Board, market participants would apply in a transaction in the investment subject of the analysis.

Traded loans including first and second lien term securities are valued by reference to the last indicative bid price from recognised market makers. These investments are classified in the statement of financial position as Investments at FVTPL.

#### ***Loans and Receivables***

The Company classifies unquoted senior subordinated debt within Mezzanine investments as loans and receivables. Investments are generally accounted for at amortised cost using the effective interest method except where there is deemed to be impairment in value which indicates that a provision should be made. The key estimation is the impairment review and the key assumptions are as disclosed below.

Purchases and sales of investments are recognised on the date on which the Company commits to acquire or dispose of the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

The Company assesses at each reporting date whether the loans and receivables are impaired. Evidence of impairment may include indications that the counterparty is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the net present value of expected cash flows discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income as net impairments on loans and receivables.

Impaired debts together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is credited to net impairments/write back of impairments on loans and receivables.

### ***Investments in Associate***

An associate is an entity over which the Company has significant influence. An entity is regarded as a subsidiary only if the Company has control over its strategic, operating and financial policies and intends to hold the investment on a long-term basis for the purpose of securing a contribution to the Company's activities.

In accordance with the exemption within IAS 28 – Investments in Associates and Joint Ventures, the Company does not account for its investment in the EuroMicrocap Fund (and will not account for its investments in the JZI Fund III) using the equity method. Instead, the Company has elected to measure its investment at FVTPL because even though the Company has over 50 per cent. economic partnership interest in the EuroMicrocap Fund, it does not have the power to govern its financial and operating policies. Such powers are vested with the general partner.

## PART VII

### HISTORICAL FINANCIAL INFORMATION

#### 1. Incorporation by Reference

- 1.1 Paragraph 3 of this Part VII (*Historical Financial Information*) of this Prospectus incorporate by reference certain sections of the Company's Annual Report and Accounts (being those sections listed in the tables in such paragraphs and collated below) of the following documents into this Prospectus:
- (a) the Company's independent auditors' report and audited financial statements (including notes to those financial statements (including accounting policies)) for the financial year ended 28 February 2013;
  - (b) the Company's independent auditors' report and audited financial statements (including notes to those financial statements (including accounting policies)) for the financial year ended 28 February 2014; and
  - (c) the Company's independent auditors' report and audited financial statements (including notes to those financial statements (including accounting policies)) for the financial year ended 28 February 2015.
- 1.2 Any statement contained in a document which is deemed to be incorporated by reference in this Prospectus shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained in this Prospectus (or in a later document which is incorporated by reference in this Prospectus) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.
- 1.3 To the extent that any information incorporated by reference itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this Prospectus for the purposes of the Prospectus Rules, except where such information is stated within this Prospectus as specifically being incorporated by reference or where this Prospectus is specifically defined as including such information.
- 1.4 Except as set out above, no other portion of the Company's Annual Report and Accounts is incorporated by reference into this Prospectus. Those sections of the Company's independent auditors' reports and audited financial statements that have not been specifically incorporated into this Prospectus are either not relevant for Shareholders or the relevant information is included elsewhere in this Prospectus.
- 1.5 Copies of the Company's independent auditors' reports and audited financial statements (including notes to those financial statements (including accounting policies)) are available for inspection at the address set out in paragraph 16 of Part X (*Additional Information*) of this Prospectus and can be downloaded from <http://www.jzcp.com>.
- 1.6 This Prospectus includes certain references to the Company's website (being <http://www.jzcp.com>). For the avoidance of doubt, the contents of the Company's website (being [www.jzcp.com](http://www.jzcp.com)) and JZ Partners' website (being <http://www.jzpartners.com>), the contents of any website accessible from hyperlinks on the Company's website and JZ Partners' website, or any other website referred to in this Prospectus are not incorporated and do not form part of this Prospectus (except to the extent such websites contain any information incorporated by reference in this Prospectus).

#### 2. Auditors and Historical Financial Information

- 2.1 The Company's auditor is Ernst & Young LLP of PO Box 9, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey GY1 4AF, which is a recognised auditor for Guernsey companies and is

regulated by the Institute of Chartered Accountants in England and Wales in the conduct of audit business.

- 2.2 The audited financial statements of the Company are prepared in accordance with IFRS, which comprise standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards and Standing Interpretations approved by the International Accounting Standards Committee that remain in effect, and have been adopted by the European Union, together with applicable legal and regulatory requirements of Guernsey Law and the Specialist Fund Market.
- 2.3 Save for the Company's independent auditors' reports and audited financial statements (including notes to those financial statements (including accounting policies)) for the three financial years ended 28 February 2015 set out, or incorporated by reference, in paragraph 3 of this Part VII (*Historical Financial Information*) of this Prospectus, none of the information in this Prospectus has been audited. Unless otherwise indicated, all unaudited financial information relating to the Company contained in this Prospectus has been sourced, without material adjustment, from the internal accounting records of the Company which are maintained by the Administrator on the Company's behalf on a basis consistent with the Company's accounting policies.
- 2.4 The financial information set out in this Part VII (*Historical Financial Information*) of this Prospectus have been prepared in accordance with Section 262 of the Companies Law.

### **3. Published Independent Auditors' Reports and Audited Financial Statements for the Three Financial Years Ended 28 February 2015**

#### **3.1 Introduction**

The Company's audited financial statements (including notes to those financial statements (including accounting policies)) for the three financial years ended 28 February 2015 incorporated by reference, in this paragraph 3.1 was audited by Ernst & Young LLP. For those years, Ernst & Young LLP gave unqualified opinions that such audited financial statements:

- (a) gave a true and fair view of the state of the Company's affairs as at 28 February in 2013, 2014 and 2015 and of its profit for the financial years then ended;
- (b) had been properly prepared in accordance with the IFRS and Guernsey law; and
- (c) Ernst & Young LLP's reports also stated that there were no other matters that they were required to report on by exception.

#### **3.2 Historical Financial Information Incorporated by Reference into this Prospectus**

The list in the table below is intended to enable investors to identify easily specific items of historical financial information relating to the Company that are incorporated by reference into this Prospectus. The page numbers in the table below refer to the relevant pages of the relevant independent auditors' reports and audited financial statements (as contained in the Company's annual reports and accounts).

	<i>Independent Auditors' Reports and Audited Financial Statements for Year Ended</i>		
	<i>28 February 2013</i>	<i>28 February 2014</i>	<i>28 February 2015</i>
<i>Information incorporated by reference</i>	<i>Page No(s)</i>	<i>Page No(s)</i>	<i>Page No(s)</i>
Statement of comprehensive income	32	35	36
Statement of financial position	33	36	37
Statement of changes in equity	34	37	38
Statement of cashflows	35	38	39
Notes to the audited financial statements (including accounting policies)	36 – 77	39 – 80	40 – 80
Independent auditors' report	26	28	30 – 31
Related party transactions	74	78	78

### 3.3 ***Availability of Independent Auditors' Reports and Audited Financial Statements for Inspection***

Copies of the published independent auditors' reports and audited financial statements (including notes to those financial statements (including accounting policies)) of the Company for the three financial years ended 28 February 2015 (as contained in the Company's annual reports and accounts) are available for inspection at the inspection at the address set out in paragraph 16 of Part X (*Additional Information*) of this Prospectus.

## PART VIII

### TAXATION

The statements on taxation referred to in this Part VIII (*Taxation*) of this Prospectus are for general information purposes only and are not intended to be a comprehensive summary of all technical aspects of the structure and are not intended to constitute legal or tax advice to potential investors.

The Part VIII (*Taxation*) of this Prospectus is divided into two Parts:

- Part A, which deals with certain tax consequences that may arise for Ordinary Shareholders in relation to the New Ordinary Shares; and
- Part B, which deals with certain tax consequences that may arise for ZDP Shareholders who as part of the ZDP Rollover Offer receive 2022 ZDP Shares.

#### PART A: NEW ORDINARY SHARES

The statements on taxation below are intended to be a general summary of certain tax consequences that may arise for Ordinary Shareholders in relation to the New Ordinary Shares (which may vary depending upon the particular individual circumstances and status of prospective investors), and a general guide to the tax treatment of the Company. These comments are based on the laws and published practices as at the time of writing and may be subject to future revision (possibly with retrospective effect). This discussion is not intended to constitute advice to any person and should not be so construed.

**Each prospective Ordinary Shareholder should consult their own tax advisers as to the possible tax consequences of buying, holding or selling Ordinary Shares under the laws of their country of citizenship, residence or domicile or other jurisdictions in which they are subject to tax.**

#### 1. Guernsey

##### 1.1 *Introduction*

The following information is general in nature and relates only to Guernsey taxation applicable to the Company and the anticipated tax treatment in Guernsey that applies to persons holding Ordinary Shares in the Company as an investment. The summary does not constitute legal or tax advice and is based on taxation law and practice at the date of this Prospectus. Investors and prospective investors should be aware that the level and bases of taxation may change from those described and should consult their own professional advisers on the implications of acquiring, holding, disposing of, transferring or redeeming Ordinary Shares in the Company under the laws of the countries in which they are liable to taxation.

##### 1.2 *The Company*

The Company has been granted tax exempt status by the Director of Income Tax in Guernsey pursuant to the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. The Company will need to reapply annually for exempt status, an application that currently incurs a fee of £1,200 per annum. It is expected that the Company will continue to apply for exempt status.

Once exempt status has been granted, the Company will not be considered resident in Guernsey for Guernsey income tax purposes and will be exempt from tax in Guernsey on both bank deposit interest and any income that does not have its source in Guernsey. It is not anticipated that any income other than bank deposit interest will arise in Guernsey and therefore the Company is not expected to incur any additional liability to Guernsey tax. In the absence of exemption, the Company would be treated as resident in Guernsey and subject to a zero rate of income tax.



In response to the review carried out by the EUCCG, the States of Guernsey has abolished exempt status for the majority of companies and introduced a zero rate of tax for companies carrying on all but a few specified types of regulated business. The States of Guernsey has also agreed that, as collective investment schemes were not one of the regimes in Guernsey that were classified by the EUCCG as being harmful, such schemes such as the Company would continue to be able to apply for exempt status for Guernsey tax purposes.

A review of Guernsey's corporate regime was announced by the States of Guernsey in October 2009, again in response to further comments from the EUCCG. A consultation document was issued on 21 June 2010. The EUCCG reviewed Guernsey following similar reviews of other Crown Dependencies in 2011, and then reported that Guernsey's deemed distribution regime was not compliant with the EU Code of Conduct. The States of Guernsey responded by agreeing to abolish deemed distributions to subsequently allow Guernsey to become EU Code of Conduct compliant and for the States of Guernsey review of its company tax regime to be concluded. The EUCCG confirmed in September 2012 that Guernsey's tax regime would then conform to the EU Code of Conduct and this was ratified by the ECOFIN in December 2012. The States of Guernsey abolished deemed distributions with effect from 1 January 2013. Again, collective investment schemes have not been affected and can continue to apply for exempt tax status.

The Policy Council of the States of Guernsey has stated that it may consider further revenue raising measures in the future, including the possible introduction of a goods and services tax, depending on the state of Guernsey's public finances at the time.

### 1.3 *EU Savings Tax Directive*

Although not a Member State of the European Union, Guernsey, in common with certain other jurisdictions, entered into bilateral agreements with EU Member States on the taxation of savings income. From 1 July 2011 paying agents in Guernsey must automatically report to the Director of Income Tax in Guernsey any interest payment to individuals resident in the contracting EU Member States which falls within the scope of the EU Savings Directive (2003/48/EC) (the "**EU Savings Directive**") as applied in Guernsey. However, whilst such interest payments may include distributions from the proceeds of Ordinary Shares or units in certain collective investment schemes which are, or are equivalent to, UCITS, in accordance with EC Directive 85/611/EEC (as recast by EC Directive 2009/65/EC (recast)) and guidance notes issued by the States of Guernsey on the implementation of the bilateral agreements, the Company should not be regarded as, or as equivalent to, a UCITS. Accordingly, any payments made by a paying agent in Guernsey to Ordinary Shareholders will not be subject to reporting obligations pursuant to the agreements between Guernsey and EU Member States to implement the EU Savings Directive in Guernsey. It is unclear whether paying agents in other jurisdictions that have implemented the EU Savings Directive or equivalent measures will also view the Company as outside the scope of the EU Savings Directive.

The operation of the EU Savings Directive was reviewed by the European Commission and Council Directive 2014/48/EU was adopted on 24 March 2014 which amends the EU Savings Tax Directive. It is not yet known what these measures are likely to be but a number of proposed changes may significantly widen its scope to additional types of funds and could lead to the Company being required to comply with the EU Savings Directive. As a result it is expected that the Company could also be subject to equivalent measures. The amending directive will have effect from 1 January 2017. Ordinary Shareholders are recommended to check how the amending directive will impact on their investment.

### 1.4 *Ordinary Shareholders*

Non-Guernsey resident Ordinary Shareholders will not be subject to any income tax in Guernsey in respect of or in connection with the acquisition, holding or disposal of any Ordinary Shares owned by them. Such Ordinary Shareholders will receive dividends without deduction of Guernsey income tax.

Any Ordinary Shareholders who are resident in Guernsey will be subject to Guernsey income tax on any dividends paid to such persons but will not suffer any deduction of tax by the Company from any such dividends payable where the Company is granted tax exempt status. The Company is however required to provide details of distributions made to Ordinary Shareholders resident in Guernsey to the Director of Income Tax in Guernsey.

At present Guernsey does not levy taxes upon capital gains, capital transfer, wealth, inheritance, gifts, sales or turnover, nor are there any duties save for an ad valorem fee for the grant of probate or letters of administration. No stamp duty is chargeable in Guernsey on the issue, transfer, switching or redemption of Ordinary Shares in the Company.

### 1.5 *Foreign tax considerations*

It is the intention of the Directors to conduct the affairs of the Company so that the central management and control of the Company is not exercised anywhere other than in Guernsey. They also intend not to carry on a trade through any permanent establishment. Thus the Company is not expected to be considered tax resident or subject to tax in any jurisdiction other than Guernsey.

## 2. **United Kingdom**

This summary only covers the principal UK tax consequences for the absolute beneficial owners of Ordinary Shares and any dividends paid in respect of them, in circumstances where the dividends paid are regarded for UK tax purposes as that person's own income (and not the income of some other person), and except in so far as express reference is made to the treatment of non-UK tax resident and/or non-UK domiciled individuals who are resident and domiciled in the UK for tax purposes. In addition, the summary: (a) only addresses the tax consequences for holders who hold the Ordinary Shares as capital assets; (b) does not address the tax consequences which may be relevant to certain other categories of holders, for example, dealers, charities, registered pension schemes, insurance companies, or collective investment schemes; (c) assumes that the holder does not control or hold directly or indirectly, either alone or together with one or more associated or connected persons, 10 per cent. or more of the shares and/or voting power of the Company; (d) assumes that the holder has not acquired (nor has been deemed for tax purposes to have acquired) shares by reason of an office or employment, (e) assumes that there will be no register in the UK in respect of the Ordinary Shares and that the sole register will be maintained in Guernsey; (f) assumes that the Ordinary Shares will not be paired with shares issued by any company incorporated in the UK; and (g) assumes that the Company is not resident in the UK for tax purposes.

### 2.1 *Taxation of the Company*

It is the intention of the Directors to conduct the affairs of the Company so that the central management and control of the Company is not exercised in the United Kingdom. On this basis, or the alternative basis that the Company is deemed not to be resident in the United Kingdom by virtue of the provisions of section 363A of the TIOPA, the Company should not be resident in the United Kingdom for United Kingdom tax purposes. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom (whether or not through a permanent establishment), the Company should not be subject to United Kingdom income tax or corporation tax other than in respect of certain income deriving from a United Kingdom source. On the same basis, the Company should not be within the scope of UK tax on chargeable gains wheresoever arising (other than, in certain circumstances, on a disposal of UK residential property).

### 2.2 *Dividends*

No UK tax will be withheld by the Company when it pays a dividend. The receipt of dividends from the Company by a UK resident Ordinary Shareholder will be subject to UK income tax.

A UK resident individual Ordinary Shareholder who is liable to income tax at the basic rate will be subject to tax on the gross dividend at the rate of 10 per cent. (the dividend ordinary rate).

A UK resident individual Ordinary Shareholder who is a higher rate taxpayer will be liable to income tax on the gross dividend at the rate of 32.5 per cent. (the dividend higher rate), whilst those subject to the additional rate of tax will be liable to income tax on the gross dividend at the rate of 37.5 per cent. (the dividend additional rate).

UK resident individual Ordinary Shareholders who receive dividends from the Company may be entitled to a tax credit equal to 1/9 of the dividend received where they hold less than 10 per cent. of the issued shares in the Company. The tax credit is set against the individual's tax liability on the gross dividend income. After taking account of any available tax credit, a basic rate taxpayer's UK income tax liability on the dividend will be eliminated (since the 10 per cent. tax credit is deemed to cover all that is due for a basic rate taxpayer), a higher rate taxpayer will pay income tax at an effective rate of 25 per cent. and an additional rate taxpayer will pay income tax at an effective rate of 30.56 per cent.

UK resident Ordinary Shareholders who do not pay income tax or whose liability to income tax on the dividend and related tax credit is less than the tax credit (including pension funds, charities and certain individuals) are not entitled to claim repayment of any part of the above tax credit associated with the dividend from HMRC.

The UK Government has recently announced that it will abolish with effect from April 2016 the dividend tax credit for individuals and replace it with a new tax-free £5,000 dividend allowance. It has also announced that any dividend income in excess of the tax-free allowance will be taxed at 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers and 38.1 per cent. for additional rate taxpayers.

Ordinary Shareholders who are bodies corporate resident in the United Kingdom for tax purposes should be able to rely on provisions set out in Part 9A of the Corporation Tax Act 2009, which exempt certain classes of dividend from corporation tax (in particular, distributions in respect of non-redeemable ordinary shares). If an Ordinary Shareholder is a body corporate resident in the United Kingdom and is a small company as defined in section 931S of the Corporation Tax Act 2009, the dividends will not be exempt from corporation tax.

A UK resident individual Ordinary Shareholder who is non-UK domiciled can elect to be taxed on the dividend only when it is remitted to the UK. This is a complex area of UK taxation and specific detailed advice should be obtained before taking any action in this regard. For example, if you are regarded as a "long-term" resident (i.e. resident in the UK for seven of the last nine tax years) you will be required to pay an annual charge of £30,000 to enable the remittance basis of taxation to be used (this increases to £60,000 for those who have been UK resident for at least 12 of the previous 14 years). There is currently a £90,000 charge for individuals who have been UK resident in 17 or more of the 20 tax years before the year of claim. Any dividends taxable on the remittance basis would not qualify for dividend income tax rates, but would be taxed at 20 per cent., 40 per cent. or 45 per cent. respectively. This would be reduced by the effect of the tax credit to effective tax rates of 11.11 per cent., 33.33 per cent. or 38.89 per cent. respectively.

The UK Government has recently announced that it will introduce a "deemed-domicile" rule for long-term residents who remain foreign domiciled under general law. Remittance basis taxpayers will from April 2017 be deemed UK domiciled for all tax purposes if they have been UK resident for 15 or more of the previous 20 tax years. Such taxpayers will no longer be able to access the remittance basis and will be subject to tax on an arising basis on their worldwide personal income and gains. As a result, the £90,000 remittance basis charge for individuals who have been resident in the UK in 17 out of the last 20 tax years will become redundant from 6 April 2017.

### 2.3 *Taxation of Chargeable Gains*

On a strict application of the law, the acquisition of Open Offer Shares by Ordinary Shareholders pursuant to the Open Offer may not be regarded as a reorganisation of the share capital of the Company for the purposes of UK taxation of chargeable gains. Although HMRC's published practice to date has been to treat an acquisition of shares by an existing shareholder up to his *pro rata*

entitlement pursuant to the terms of an open offer as a reorganisation, it is understood that HMRC may not apply this practice in circumstances where an open offer is not made to all Ordinary Shareholders.

If the issue of New Ordinary Shares by the Company pursuant to the Open Offer is regarded as a reorganisation of the Company's share capital for the purposes of UK taxation on chargeable gains, to the extent that an Ordinary Shareholder takes up all or part of their Open Offer Entitlement it should not be treated as acquiring a new asset nor will it be treated as making a disposal of any part of their corresponding holding of Existing Ordinary Shares. No liability to UK taxation on chargeable gains should arise on the issue of New Ordinary Shares to the extent that an Ordinary Shareholder takes up their Open Offer Entitlement. The New Ordinary Shares issued will be treated as acquired at the same time as the Existing Ordinary Shares in respect of which they are acquired and the cost of acquisition of the New Ordinary Shares will be pooled with the expenditure allowable on the Existing Ordinary Shares in respect of which they are acquired for the purposes of determining the amount of any chargeable gain arising on a subsequent disposal.

If, or to the extent that, the issue of Open Offer Shares under the Open Offer is not regarded by HMRC as a reorganisation, the Open Offer Shares acquired by each Qualifying Ordinary Shareholder under the Open Offer will, for the purposes of UK taxation of chargeable gains, be treated as acquired as part of a separate acquisition of shares when computing any gain and loss on any subsequent disposal. The issue of New Ordinary Shares under the Placing which are not subject to the Open Offer will not constitute a reorganisation of share capital for the purposes of the UK taxation of chargeable gains and, accordingly, any New Ordinary Shares acquired pursuant to the Placing will be treated as acquired as part of a separate acquisition of shares. The amount of subscription monies paid for these New Ordinary Shares will form the capital gains base cost of the new shareholding. A disposal of Ordinary Shares by an individual Ordinary Shareholder who is resident in the UK may, subject to their specific circumstances and any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax.

The annual exemption available to UK tax resident and domiciled individuals is £11,100 for the tax year 2015-2016 ending on 5 April 2016. Capital gains tax chargeable on gains after the annual exemption will be at the current rate of 18 per cent. (for basic rate taxpayers) and 28 per cent. (for higher and additional rate taxpayers) during the tax year 2015-2016 ending on 5 April 2016.

An Ordinary Shareholder who is not UK resident will not be subject to UK tax on a gain arising on a disposal of Ordinary Shares unless: (a) the Ordinary Shareholder carries on a trade, profession or vocation in the UK through a branch, agency or (in the case of an Ordinary Shareholder which is a body corporate) permanent establishment and, broadly, holds the Ordinary Shares for the purposes of the trade, profession, vocation, branch, agency or permanent establishment; or (b) the Ordinary Shareholder falls within the anti-avoidance rules applying to individuals who are temporarily not resident in the UK.

Similar to the position with UK dividends, a UK resident individual Ordinary Shareholder who is UK resident but non-UK domiciled may elect to be taxed on the capital gain only when it is remitted to the UK. As mentioned above this is a complex area of UK tax law and detailed UK tax advice should be obtained before considering whether to adopt the remittance basis of UK taxation.

A disposal of Ordinary Shares by a UK resident corporate Ordinary Shareholder will be subject to corporation tax on chargeable gains, currently 20 per cent. for companies paying the main rate, but indexation allowance should be available to reduce the amount of chargeable gain realised on a disposal of Ordinary Shares (but not to create or increase any loss).

#### 2.4 ***UK Stamp Duty and Stamp Duty Reserve Tax ("SDRT")***

No UK stamp duty or SDRT will be payable by an Ordinary Shareholder on the allotment, issue or registration of Ordinary Shares.

Legal instruments transferring Ordinary Shares should not be within the scope of UK stamp duty provided that such instruments are executed outside of the UK and do not relate to any matter or thing done or to be done in the UK. Ordinary Shares should not be chargeable securities for the purposes of SDRT and accordingly the agreement to transfer Ordinary Shares should not be subject to SDRT.

The above comments are intended as a guide to the general UK stamp duty and SDRT position. Special rules apply to persons such as market intermediaries, charities, persons connected with depositary arrangements or clearance services and to certain sale and repurchase and stock borrowing arrangements.

## 2.5 *Other Considerations*

### *Offshore Funds Rules*

As set out above, on the basis of advice received, the Company considers that it should not be categorised as an “offshore fund” under the provisions of Part 8 of the TIOPA although the Company does not make any commitment to investors that it will not be treated as an offshore fund. This is on the basis that Ordinary Shareholders should not expect to be able to realise, at any particular time or within any particular time frame, all or part of an investment in the Ordinary Shares on a basis calculated entirely or almost entirely by reference to the NAV per Ordinary Share. Accordingly, gains realised by Ordinary Shareholders on disposal of their Ordinary Shares should not be subject to UK taxation as income. For Ordinary Shareholders who are tax resident in the UK, such gains may, depending on the Ordinary Shareholder’s circumstances and subject to any available exemptions or reliefs, be liable to UK capital gains tax or UK corporation tax on chargeable gains, and relief may be available for any losses.

However, it is possible that, as a result of certain actions taken by the Company (including certain steps implemented with a view to managing discount or providing liquidity), or of changes in UK tax law or in HMRC practice, the Company could be regarded as an “offshore fund” in the future (with the result that Ordinary Shareholders would then be treated as if their Ordinary Shares had always fallen within the offshore fund regime).

If the Company is treated as an offshore fund, then investors in it will be taxed on amounts distributed to them by the offshore fund as income and any capital gains realised on disposal of their interests in the offshore fund will be taxed as if those gains were income.

Furthermore if the Company is treated as an offshore fund and more than 60 per cent. of the Company’s total investments comprise debt investments (or interests in funds which themselves exceed the 60 per cent. debt invested threshold), then, it is likely that:

- (a) individual Ordinary Shareholders would be subject to income tax on any dividends or other income distributions from the Company as if they were interest. The applicable rate of income tax would be 20 per cent. for basic rate taxpayers, 40 per cent. for higher rate taxpayers and 45 per cent. for additional rate taxpayers, in each case with no notional tax credit. Such Ordinary Shareholders would also be subject to income tax on any gains realised in respect of the disposal of their shares; and
- (b) corporate Ordinary Shareholders would be subject to UK corporation tax in respect of their shareholding in the Company as if it were a loan relationship.

### *Controlled Foreign Companies Regime*

A United Kingdom resident corporate Ordinary Shareholder who, together with connected or associated persons, has an interest in the Company such that at least 25 per cent. of the Company’s total chargeable profits for an accounting period could be apportioned to them, may be liable to tax in respect of their share of the Company’s “chargeable profits” in accordance with the provisions of the controlled foreign companies legislation contained in Part 9A of the Taxation (International and Other Provisions) Act 2010.

### *Transfer of Assets Abroad*

Individual Ordinary Shareholders resident in the United Kingdom should note the provisions contained in Chapter 2 of Part 13 of the Income Tax Act 2007 which may render them liable to UK income tax on the income payable to a non-resident person in respect of the individual's Ordinary Shares. These provisions seek to prevent avoidance of income tax by the transfer of assets to a non-resident where the transferor (a UK resident individual) has power to enjoy the income of the non-resident transferee and consequently the income of the transferred asset after the transfer.

However, the provisions do not apply if such an Ordinary Shareholder can satisfy HMRC that, either: (a) it would not be reasonable to conclude from all the circumstances of the case that avoiding liability to tax was the purpose or one of the purposes of effecting the transaction; or (b) the transaction was a genuine commercial transaction and it would not be reasonable to conclude from all the circumstances of the case that one or more of the transactions was more than incidentally designed for the purpose of avoiding liability to taxation.

### *Close Company Provisions*

The attention of Ordinary Shareholders resident in the United Kingdom is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992. Under the provisions of that section if, at any time when a gain accrues to the Company which constitutes a chargeable gain for the purposes of section 13, the Company is itself controlled by a sufficiently small number of persons so as to render the Company a body corporate that would, were it to have been resident in the United Kingdom for taxation purposes, be a "close" company, in certain circumstances a proportion of that capital gain can be attributed to an Ordinary Shareholder and treated for United Kingdom tax purposes as though it had accrued directly to that Ordinary Shareholder. No liability under section 13 could be incurred by such an Ordinary Shareholder however, where the amount apportioned to such person and to persons connected with him does not exceed 25 per cent., of the gain.

## **3. United States Federal Income Taxation**

The following is a summary of certain of the US federal income tax consequences of the acquisition, ownership and disposition of New Ordinary Shares by a US Ordinary Shareholder (as defined below). This summary is based upon the US Code, US Treasury Regulations promulgated (and in certain cases, proposed) thereunder, judicial decisions, and the current administrative rules, practices and interpretations or law of the US Internal Revenue Service ("**IRS**"), all as in effect on the date of this Prospectus, and all of which are subject to change and differing interpretations, possibly with retroactive effect. No rulings have been or will be sought from the IRS with respect to the matters discussed below, and there can be no assurance that the IRS will not take a different position concerning the tax consequences of the acquisition, ownership and disposition of New Ordinary Shares or that any such position would not be sustained by a court. As used herein, the term "**US Ordinary Shareholder**" means a beneficial owner of any Ordinary Shares that is for US federal income tax purposes: (a) a citizen or individual resident of the United States; (b) a corporation, or other entity treated as a corporation for US federal tax purposes that is created or organised in or under the laws of the United States or any State thereof (including the District of Columbia); (c) an estate, the income of which is subject to US federal income tax without regard to its source; or (d) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons (within the meaning of the US Code) have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for US federal income tax purposes. A "**Non-US Ordinary Shareholder**" means a beneficial owner of any Ordinary Shares that is an individual, corporation, estate or trust and is not a US person for US federal income tax purposes.

If an entity treated as a partnership for US federal income tax purposes holds New Ordinary Shares, the US federal income tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. Prospective investors that are treated as partnerships for US federal income tax purposes and their partners should consult their own tax advisers with respect to the US federal income tax consequences applicable to them of the acquisition, ownership and disposition of New Ordinary Shares.

This summary is only a general discussion and is not intended to be, and should not be construed to be, legal or tax advice to any prospective investor. In addition, this summary does not discuss all aspects of US federal income taxation that may be relevant to a US Ordinary Shareholder in light of such person's particular circumstances, including certain holders of New Ordinary Shares that may be subject to special treatment under the US Code (for example, persons that: (a) are tax exempt organisations, qualified retirements plans, individual retirement accounts and other tax-deferred accounts; (b) are financial institutions, insurance companies, grantor trusts, real estate investment trusts, regulated investment companies, or brokers, dealers or traders in securities; (c) are subject to the alternative minimum tax provisions of the US Code; (d) own New Ordinary Shares as part of a straddle, hedging, conversion transaction, constructive sale or other arrangement involving more than one disposition; (e) are expatriates or other former long-term residents of the United States; (f) own (or are deemed to own) 10 per cent. or more (by voting power or value) of the stock of the Company; (g) hold New Ordinary Shares other than as capital assets; or (h) do not use the US Dollar as their functional currency). Moreover, this summary does not address any US estate or gift tax considerations or state, local or foreign income, estate, gift or other tax laws. The actual US federal income tax consequences of the acquisition and ownership of New Ordinary Shares may vary depending on an investor's particular circumstances. This discussion does not constitute tax advice and is not intended to substitute for tax planning. The summary of US federal income tax consequences set out below is for US Ordinary Shareholders for their general information only.

**THE COMPANY WAS A PFIC FOR US FEDERAL INCOME TAX PURPOSES IN CERTAIN PRIOR YEARS. WHILE THE COMPANY BELIEVES THAT IT CURRENTLY IS NOT A PFIC, NO ASSURANCE CAN BE GIVEN THAT IT WILL NOT BE CONSIDERED A PFIC FOR THE CURRENT OR ANY FUTURE TAX YEAR. THE DETERMINATION OF WHETHER THE COMPANY IS A PFIC IS MADE ON AN ANNUAL BASIS AND GENERALLY CANNOT BE DETERMINED UNTIL THE END OF EACH TAXABLE YEAR. US ORDINARY SHAREHOLDERS SHOULD REVIEW THE DISCUSSION UNDER "PFIC CONSIDERATIONS" BELOW. THE COMPANY'S TREATMENT AS A PFIC IS LIKELY TO HAVE ADVERSE TAX CONSEQUENCES FOR US ORDINARY SHAREHOLDERS.**

The US federal income tax consequences relating to the acquisition, ownership and disposition of New Ordinary Shares are complex and potentially unfavourable to US Ordinary Shareholders. Accordingly, each prospective US investor is strongly urged to consult his, her or its own tax adviser with respect to the US federal, state, local and foreign income, estate, gift and other tax consequences of the acquisition, ownership and disposition of New Ordinary Shares, with specific reference to such investor's particular circumstances.

### 3.1 *Taxation of the Company*

The Company will be treated as an association taxable as a corporation for US federal income tax purposes. Income of the Company generally will not be subject to net basis US federal income taxation, except to the extent that the Company is engaged, or treated as engaged, in a US trade or business with which such income is effectively connected. Whether business is being conducted in the United States is an inherently factual determination. Because the US Code, US Treasury Regulations and US court decisions do not identify definitively activities that constitute being engaged in a trade or business in the United States, the Company cannot be certain that the IRS will not contend successfully that the Company is engaged in a trade or business in the United States. Pursuant to a "safe harbor" rule in the US Code, the Company generally will not be considered to be engaged in a US trade or business solely by reason of its activities of trading in stocks or securities or any activity closely related to such trading in stocks or securities. To the extent that the activities of the Company are outside the "trading" safe harbor and are considered a US trade or business, the Company's income and gains could be treated as effectively connected with a US trade or business, subject to US federal income tax at the rates applicable to US corporations. In that event, the Company could also be subject to a 30 per cent. branch profits tax discussed below.

The Company intends to use its best efforts to structure its investments and to conduct its operations so as to avoid being engaged in, or deemed to be engaged in, a US trade or business. Notwithstanding this intention, if the Company were engaged in, or deemed to be engaged in, a US trade or business,

the Company would be subject to US federal income tax at the rates applicable to US corporations with respect to any income effectively connected with such US trade or business. Such income tax, if imposed, would be based on effectively connected income (“**ECI**”) computed in a manner generally analogous to that applied to the income of a US corporation, except that a non-US corporation is generally entitled to deductions and credits only if it timely files a US federal income tax return. The highest marginal US federal income tax rate for corporations currently is 35 per cent. The Company would also be subject to a 30 per cent. branch profits tax on its “dividend equivalent amount” as defined for purposes of the branch profits tax, resulting in an effective US federal income tax rate of up to 54.5 per cent.

Even if the Company’s activities do not constitute a US trade or business, any gain realised by the Company or any of its non-US subsidiaries (including JZCP Realty Fund) from the sale or disposition of “United States real property interests” will generally be subject to US federal income tax on a net basis under certain provisions under the US Code known as FIRPTA. The collection of US federal income tax on such sale or disposition is ensured through the imposition of US withholding tax (generally, 10 per cent. of the gross purchase price) on the purchaser of the “United States real property interests”. Unless the “United States real property interest” is an interest in a “United States real property holding corporation” (“**USRPHC**”), any gain realised by the Company or any of its non-US subsidiaries (including JZCP Realty Fund) from the sale or disposition of the “United States real property interests” is generally also subject to a 30 per cent. branch profits tax. “United States real property interests” for this purpose generally include stock or securities (other than debt instruments with no equity component) of certain USRPHCs, including stock or securities of certain non-domestically controlled real estate investment trusts (“**REITs**”). Any distribution by a REIT to a non-US corporation (such as the Company) that is attributable to gain from the REIT’s sale or exchange of “United States real property interests” will generally be subject to US withholding tax (presently, 35 per cent.), subject to certain exceptions. Such distributions by a REIT may also be subject to a 30 per cent. branch profits tax in the hands of the Company.

In general, certain types of US source income of the Company that is not effectively connected with a US trade or business will be subject to a 30 per cent. withholding tax, subject to certain exceptions.

Any US taxes paid or incurred by the Company will reduce the proceeds available from the sale of an investment to make future investments or distributions and/or pay the expenses and other operating costs of the Company.

### 3.2 ***General Taxation on Distributions***

Subject to the discussion below under “**PFIC Considerations**”, a US Ordinary Shareholder that receives a distribution, including a constructive distribution, of cash or property with respect to New Ordinary Shares generally will be required to include the amount of such distribution in gross income as dividend income (without reduction for any foreign income tax withheld from such distribution) to the extent of the current or accumulated “earnings and profits” of the Company, as determined under US federal income tax principles. Such dividends will not be eligible for the dividends received deduction generally allowed to corporate US Ordinary Shareholders in respect of dividends received from US corporations. Subject to the discussion below under “**PFIC Considerations**”, to the extent that a distribution received by a US Ordinary Shareholder with respect to its New Ordinary Shares exceeds the current and accumulated “earnings and profits” of the Company, such distribution will be treated: (a) first, as a tax-free return of capital to the extent of such Shareholder’s tax basis in the New Ordinary Shares, causing a reduction in the adjusted basis of the New Ordinary Shares, and (b) thereafter, as capital gain from the sale or exchange of the New Ordinary Shares (as discussed below). Although the Company intends to maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles, there can be no guarantee that it will be able to provide this information with respect to each distribution. To the extent such earnings and profits information is not available or not provided, US Ordinary Shareholders may be required to assume that any distribution by the Company with respect to New Ordinary Shares may constitute ordinary dividend income. No portion of this ordinary dividend income will be eligible for the reduced



tax rate applicable to “qualified dividend income.” An additional 3.8 per cent. tax on net investment income (“**net investment income tax**”) will apply to dividends received by certain non-corporate US Ordinary Shareholders.

Any dividend paid in a currency other than the US Dollar will be included in the gross income of a US Ordinary Shareholder in an amount equal to the US Dollar value of such currency on the date the dividend is actually or constructively received. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution. If a distribution that is made in a currency other than the US Dollar is converted into US Dollars on the date of receipt, a US Ordinary Shareholder receiving such distribution generally should not be required to recognise foreign currency gain or loss in respect of such distribution. A US Ordinary Shareholder may have foreign currency gain or loss if the amount of such distribution is converted into US Dollars on a date other than the date of receipt. Any gain or loss realised by a US Ordinary Shareholder on such conversion will be treated as US source ordinary income or loss for US federal income tax purposes (including for foreign tax credit limitation purposes).

Dividends received by a US Ordinary Shareholder with respect to its New Ordinary Shares will be treated as foreign source income, which may be relevant in calculating such US Ordinary Shareholder’s foreign tax credit limitation, if any. A US Ordinary Shareholder who does not elect to claim a foreign tax credit may instead claim a deduction in respect of foreign income taxes paid during the taxable year provided the US Ordinary Shareholder elects to deduct (rather than credit) all foreign income taxes for that year. Dividends paid by the Company generally will constitute “passive income” which is treated separately from other types of income for purposes of computing the foreign tax credits allowable. The rules relating to computing foreign tax credits or deducting foreign taxes are extremely complex and US Ordinary Shareholders are encouraged to consult their own tax advisers regarding the availability of foreign tax credits under their particular circumstances.

Subject to the discussion below under “**FATCA**”, a Non-US Ordinary Shareholder with no connection to the United States other than holding Shares of the Company generally will not be subject to US federal income or withholding tax on dividends received on the New Ordinary Shares.

### 3.3 *Sale or Other Disposition*

Subject to the discussion below under “**PFIC Considerations**”, a US Ordinary Shareholder will generally recognise gain or loss on the sale or other taxable disposition of New Ordinary Shares in an amount equal to the difference, if any, between: (a) the amount of cash plus the fair market value of any property received, determined on: (i) the date of receipt of payment in the case of a cash basis US Ordinary Shareholder; and (ii) the date of such sale or other disposition in the case of an accrual basis US Ordinary Shareholder; and (b) such US Ordinary Shareholder’s adjusted tax basis in the New Ordinary Shares sold or otherwise disposed of. Any such gain or loss generally will be treated as a capital gain or loss, which will be a long-term capital gain or loss if the New Ordinary Shares are held by such US Ordinary Shareholder for more than one year. The deductibility of capital losses is subject to limitations. Gain or loss recognised by a US Ordinary Shareholder on the sale or other taxable disposition of New Ordinary Shares generally will be treated as US source income for purposes of applying the foreign tax credit rules.

A cash basis US Ordinary Shareholder or an electing accrual basis US Ordinary Shareholder that receives payment in a currency other than the US Dollar upon the sale or other disposition of New Ordinary Shares will realise an amount equal to the US Dollar value of such currency on the settlement date if the New Ordinary Shares are treated as traded on an “established securities market”. Any other US Ordinary Shareholder generally will determine the amount realised by reference to the US Dollar value of such currency on the date of sale and will have additional ordinary foreign exchange gain or loss attributable to the movement in exchange rates between the date of sale and the settlement date. Any gain or loss realised by a US Ordinary Shareholder on a subsequent conversion of the currency for a different amount generally will be ordinary foreign currency gain or loss. The initial tax basis of New Ordinary Shares to a US Ordinary Shareholder will be the US Dollar value purchase price determined on the date of purchase. If the New Ordinary Shares are treated as traded

on an “established securities market”, a cash basis US Ordinary Shareholder or an electing accrual basis US Ordinary Shareholder will determine the US Dollar value of the cost of such New Ordinary Shares by translating the amount paid at the spot rate of exchange on the settlement date of purchase. The conversion of US Dollars to a non-US currency and the immediate use of such currency to purchase the New Ordinary Shares generally will not result in taxable gain or loss for a US Ordinary Shareholder.

The maximum US federal income tax rate for long-term capital gains attributable to the sale or disposition of New Ordinary Shares is currently 20 per cent. for a non-corporate US Ordinary Shareholder. An additional 3.8 per cent. net investment income tax will apply to any gains on the sale or disposition of New Ordinary Shares by certain non-corporate US Ordinary Shareholders.

Subject to the discussion below under “FATCA”, a Non-US Ordinary Shareholder with no connection to the United States other than holding Shares of the Company generally will not be subject to US income or withholding tax on any gain realised on the sale or other disposition of New Ordinary Shares.

### 3.4 *PFIC Considerations*

**While the Company believes that it currently is not a PFIC, no assurance can be given that it will not be considered a PFIC for the current or any future tax year. If the Company were or were to become a PFIC, such characterisation could result in adverse US tax consequences to US Ordinary Shareholders.**

A non-US corporation will be a PFIC for US federal income tax purposes for any taxable year if either:

- (a) 75 per cent. or more of its gross income for such year is “passive income” which for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions and gains from assets that produce passive income (the “**Income Test**”); or
- (b) 50 per cent. or more of the gross value of its assets (based on an average of the quarterly gross values of the assets) during such year is attributable to assets that produce passive income or are held for the production of passive income (the “**Asset Test**”).

If the PFIC is also a “Controlled Foreign Corporation” (a “CFC”) and a US person (within the meaning of the US Code) owns, directly or indirectly, after applying certain attribution rules, 10 per cent. or more of the total combined voting power of all classes of stock of the non-US corporation, the PFIC rules generally will be superseded, with respect to that US person, by CFC rules discussed below.

Under a special “look-through” rule, for purposes of determining the status of a non-US corporation as a PFIC, the non-US corporation will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which the corporation owns, directly or indirectly, at least 25 per cent. (by value) of the stock. The application of this “look-through” rule is complex and is subject to differing interpretations.

The Company was a PFIC for US federal income tax purposes in certain prior years and is unsure of whether it is currently a PFIC. Accordingly, no assurance can be given that it will not be considered a PFIC for the current or any future tax year. Adding the Net Proceeds of this Placing and Open Offer to the Company’s assets will increase the likelihood, at least temporarily, that the Company will be treated as a PFIC. The determination of whether the Company is a PFIC is made on an annual basis and generally cannot be determined until the end of each taxable year. Also, the PFIC determination will depend upon the application of complex US federal income tax rules (which are subject to differing interpretations) concerning the classification of the income and assets of the Company for this purpose, and the application of these rules to the Company is uncertain in some respects. There can be no assurance that the IRS will not take a different position than the Company concerning

application of the PFIC rules to the Company or that any such position would not be sustained by a court.

If the Company is a PFIC for any taxable year during which a US Ordinary Shareholder owns Ordinary Shares, the Company generally would continue to be treated as a PFIC for that US Ordinary Shareholder in all succeeding years, regardless of whether the Company continues to meet the Asset Test and Income Test described above. Such US Ordinary Shareholder would be subject to adverse tax consequences (regardless of whether the Company continued to be a PFIC) with respect to: (a) any “**excess distribution**” that it receives; and (b) any gain realised from a sale or other disposition (including a pledge) of its equity interests in the Company, unless such US Ordinary Shareholder makes a “qualified electing fund” (“**QEF**”) election or a “mark-to-market” election as discussed below. Distributions received by such non-electing US Ordinary Shareholder with respect to New Ordinary Shares in a taxable year that are greater than 125 per cent. of the average annual distributions received during the shorter of the three preceding taxable years or a US Ordinary Shareholder’s holding period for the New Ordinary Shares will be treated as an excess distribution. Under these special tax rules: (a) the excess distribution or gain will be allocated ratably over such US Ordinary Shareholder’s holding period for the New Ordinary Shares; (b) the amount allocated to the current taxable year, and any taxable years in the US Ordinary Shareholder’s holding period prior to the first taxable year in which the Company was a PFIC, will be treated as ordinary income; and (c) the amount allocated to each other taxable year will be subject to the highest ordinary income tax rate in effect for individuals or corporations, as applicable, for each such year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year. The tax liability for amounts allocated to taxable years prior to the year of disposition or excess distribution cannot be offset by any net operating losses for such years, and gains (but not losses) realised on the sale of the New Ordinary Shares cannot be treated as capital gains, even if the New Ordinary Shares are held as capital assets. Any other distributions on the New Ordinary Shares generally would be treated as dividends to the extent paid out of the Company’s current or accumulated earnings and profits not allocated to any excess distributions, then as a non-taxable reduction of the US Ordinary Shareholder’s tax basis in the New Ordinary Shares to the extent thereof, and then as capital gain. Such dividend distributions will not qualify for any dividends received deduction otherwise allowable to corporate US Ordinary Shareholders in respect of dividends received from US corporations or for the reduced income tax rate applicable to “qualified dividend income”. Such dividend distributions generally will be treated as income from sources outside the United States for foreign tax credit limitation purposes.

If the Company is a PFIC in a taxable year during which a US Ordinary Shareholder owns Ordinary Shares and later ceases to be a PFIC, the US Ordinary Shareholder may make an election (a “**Deemed Sale Election**”) to be treated for US federal income tax purposes as having sold its Ordinary Shares on the last day of the last taxable year during which the Company is a PFIC. A US Ordinary Shareholder that makes a Deemed Sale Election will cease to be treated as owning shares of a PFIC. However, gain recognised as a result of making the Deemed Sale Election will be subject to the interest charge regime described above.

#### *QEF Election*

If the Company is a PFIC for any taxable year during which a US Ordinary Shareholder owns Ordinary Shares, such US Ordinary Shareholder generally will not be subject to the tax regime described above if the US Ordinary Shareholder makes a timely election to treat the Company as a QEF with respect to such US Ordinary Shareholder and includes in its gross income its proportionate share of the net capital gain and net ordinary income earned by the Company (such inclusion, the “**QEF Inclusion**”) for each taxable year of the Company, regardless of whether the Company actually distributes cash or other property to the US Ordinary Shareholder. The electing US Ordinary Shareholder’s basis in its Ordinary Shares will be increased to reflect taxed but undistributed income. No portion of the QEF Inclusion attributable to the ordinary earnings inclusions will be eligible for the dividends received deduction or the reduced tax rate applicable to “qualified dividend income”. Any losses of the Company in a taxable year will not be available to such US Ordinary Shareholder

and may not be carried back or forward in computing the Company's ordinary earnings and net capital gain in other taxable years. Therefore, a US Ordinary Shareholder that makes a QEF election may over time be taxed on amounts in excess of such US Ordinary Shareholder's allocable share of the cumulative net profits of the Company. The QEF Inclusion should be treated as income from sources outside the United States for foreign tax credit limitation purposes.

Distributions of income that had previously been taxed pursuant to a QEF election will result in a corresponding reduction of basis in the Ordinary Shares and will not be taxed again as a distribution to an electing US Ordinary Shareholder. Distributions in excess of amounts previously taxed pursuant to the QEF election will be taxable to the electing US Ordinary Shareholders as dividend income upon receipt to the extent of the Company's current and accumulated earnings and profits (after reduction by any amount attributable to distributions of previously taxed amounts). Such distributions will not qualify for any dividends received deduction or for the reduced income tax rate applicable to "qualified dividend income". Distributions in excess of any current and accumulated earnings and profits generally will be treated first as a non-taxable reduction of the US Ordinary Shareholder's tax basis in the Ordinary Shares to the extent thereof, and then as capital gain.

A QEF election is effective for an electing US Ordinary Shareholder's taxable year for which it is made and all subsequent taxable years and may not be revoked without the consent of the IRS. The procedure a US Ordinary Shareholder must comply with in making a timely QEF election will depend on whether the year of the election is the first year in the US Ordinary Shareholder's holding period in which the Company is a PFIC. If a US Ordinary Shareholder makes a QEF election in such first year (sometimes referred to as a "**Pedigreed QEF Election**"), then the Company qualifies as a pedigreed QEF with respect to that Shareholder. If the Company is a PFIC in a taxable year and later cease to be a PFIC, then normal US Code rules and not the PFIC rules will apply with respect to a US Ordinary Shareholder who has made a Pedigreed QEF election. On the other hand, if a US Ordinary Shareholder makes a QEF election that is not a Pedigreed QEF Election (i.e. it is made after the first year in the US Ordinary Shareholder's holding period in which the Company is a PFIC) (a "**Non-Pedigreed QEF election**"), the QEF rules apply prospectively but do not apply to years prior to the year in which the QEF election first becomes effective. As a result, in such case, a US Ordinary Shareholder would be subject to both the non-QEF and QEF regimes. Certain elections are available which may enable US Ordinary Shareholders to convert an unpedigreed QEF into a pedigreed QEF, thereby avoiding such dual application.

If the Company were or were to become a PFIC, it intends to provide, upon written request from a US Ordinary Shareholder, the information necessary for such Shareholder to make a QEF election with respect to such Shareholder's equity interests in the Company.

In addition, certain of the Company's subsidiaries and portfolio investments may also be treated as PFICs (such subsidiaries and portfolio investments, "**lower-tier PFICs**"). In that case, a US Ordinary Shareholder may be deemed to own shares in such lower-tier PFIC that are directly or indirectly owned by the Company in that proportion which the value of the Ordinary Shares such US Ordinary Shareholder owns bears to the value of all of the Company's stock, and such US Ordinary Shareholder may be subject to the adverse tax consequences described above with respect to the shares of any such lower-tier PFIC that it would be deemed to own. A US Ordinary Shareholder's QEF election with respect to the Company would not be effective with respect to a lower-tier PFIC; however, a US Ordinary Shareholder would be able to make a QEF election with respect to a lower-tier PFIC if the lower-tier PFIC provides all necessary information in order for the US Ordinary Shareholder to make a QEF election with respect to the lower-tier PFIC. If a US Ordinary Shareholder does not have a QEF election in effect with respect to a lower-tier PFIC, as a general matter, the US Ordinary Shareholder would incur liability for the deferred tax and interest charge described above with respect to: (a) a deemed disposition of shares of such lower-tier PFIC (which could occur, for example, by reason of a disposition by the US Ordinary Shareholder of its Ordinary Shares); and (b) certain distributions by such lower-tier PFIC, in each case as if the US Ordinary Shareholder held shares in such lower-tier PFIC directly, even though the US Ordinary Shareholder has not received the proceeds of such distributions or dispositions. If the US Ordinary Shareholder has a QEF election in effect with respect

to a lower-tier PFIC, the US Ordinary Shareholder will be required to include in income the US Ordinary Shareholder's *pro rata* share of the lower-tier PFIC's ordinary earnings and net capital gain as if the US Ordinary Shareholder's indirect equity interest in the lower-tier PFIC were directly owned (although recognition of such income may increase a US Ordinary Shareholder's tax basis in its Ordinary Shares). The Company cannot provide any assurance that an investment by the Company (either directly or through its subsidiaries) will avoid classification as a PFIC. The Company will endeavour to obtain from any lower-tier PFIC in which it directly or indirectly invests information necessary for US Ordinary Shareholders to make a QEF election with respect to the lower-tier PFIC. However, there can be no assurance that the Company would be able to obtain such information and documentation from any one or more lower-tier PFICs. Thus, there can be no assurance that US Ordinary Shareholders will be able to make or maintain a QEF election with respect to lower-tier PFICs if any.

*“Mark-to-Market” election*

A US Ordinary Shareholder of “marketable stock” (as defined below) in a PFIC may make a “mark-to-market” election for such stock to elect out of the tax treatment discussed above. If the Company is a PFIC for any taxable year during which a US Ordinary Shareholder owns Ordinary Shares and the US Ordinary Shareholder makes a mark to-market election for the Ordinary Shares, such US Ordinary Shareholder will include in income for each year that the Company is treated as a PFIC an amount equal to the excess, if any, of the fair market value of its Ordinary Shares as of the close of such US Ordinary Shareholder's taxable year over its adjusted basis in such Ordinary Shares. A US Ordinary Shareholder will be allowed a deduction for the excess, if any, of the adjusted basis of the Ordinary Shares over their fair market value as of the close of the taxable year. However, deductions will be allowable only to the extent of any net “mark-to-market” gains on the Ordinary Shares included in their income for prior taxable years. Amounts included in income under a “mark-to-market” election, as well as gain on the actual sale or other disposition of the Ordinary Shares, will be treated as ordinary income. Ordinary loss treatment will also apply to the deductible portion of any mark-to market loss on the Ordinary Shares, as well as to any loss realised on the actual sale or disposition of the Ordinary Shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such Ordinary Shares. A US Ordinary Shareholder's basis in the Ordinary Shares will be adjusted to reflect any such income or loss amounts. The tax rules that apply to distributions by corporations which are not PFICs would apply to distributions by the Company.

The “mark-to-market” election is available only for “marketable stock”, which is stock that is “regularly traded” on a qualified exchange or other market (“**Qualified Exchange**”) within the meaning of the applicable Treasury regulations. “Regularly traded”, in general, means that the New Ordinary Shares are: (a) traded on a Qualified Exchange; and (b) traded in more than de minimis amounts for 15 or more days during each calendar quarter. A Qualified Exchange includes any foreign exchange that is regulated by a government authority in the jurisdiction in which the exchange is located and in respect of which certain other requirements are met. The New Ordinary Shares will be traded on the Specialist Fund Market of the London Stock Exchange, which imposes requirements that differ in some respects from those of the London Stock Exchange's Main Market. Accordingly, even though the London Stock Exchange's Main Market is likely to constitute a Qualified Exchange based on these Regulations, the Specialist Fund Market may not so qualify. Regardless of whether the Specialist Fund Market is a Qualified Exchange for this purpose, there can be no assurance that Ordinary Shares will be regularly traded for this purpose. Thus, there can be no assurance a mark-to-market election will be available in respect of the Ordinary Shares if the Company were or were to become a PFIC.

Because a “mark-to-market” election cannot be made for equity interests in any lower-tier PFICs that the Company owns (which may include an entity or pool of real estate debt assets or loans that are treated as separate PFICs under certain US tax rules even though not separate corporations in form), a US Ordinary Shareholder may continue to be subject to the PFIC rules with respect to its indirect interest in any investments held by the Company that are treated as an equity interest in a PFIC for US federal income tax purposes.

### *PFIC Information Reporting*

Holders of PFIC stock are also subject to additional information reporting rules. Very generally, a US person (as defined in the US Code) is required to file IRS Form 8621 (Return by a Shareholder of a Passive Foreign Investment Company) reporting its direct or indirect investment in a PFIC if the US person: (a) is subject to the excess distribution rules, or is required to include income of the PFIC under the QEF rules; (b) makes an actual or deemed disposition of PFIC shares; or (c) is subject to an election to defer tax with respect to current or prior QEF inclusions. Each US Ordinary Shareholder may be required to file Form 8621 annually with respect to its investments in the Company or lower-tier PFICs.

The rules applicable to PFICs are complex and subject to differing interpretations, and the foregoing summary of the US federal income taxation of US Ordinary Shareholders directly or indirectly owning an interest in the Company if the Company were or were to become a PFIC is general in nature. Although, as stated above, the Company believes that it currently is not a PFIC, no assurance can be given that the Company is not, or will not become, a PFIC. Also, there can be no assurance that the IRS will not take a different position concerning application of the PFIC rules to the Company or that any such position would not be sustained by a court. All existing and potential US Ordinary Shareholders should consult their own tax advisers regarding the potential tax impact if the Company were determined to be a PFIC.

### 3.5 ***Controlled Foreign Corporation Rules.***

The Company will be classified as a controlled foreign corporation (“CFC”) under the Code if US persons that own (directly, indirectly or by application of prescribed attribution rules) 10 per cent. or more of the total combined voting power of the Company (“**10% United States Shareholders**”) collectively own during specified periods more than 50 per cent. of: (a) the total combined voting power; or (b) the total value of the Shares of the Company. If the Company were to be classified as a CFC, a 10% United States Shareholder of the Company will be required, subject to certain exceptions, to include in gross income its *pro rata* share of the “**subpart F income**” (as defined in the US Code) of the Company. Among other items, and subject to certain exceptions, “subpart F income” generally includes interest, dividends, gains from the sale of securities, other types of passive investment income, and income from certain transactions with related parties. A 10% United States Shareholder may also be deemed to receive taxable distributions to the extent that the Company increases the amount of its earnings that are invested in certain types of US property. In addition, if the Company were to be treated as a CFC, a portion of any gain recognised by certain 10% United States Shareholders on the sale or exchange of Ordinary Shares and or the New ZDP Shares would generally be taxed as ordinary dividend income, rather than as capital gain income.

The Ordinary Shares are and the New ZDP Shares will be subject to certain United States ownership and transfer restrictions in order to reduce the risk that the Company could be or become a CFC. However, the Company cannot provide any assurance that the Company will not be CFCs. US Ordinary Shareholders are urged to consult their own tax advisers about the application of the CFC rules to their particular situation.

### 3.6 ***Backup Withholding and Information Reporting***

Dividend payments or other taxable distributions made by a US paying agent or other US intermediary, or made within the United States, to a US Ordinary Shareholder generally are subject to US information reporting requirements and backup withholding tax at the rate of 28% if such US Ordinary Shareholder is a non-corporate US person and such US Ordinary Shareholder: (a) fails to provide an accurate taxpayer identification number; (b) is notified by the IRS that it has failed to report all interest or dividends required to be showed on its federal income tax returns and the payor of the interest or dividends is notified by the IRS of the underreporting; or (c) in certain circumstances, fails to comply with applicable certification requirements. The payment of proceeds from the sale of Ordinary Shares to or through a US office of a broker generally is also subject to these US backup withholding and information reporting unless the seller certifies, under penalties of perjury that such seller is a non-US person (or otherwise establishes an exemption).

Backup withholding is not an additional tax, and any amounts withheld under the backup withholding rules would be allowed as a refund or a credit against a US Ordinary Shareholder's US federal income tax provided the required information is furnished to the IRS in a timely manner.

A Non-US Ordinary Shareholder with no connection to the United States other than holding Ordinary Shares generally will not be subject to US backup withholding tax on dividends received on, or the proceeds of disposition of, Ordinary Shares, provided the Non-US Ordinary Shareholder properly certifies as to its non-US status or otherwise establishes an exemption from back-up withholding.

Certain US Ordinary Shareholders that are individuals (and certain entities formed by or for US Ordinary Shareholders) are required to report information with respect to their investment in Ordinary Shares to the IRS unless the Ordinary Shares are held in an account at a domestic US financial institution. US Ordinary Shareholders who fail to report required information could become subject to substantial penalties. Prospective US investors are encouraged to consult with their own tax advisers regarding the potential information reporting obligations in respect of their investment in Ordinary Shares.

US Ordinary Shareholders who acquire Ordinary Shares for cash may be required to file IRS Form 926 (return by a US Transferor of Property to a Foreign Corporation) with the IRS and to supply certain additional information to the IRS if: (a) immediately after the transfer, the US Ordinary Shareholder owns directly or indirectly at least 10 per cent. of the Company's total voting power or value, or (b) the amount of cash transferred to the Company in exchange for the Ordinary Shares, when aggregated with all related transfers under applicable regulations, exceeds US\$100,000. Substantial penalties may be imposed on a US Ordinary Shareholder that fails to comply with this reporting requirement. Each US Ordinary Shareholder is urged to consult with its own tax adviser regarding this reporting obligation.

### 3.7 **FATCA**

Under US legislation commonly referred to as the Foreign Account Taxpayer Compliance Act (FATCA) and Treasury Department guidance implementing this legislation, a 30 per cent. withholding tax will apply to: (a) certain US source payments, such as payments of US source interest, dividends, and other fixed or determinable annual or periodic income made after 30 June 2014, and (b) payments of gross proceeds from a disposition of property of a type which can produce US source interest or dividends made after 31 December 2016, made to a non-US financial institution (an "FFI") that fails to comply with certain information reporting requirements with respect to its "United States accounts," unless an exception applies. The Company is treated as an FFI subject to the information reporting requirements of FATCA.

Guernsey and the United States entered into a Model 1 intergovernmental agreement (the "IGA") on 13 December 2013 which modifies the FATCA withholding and information reporting requirements applicable to an FFI resident in Guernsey (such as the Company). A Guernsey FFI that complies with the terms of the IGA, as well as applicable local law requirements, will not be subject to withholding under FATCA. Under the terms of the IGA, the Company will be required to: (a) obtain information regarding each investor as is necessary to determine which investors, if any, are specified US persons or foreign entities that are controlled by specified US persons; (b) provide annually to the States of Guernsey the name, address, taxpayer identification number and certain other information with respect to certain investors that are specified US persons or foreign entities that are controlled by specified US persons; and (c) comply with certain other due diligence procedures, withholding and other requirements. To comply with these requirements, the Company may require that investors provide additional certifications or other information. The IGA currently does not require a Guernsey FFI to withhold tax on payments that it makes to its accountholders or investors. However, the IGA could be amended in the future (but not before 1 January 2017) to require a Guernsey FFI (such as the Company) to withhold on certain payments to accountholders or investors that fail to provide the required certifications or other information or that otherwise fail to comply with the IGA.

The Company has undertaken to comply with the IGA and applicable local legislation in order not to be subject to the 30 per cent. withholding tax under FATCA. However, no assurance can be given that the Company or any intermediary will be able to take all necessary actions to comply with the terms of the IGA and applicable local legislation.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance, and the IGA and applicable local law, all of which are subject to change or may be implemented in a materially different form. Potential investors should consult their own tax advisers to determine how FATCA may apply to them in their particular circumstances.

## **PART B: 2022 ZDP SHARES**

The statements on taxation below are intended to be a general summary of certain tax consequences that may arise for ZDP Shareholders who as part of the ZDP Rollover Offer receive 2022 ZDP Shares (which may vary depending upon the particular individual circumstances and status of prospective investors), and a general guide to the tax treatment of the Company. These comments are based on the laws and published practices as at the time of writing and may be subject to future revision (possibly with retrospective effect). This discussion is not intended to constitute advice to any person and should not be so construed.

**Each ZDP Shareholder should consult their own tax advisers as to the possible tax consequences of buying, holding or selling 2022 ZDP Shares under the laws of their country of citizenship, residence or domicile or other jurisdictions in which they are subject to tax.**

### **1. Guernsey**

#### **1.1 Introduction**

The following information is general in nature and relates only to Guernsey taxation applicable to the Company and the anticipated tax treatment in Guernsey that applies to persons holding 2022 ZDP Shares in the Company as an investment. The summary does not constitute legal or tax advice and is based on taxation law and practice at the date of this Prospectus. Investors and prospective investors should be aware that the level and bases of taxation may change from those described and should consult their own professional advisers on the implications of acquiring, holding, disposing of, transferring or redeeming 2022 ZDP Shares in the Company under the laws of the countries in which they are liable to taxation.

#### **1.2 The Company**

The Company has been granted tax exempt status by the Director of Income Tax in Guernsey pursuant to the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. The Company will need to reapply annually for exempt status, an application that currently incurs a fee of £1,200 per annum. It is expected that the Company will continue to apply for exempt status.

Once exempt status has been granted, the Company will not be considered resident in Guernsey for Guernsey income tax purposes and will be exempt from tax in Guernsey on both bank deposit interest and any income that does not have its source in Guernsey. It is not anticipated that any income other than bank deposit interest will arise in Guernsey and therefore the Company is not expected to incur any additional liability to Guernsey tax. In the absence of exemption, the Company would be treated as resident in Guernsey and subject to a zero rate of income tax.

In response to the review carried out by the EUCCG, the States of Guernsey has abolished exempt status for the majority of companies and introduced a zero rate of tax for companies carrying on all but a few specified types of regulated business. The States of Guernsey has also agreed that, as collective investment schemes were not one of the regimes in Guernsey that were classified by the EUCCG as being harmful, such schemes such as the Company would continue to be able to apply for exempt status for Guernsey tax purposes.



A review of Guernsey's corporate regime was announced by the States of Guernsey in October 2009, again in response to further comments from the EUCCG. A consultation document was issued on 21 June 2010. The EUCCG reviewed Guernsey following similar reviews of other Crown Dependencies in 2011, and then reported that Guernsey's deemed distribution regime was not compliant with the EU Code of Conduct. The States of Guernsey responded by agreeing to abolish deemed distributions to subsequently allow Guernsey to become EU Code of Conduct compliant and for the States of Guernsey review of its company tax regime to be concluded. The EUCCG confirmed in September 2012 that Guernsey's tax regime would then conform to the EU Code of Conduct and this was ratified by the ECOFIN in December 2012. The States of Guernsey abolished deemed distributions with effect from 1 January 2013. Again, collective investment schemes have not been affected and can continue to apply for exempt tax status.

The Policy Council of the States of Guernsey has stated that it may consider further revenue raising measures in the future, including the possible introduction of a goods and services tax, depending on the state of Guernsey's public finances at the time.

### 1.3 *EU Savings Tax Directive*

Although not a Member State of the European Union, Guernsey, in common with certain other jurisdictions, entered into bilateral agreements with EU Member States on the taxation of savings income. From 1 July 2011 paying agents in Guernsey must automatically report to the Director of Income Tax in Guernsey any interest payment to individuals resident in the contracting EU Member States which falls within the scope of the EU Savings Directive (2003/48/EC) (the "**EU Savings Directive**") as applied in Guernsey. However, whilst such interest payments may include distributions from the proceeds of 2022 ZDP Shares or units in certain collective investment schemes which are, or are equivalent to, UCITS, in accordance with EC Directive 85/611/EEC (as recast by EC Directive 2009/65/EC (recast)) and guidance notes issued by the States of Guernsey on the implementation of the bilateral agreements, the Company should not be regarded as, or as equivalent to, a UCITS. Accordingly, any payments made by a paying agent in Guernsey to ZDP Shareholders will not be subject to reporting obligations pursuant to the agreements between Guernsey and EU Member States to implement the EU Savings Directive in Guernsey. It is unclear whether paying agents in other jurisdictions that have implemented the EU Savings Directive or equivalent measures will also view the Company as outside the scope of the EU Savings Directive.

The operation of the EU Savings Directive was reviewed by the European Commission and Council Directive 2014/48/EU was adopted on 24 March 2014 which amends the EU Savings Tax Directive. It is not yet known what these measures are likely to be but a number of proposed changes may significantly widen its scope to additional types of funds and could lead to the Company being required to comply with the EU Savings Directive. As a result it is expected that the Company could also be subject to equivalent measures. The amending directive will have effect from 1 January 2017. ZDP Shareholders are recommended to check how the amending directive will impact on their investment.

### 1.4 *ZDP Shareholders*

Non-Guernsey resident ZDP Shareholders will not be subject to any income tax in Guernsey in respect of or in connection with the acquisition, holding or disposal of any 2022 ZDP Shares owned by them. Such ZDP Shareholders will receive dividends without deduction of Guernsey income tax.

Any ZDP Shareholders who are resident in Guernsey will be subject to Guernsey income tax on any dividends paid to such persons but will not suffer any deduction of tax by the Company from any such dividends payable where the Company is granted tax exempt status. The Company is however required to provide details of distributions made to ZDP Shareholders resident in Guernsey to the Director of Income Tax in Guernsey.

At present Guernsey does not levy taxes upon capital gains, capital transfer, wealth, inheritance, gifts, sales or turnover, nor are there any duties save for an ad valorem fee for the grant of probate or letters

of administration. No stamp duty is chargeable in Guernsey on the issue, transfer, switching or redemption of 2022 ZDP Shares in the Company.

### 1.5 *Foreign tax considerations*

It is the intention of the Directors to conduct the affairs of the Company so that the central management and control of the Company is not exercised anywhere other than in Guernsey. They also intend not to carry on a trade through any permanent establishment. Thus the Company is not expected to be considered tax resident or subject to tax in any jurisdiction other than Guernsey.

## 2. **United Kingdom**

### 2.1 *Redemption of 2016 ZDP Shares*

Individual ZDP Shareholders who are resident in the UK for tax purposes will generally be subject to capital gains tax in respect of any gains realised on the redemption of 2016 ZDP Shares.

UK resident corporate ZDP Shareholders should note that proceeds (over and above the amount originally subscribed for the 2016 ZDP Shares) received on a redemption or repurchase of the 2016 ZDP Shares by the Company other than in the course of a winding up of the Company could fall to be treated as a distribution to such ZDP Shareholders. Such a distribution would potentially be taxable as income, but would generally qualify to be treated as exempt under Part 9A of the Corporation Tax Act 2009 for a UK resident corporate shareholder that is not a “small company”.

### 2.2 *Exchange of 2016 ZDP Shares for 2022 ZDP Shares*

On the exchange of a holding of 2016 ZDP Shares for 2022 ZDP Shares under the ZDP Rollover Offer, the exchange should be treated as a reorganisation of share capital for chargeable gains purposes and a holder of the 2016 ZDP Shares should not be regarded as disposing of those 2016 ZDP Shares for the purposes of the UK taxation of chargeable gains. Instead, for such purposes, the 2022 ZDP Shares acquired should be treated as the same asset as the holding of 2016 ZDP Shares converted: accordingly, the ZDP Shareholder will be regarded as having acquired those 2022 ZDP Shares at the same time and for the same base cost as his or her holding of 2016 ZDP Shares.

### 2.3 *Gains arising on sale or other disposal of 2022 ZDP Shares*

It is not expected that gains realised on 2022 ZDP Shares will be taxed under the legislation relating to offshore funds. Any profit on the disposal (including a redemption insofar as the proceeds of that redemption are capital) of 2022 ZDP Shares by a ZDP Shareholder who is resident in the UK or in the case of an individual, is ordinarily resident in the UK, or a ZDP Shareholder who carries on a trade in the UK through a branch, agency or permanent establishment with which its 2022 ZDP Shares are connected should be charged to UK tax as a capital gain. A ZDP Shareholder who is temporarily non-resident for tax purposes in the UK and who returns to the UK and satisfies the residence requirements within a period of less than five years of assessment from the date of his departure and who disposes of his 2022 ZDP Shares during that period may also be liable, on his return to the UK, to UK taxation of chargeable gains.

Under current law, an individual ZDP Shareholder who is resident or ordinarily resident in the UK for taxation purposes will benefit from an annual exemption which in the tax year 2015/16 exempts the first £11,100 of any gains from the sum charged to capital gains tax. After use of the annual exemption and relief for losses, if relevant, capital gains realised on the sale or other disposal of 2022 ZDP Shares will be taxed at a flat rate of 18 per cent. for basic rate tax payers and 28 per cent. for higher and additional rate tax payers in respect of the tax year 2015/16. No indexation allowance is available to individual ZDP Shareholders for capital gains tax purposes.

ZDP Shareholders who are subject to corporation tax should still benefit from indexation allowance on any chargeable gain realised on the disposal of their 2022 ZDP Shares.

Subject to the potential application of certain provisions contained in Part 6 to the Corporation Tax Act 2009 that are discussed below, ZDP Shareholders within the charge to UK corporation tax will be subject to UK corporation tax on chargeable gains realised:

- on the sale of their 2022 ZDP Shares (other than a repurchase or redemption by the Company); or
- where the final capital entitlement of the 2022 ZDP Shares is received pursuant to a liquidation of the Company.

The current main rate of corporation tax is 20 per cent. and is scheduled to be reduced to 19 per cent. for the financial year commencing 1 April 2017 and to 18 per cent. for the financial year commencing 1 April 2020.

Any chargeable gains realised by ZDP Shareholders within the charge to UK corporation tax will generally be calculated by reference to the disposal proceeds received less the sum of the base cost of their 2022 ZDP Shares plus indexation allowance and incidental selling expenses.

UK resident corporate ZDP Shareholders should note that proceeds (over and above the amount originally subscribed for the 2022 ZDP Shares) received on a redemption or repurchase of the 2022 ZDP Shares by the Company other than in the course of a winding up of the Company could fall to be treated as a distribution to such ZDP Shareholders. Such a distribution would potentially be taxable as income, but would generally qualify to be treated as exempt under Part 9A of the Corporation Tax Act 2009 for a UK resident corporate shareholder that is not a “small company”.

#### 2.4 *Disguised interest*

ZDP Shareholders within the charge to UK corporation tax should, however, note the provisions of Chapter 2A (Disguised interest) and Chapter 6A (Shares Accounted for as Liabilities) of Part 6 to the Corporation Tax Act 2009. Those provisions can apply where an arrangement on the shares produce a return which is “economically equivalent to interest”, one of the requirements for which is that there must be no “practical likelihood” that the return will cease to be produced. Where these provisions apply, sums paid to such ZDP Shareholders on the sale, redemption or other disposal of their 2022 ZDP Shares will not be treated as capital receipts but will instead be treated as amounts economically equivalent to interest and will be taken into account in determining amounts taxable under the UK loan relationships regime.

However, the legislation includes provisions that seek to exclude returns derived from certain shares that are admitted to trading on a regulated market from being taxed as income. HMRC’s published guidance confirms that shares admitted to trading on a regulated market will be within the excluded shares exception unless the shareholder’s return is virtually guaranteed on launch, for example where the company’s portfolio is not exposed to investment risk.

UK individual ZDP Shareholders are also reminded that a subsequent “relevant arrangement” made by any person could result in the disguised interest provisions applying to the 2022 ZDP Shares even where those provisions did not previously apply to the 2022 ZDP Shares.

ZDP Shareholders who may be affected by the disguised interest provisions highlighted above should consult their own professional tax advisers.

#### 2.5 *ISA status of the 2022 ZDP Shares*

It is expected that the 2022 ZDP Shares will be eligible for inclusion in an ISA. The subscription limit for an ISA account is £15,240 (for the tax year 2015/2016).

#### 2.6 *Stamp Duty and Stamp Duty Reserve Tax (SDRT)*

Provided that the 2022 ZDP Shares are not registered in any register of the Company kept in the United Kingdom, are not paired with shares issued or raised by a UK company and any document transferring the 2022 ZDP Shares is not executed or brought into the UK, no United Kingdom stamp

duty or SDRT will be payable on any transfer of the 2022 ZDP Shares or an agreement to transfer the 2022 ZDP Shares.

The above statement is intended as a general guide to the current stamp duty and SDRT position and does not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements and clearance services.

## **2.7 Other United Kingdom tax considerations**

The attention of companies resident in the UK is drawn to the controlled foreign companies legislation contained in Part 9A of the Taxation (International and Other Provisions) Act 2010. Broadly, a charge may arise to UK tax resident companies if the Company is controlled directly or indirectly by persons who are resident in the UK, it has profits which are attributable to its significant people functions and one of the exemptions does not apply.

The attention of individuals ordinarily resident in the United Kingdom for United Kingdom tax purposes is drawn to the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007, which may render them liable to income tax in respect of any undistributed income of the Company or any capital sum received from the Company.

It is anticipated that the shareholdings in the Company will be such as to ensure that it would not be a “close company” if it were resident in the United Kingdom (broadly, controlled by five or fewer participants). If, however, the Company would be a close company if so resident, capital gains accruing to it may be apportioned to United Kingdom resident or ordinarily resident shareholders, under the provisions of section 13 Taxation of Chargeable Gains Act 1992, who may thereby become chargeable to capital gains tax, or corporation tax on chargeable gains, on the gains apportioned to them.

If any ZDP Shareholder is in doubt as to his taxation position, he is strongly recommended to consult an independent professional adviser without delay.

## **3. United States Federal Income Taxation**

This discussion does not address the US federal income tax consequences of the acquisition, holding or disposition of 2022 ZDP Shares by ZDP Shareholders that are US persons (as defined in the US Code) or that are otherwise subject to US taxation. The ZDP Rollover Offer is not being and will not be made, and the ZDP 2022 Shares will not be offered or sold, to any person with a registered address in, or who is resident or located in, the United States or to any US Person. Any ZDP Shareholders that are subject to US federal income tax should consult with their own tax adviser regarding the US federal, state and local tax treatment and consequences of acquiring and holding the 2022 ZDP Shares.

## PART IX

### CERTAIN ERISA CONSIDERATIONS

ERISA imposes certain requirements on “**employee benefit plans**” that are subject to Title I of ERISA, including, for this purpose, certain entities in which such plans invest whose underlying assets are deemed to be plan assets of such employee benefit plan investors (collectively, “**ERISA Plan Investors**”).

Section 406 of ERISA and section 4975 of the US Code prohibit certain transactions involving the assets of a Benefit Plan Investor (which includes an ERISA Plan Investor, as well as certain plans that are not subject to ERISA but which are subject to section 4975 of the US Code, such as individual retirement accounts, certain Keogh plans and certain entities whose underlying assets are deemed to include the assets of such plans) and certain persons having certain relationships to such Benefit Plan Investors (referred to as “parties in interest” under ERISA or “**disqualified persons**” under the US Code (collectively, “**Parties in Interest**”)), unless a statutory or administrative exception or exemption is applicable to the transaction. A Party in Interest who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the US Code and the prohibited transaction may have to be rescinded at significant cost to the Company.

Governmental plans, certain church plans and certain non-US plans, while not subject to the fiduciary responsibility and prohibited transaction provisions of ERISA or the provisions of section 4975 of the US Code, may nevertheless be subject to substantially similar rules under Federal, state, local or non-US laws, and may be subject to the prohibited transaction rules of section 503 of the US Code. Fiduciaries of any such plans should consult with their counsel before authorizing an investment of plan assets for the purchase of Ordinary Shares and/or 2022 ZDP Shares.

Under ERISA and a regulation issued by the US Department of Labor (29 C.F.R. section 2510.3- 101, the “**Plan Asset Regulations**”), as modified by section 3(42) of ERISA, if a Benefit Plan Investor invests in an “**equity interest**” of an entity that is neither a “**publicly offered security**” (which requires registration with the SEC) nor a security issued by an investment company registered under the US Investment Company Act of 1940, the Benefit Plan Investor’s assets are generally deemed to include both the equity interest and an undivided interest in each of the entity’s underlying assets, unless it is established: (a) that the entity is an “**operating company**” as that term is defined in the Plan Asset Regulations; or (b) that less than 25 per cent. of the total value of each class of equity interest in the entity, disregarding the value of any equity interests held by persons (other than Benefit Plan Investors) with discretionary authority or control with respect to the assets of the entity or who provide investment advice for a fee with respect to such assets (such as the Investment Adviser), and their respective affiliates, is held by Benefit Plan Investors. A “**Benefit Plan Investor**” means: (a) an employee benefit plan (as defined in section 3(3) of ERISA), subject to the provisions of part 4 of Subtitle B of Title I of ERISA; (b) a plan to which section 4975 of the US Code applies; or (c) any entity whose underlying assets include plan assets by reason of such employee benefit plan’s or plan’s investment in such entity.

If the underlying assets of the Company are deemed to be plan assets under the Plan Asset Regulations, the obligations and other responsibilities of the plan sponsors, plan fiduciaries and plan administrators, and of Parties in Interest, under Parts 1 and 4 of Subtitle B of Title I of ERISA and section 4975 of the US Code, as applicable, may be expanded, and there may be an increase in their liability under these and other provisions of ERISA and the US Code. In addition, various providers of fiduciary or other services to the Company, and any other parties with authority or control with respect to the Company, could be deemed to be plan fiduciaries or otherwise parties in interest or disqualified persons by virtue of their provision of such services (and there could be an improper delegation of authority to such providers).

The Plan Asset Regulations defines an “**equity interest**” as any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and that has no substantial equity features. The Ordinary Shares and/or the 2022 ZDP Shares may be considered “**equity interests**” for purposes of the Plan Asset Regulations. In order to avoid having the Company’s asset treated as plan assets under the Plan Asset Regulations, the Company prohibited investments by Benefit Plan Investors in Ordinary Shares and/or 2022

ZDP Shares and intends to prohibit investments by Benefit Plan Investors. Each purchaser at the Placing and Open Offer and each subsequent transferee of an Ordinary Share and each purchaser at the ZDP Rollover Offer and each subsequent transferee of a 2022 ZDP Share will be required or, in the case of a subsequent transferee, be deemed to make certain representations regarding its status as a Benefit Plan Investor and other ERISA matters as described below. No Ordinary Shares and/or no 2022 ZDP Shares will be sold or transferred to purchasers that have represented that they are Benefit Plan Investors. However, in the case of the Ordinary Shares after Admission of the New Ordinary Shares and, in the case of the 2022 ZDP Shares after Admission of the 2022 ZDP Shares, the Company will be unable to monitor whether Benefit Plan Investors acquire Ordinary Shares and 2022 ZDP Shares respectively and therefore, there can be no assurance that Benefit Plan Investors will never acquire Ordinary Shares and/or 2022 ZDP Shares or that, if they do, the ownership of all Benefit Plan Investors will be below the 25 per cent. threshold. If the Company's assets were deemed to constitute "**plan assets**" within the meaning of the Plan Asset Regulations, certain transactions that the Company might enter into in the ordinary course of business and operation might constitute non-exempt prohibited transactions under ERISA or the US Code, resulting in the imposition of excise taxes and penalties. In addition, any fiduciary of a Benefit Plan Investor or a governmental, church, non-US or other plan which is subject to any federal, state, local or non-US law that is similar to the prohibited transaction provisions of section 406 of ERISA and/or section 4975 of the US Code ("**Similar Law**") that is responsible for such plans investment in the Ordinary Shares and/or the 2022 ZDP Shares could be liable for any non-exempt ERISA fiduciary violations or non-exempt violations of Similar Law relating to the Company.

If you are a purchaser or a subsequent transferee of Ordinary Shares and/or 2022 ZDP Shares, you will be deemed to represent, warrant and agree that: (a) you are not, and are not acting on behalf of, a Benefit Plan Investor; and (b) if you are a Non-ERISA Plan: (i) you are not a Benefit Plan Investor; (ii) the decision to commit your assets for investment in the Company was made by fiduciaries independent of the Company, the Board, the Investment Adviser and any of your respective agents, representatives or affiliates, which fiduciaries: (A) are duly authorised to make such investment decision and have not relied on any advice or recommendations of the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates; and (B) in consultation with your advisers, you have carefully considered the impact of any applicable federal, state or local law on an investment in the Company; (iii) none of the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates has exercised any discretionary authority or control with respect to your investment in the Company, nor has the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates rendered individualised investment advice to you based upon your investment policies or strategies, overall portfolio composition or diversification with respect to its commitment to invest in the Company and the investment programme thereunder; and (iv) you acknowledge and agree that it is intended that the Company will not hold any of your plan assets and that none of the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates will be acting as your fiduciary under any applicable federal, state or local law governing you, with respect to either: (A) your purchase or retention of its investment in the Company; or (B) the management or operation of the business or assets of the Company. You also confirm that there is no rule, regulation, or requirement applicable to you that is inconsistent with the foregoing description of the Company, the Board and the Investment Adviser.

No transfer of an interest in Ordinary Shares and/or 2022 ZDP Shares will be permitted or recognised if it would cause the Ordinary Shares and/or 2022 ZDP Shares to be held by Benefit Plan Investors.

The fiduciary of any Benefit Plan Investor considering whether to acquire an Ordinary Share and/or 2022 ZDP Share or of an employee benefit plan not subject to ERISA or section 4975 of the US Code should consult with its counsel regarding the potential consequences of such investment, the applicability and potential effects of the fiduciary responsibility and prohibited transaction provisions of ERISA and the US Code and/or corresponding provisions of Similar Law, and the scope of any available exemption relating to such investment.

The sale of Ordinary Shares and/or 2022 ZDP Shares to Non-ERISA Plans is in no respect a representation or warranty by the Company, or any other person that this investment meets or, in the future, will meet all relevant legal requirements with respect to investments by Non-ERISA Plans generally or with respect to any

particular Non-ERISA Plan, that any prohibited transaction exemption would apply to the acquisition, holding, or disposition of this investment by such plans in general or any particular plan, or that this investment is appropriate for such plans generally or any particular plan. Although it is contemplated that the assets of the Company will not be deemed to be plan assets under the Plan Asset Regulations, no assurance can be given that the such treatment can be avoided after the Ordinary Shares and/or 2022 ZDP Shares become publicly traded and that the fiduciary and prohibited transaction provisions of ERISA and the US Code would not become applicable to investments made and transactions entered into by the Company.

## PART X

### ADDITIONAL INFORMATION

#### 1. Persons Responsible

The Company and its Directors, whose names appear on page 70 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect the import of such information.

#### 2. Incorporation and Conduct of Business

- 2.1 The Company was incorporated with limited liability in Guernsey on 14 April 2008 in anticipation of a scheme of reconstruction whereby the assets and liabilities of JZEP were transferred in their entirety to the Company on 1 July 2008. The Company was incorporated with the name JZ Capital Partners Limited under The Companies (Guernsey) Law 1994 with registered number 48761 and is an authorised closed-ended investment scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) and the Authorised Closed-Ended Investment Schemes Rules 2008 issued by the Guernsey Financial Services Commission. The Company is domiciled in Guernsey and operates under the Companies Law and ordinances and regulations made thereunder.
- 2.2 The Company has been incorporated with an indefinite life. The rights attaching to the 2016 ZDP Shares (as set out in the Articles) provide that the 2016 ZDP Shares will be redeemed by the Company on 2016 ZDP Repayment Date, being 22 June 2016. In addition, the rights attaching to the 2022 ZDP Shares, if issued pursuant to the ZDP Rollover Offer and as set out in the New Articles, will provide that the 2022 ZDP Shares will be redeemed by the Company on 2022 ZDP Repayment Date, being 1 October 2022. The rights attaching to the CULS provide that the CULS will be redeemed by the Company on the maturity date of the CULS, being 30 July 2021 (unless previously redeemed, purchased or converted and, in each case, cancelled).
- 2.3 The Company has its registered office and principal place of business at PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey, Guernsey GY1 3QL. The Company's telephone number at its registered office is +44 (0) 1481 745001.
- 2.4 Save as disclosed in this paragraph 2.4 of this Part X (*Additional Information*), the Company has no subsidiary or parent undertakings, associated companies or employees and neither owns nor leases any premises.

The Company meets the definition of an investment entity and therefore does not consolidate its subsidiaries but rather recognises them as investments at fair value through profit or loss.

The Company owns 100 per cent. of the shares and voting rights of the following subsidiary which is incorporated in the Cayman Islands, and through which the Company holds all its interests and makes its investments in real estate.

<i>Entity</i>	<i>Place of Incorporation</i>	<i>% Interest</i>
JZCP Realty Fund	Cayman Islands	100

JZCP Realty Fund controls the following Delaware incorporated subsidiaries:

<i>Entity</i>	<i>Place of Incorporation</i>	<i>% Interest</i>
JZ REIT Fund Metropolitan, LLC	Delaware, USA	99
JZCP Loan Metropolitan Corp	Delaware, USA	100
JZ REIT Fund 1, LLC	Delaware, USA	99
JZCP Loan 1 Corp	Delaware, USA	100



<i>Entity</i>	<i>Place of Incorporation</i>	<i>% Interest</i>
JZ REIT Fund Flatbush Portfolio, LLC	Delaware, USA	99
JZCP Loan Flatbush Portfolio Corp	Delaware, USA	100
JZ REIT Fund Flatbush, LLC	Delaware, USA	99
JZCP Loan Flatbush Corp	Delaware, USA	100
JZ REIT Fund Fulton, LLC	Delaware, USA	99
JZCP Loan Fulton Corp	Delaware, USA	100
JZCP Loan Greenpoint Corp	Delaware, USA	99
JZ REIT Fund Greenpoint, LLC	Delaware, USA	100
JZ REIT Fund Florida, LLC	Delaware, USA	100
JZ Loan Florida Corp	Delaware, USA	100

The Company also owns 100 per cent. of the shares and voting rights of the following subsidiary, which is incorporated in the Cayman Islands, and through which the Company holds its interests in collective investment vehicles.

<i>Entity</i>	<i>Place of Incorporation</i>	<i>% Interest</i>
JZCP Bright Spruce	Cayman Islands	100

In addition, the Company makes its US private investments and other non-real estate US investments directly into the relevant business, or into a holding company which directly or indirectly owns the business. Its European equity investments have historically been made through the EuroMicrocap Fund, in which the Company has a 75 per cent. interest, and prospectively will be made through the JZI Fund III, the follow on fund to the EuroMicrocap Fund. The Company announced on 2 September 2015 completion of the first closing of the JZI Fund III as part of which approximately €237 million was raised in the first round of fundraising. The Company has committed €75 million and David W. Zalaznick and John (Jay) Jordan II, among others, have committed €25 million, with the balance of the funds committed by a number of other third party co-investors. According to its limited partnership agreement, the JZI Fund III may raise up to €350 million.

- 2.5 There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months immediately preceding the date of this Prospectus (nor are there any such proceedings at the date of this Prospectus) which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company.

### 3. Share Capital

- 3.1 As at 3 September 2015 (being the latest practicable date prior to the publication of this Prospectus), the issued share capital of the Company was as follows:

	<i>No Issued and Fully Paid</i>	<i>Nominal Amount</i>
Existing Ordinary Shares	65,018,607	Nil par value
2016 ZDP Shares	20,707,141	Nil par value

Immediately following Admission of the New Ordinary Shares, the issued share capital of the Company will be as follows:

	<i>No Issued and Fully Paid</i>	<i>Nominal Amount</i>
Ordinary Shares	88,425,305	Nil par value
2016 ZDP Shares	20,707,141	Nil par value

The Company is proposing to issue 2022 ZDP Shares pursuant to the ZDP Rollover Offer and to seek Admission of the 2022 ZDP Shares to trading on the London Stock Exchange's Specialist Fund Market.

Pursuant to the ZDP Rollover Offer, the Company will offer Qualifying ZDP Shareholders the option of: (a) exchanging a proportion of their 2016 ZDP Shares for 2022 ZDP Shares on 1 October 2015; (b) repayment of the 2016 ZDP Share Final Capital Entitlement in respect of their 2016 ZDP Shares plus a further 3.7 pence per 2016 ZDP Share held to be paid on the 2016 ZDP Share Repayment Date, being 22 June 2016, in accordance with the terms and conditions of the 2016 ZDP Shares; or (c) a combination of (a) and (b) above.

On Admission of the 2022 ZDP Shares, the number of 2022 ZDP Shares to be issued pursuant to the ZDP Rollover Offer will depend on the terms and conditions of the ZDP Rollover Offer but will be limited to an aggregate issue size of £50 million. The ZDP Rollover Offer will also affect the number of 2016 ZDP Shares in issue on Admission of the 2022 ZDP Shares. The number of 2022 ZDP Shares to be issued pursuant to the ZDP Rollover Offer (and the reduction in the number of 2016 ZDP Shares) will depend on the terms and conditions of the ZDP Rollover Offer.

- 3.2 As at 1 March 2012 (the first date in the period covered by the historical financial information on the Company incorporated by reference into Part VII (*Historical Financial Information*) of this Prospectus), the authorised and issued share capital of the Company was as follows:

	<i>Issued and Fully Paid (£)</i>	
	<i>No.</i>	<i>£</i>
Ordinary Shares	37,319,238	Nil par value
Limited Voting Ordinary Shares	27,699,369	Nil par value
2016 ZDP Shares	20,707,141	Nil par value

- 3.3 The only changes that occurred in the Company's share capital during the period commencing on 1 March 2012 and ending on 28 February 2015 (the last date in the period covered by the historical financial information on the Company incorporated by reference into Part VII (*Historical Financial Information*) of this Prospectus) were as follows:

On 3 July 2012, a Shareholder resolution was passed which approved the conversion of all of the Limited Voting Ordinary Shares into Ordinary Shares on the basis that one Limited Voting Ordinary Share would convert into one Ordinary Share. This resulted in the share capital structure set out in paragraph 3.4 of this Part X (*Additional Information*).

- 3.4 As at 28 February 2015 (the most recent balance sheet date of the Company in the period covered by the historical financial information on the Company incorporated by reference into Part VII (*Historical Financial Information*) of this Prospectus), the issued share capital of the Company was as follows:

	<i>No Issued and Fully Paid</i>	<i>Nominal Amount</i>
Ordinary Shares	65,018,607	Nil par value
2016 ZDP Shares	20,707,141	Nil par value

- 3.5 As at 28 February 2015 (the most recent balance sheet date of the Company in the period covered by the historical financial information on the Company incorporated by reference into Part VII (*Historical Financial Information*) of this Prospectus) and as at the date of this Prospectus:

- (a) the Company had no shares which did not represent capital;
- (b) no shares in the Company were held by the Company in treasury;

- (c) save for the CULS, no convertible securities, exchangeable securities or securities with warrants had been issued by the Company and remained outstanding;
  - (d) save for pursuant to the Placing and Open Offer and the ZDP Rollover Offer and save for the CULS, there were no acquisition rights and/or obligations over any of the Company's unissued capital and no undertakings to increase the Company's capital; and
  - (e) no share or loan capital of the Company was under option or had been agreed, conditionally or unconditionally, to be put under option.
- 3.6 Although the Companies Law does not require the Company to issue new equity securities on a pre-emptive basis, the Articles provide that new equity securities must be offered to Ordinary Shareholders *pro rata* to their existing holding in the Company, except to the extent disapplied by resolutions of the Company.
- 3.7 All of the Existing Ordinary Shares and the 2016 ZDP Shares are, and the New Ordinary Shares and 2022 ZDP Shares will be, in registered form and may be held in certificated or uncertificated form in CREST.
- 3.8 The New Ordinary Shares issued pursuant to the Placing and Open Offer are being issued at the Offer Price of 419.19 pence per New Ordinary Share which represents a 2 per cent. discount to the Closing Price of an Existing Ordinary Share of £427.75 pence on 3 September 2015 (being the latest practicable date prior to the announcement of the Placing and Open Offer). The 2022 ZDP Shares arising on the exchange of 2016 ZDP Shares pursuant to the ZDP Rollover Offer will be deemed to be issued at the 2022 ZDP Share Issue Price.
- 3.9 When admitted to trading the ISIN of the New Ordinary Shares will be GG00BZ0RXZ12, being a different ISIN to that of the Existing Ordinary Shares. This is as a result of the New Ordinary Shares not being eligible to receive the first interim dividend for the year ended 29 February 2016 if the dividend is declared and paid. Following a record date on or after Admission of the New Ordinary Shares by reference to which holders of New Ordinary Shares will be entitled to receive dividends, the ISIN of the New Ordinary Shares will become the same as that of the Existing Ordinary Shares, being GG00B403HK58. The ISIN of the 2016 ZDP Shares is GG00B40D7X85 and the ISIN of the 2022 ZDP Shares will be GG00BZ0RY036.
- 3.10 The Existing Ordinary Shares are admitted to trading on the Specialist Fund Market and are denominated in Pounds Sterling. The New Ordinary Shares will also be denominated in Pounds Sterling and, subject to Ordinary Shareholder approval of the Placing and Open Offer and the Placing and Open Offer Related Party Transactions at the Extraordinary General Meeting, application will be made to the London Stock Exchange for the New Ordinary Shares to also be admitted to trading on the Specialist Fund Market.

The New Ordinary Shares, if issued and fully paid pursuant to the Placing and Open Offer, will be identical to and rank *pari passu* with the Existing Ordinary Shares except that they will not be eligible to receive the first interim dividend for the year ended 29 February 2016 if the dividend is declared and paid. The New Ordinary Shares will otherwise rank in full for all dividends and other distributions declared, made or paid on the Existing Ordinary Shares by reference to a record date on or after Admission of the New Ordinary Shares.

Existing Ordinary Shares carry a right to receive the profits of the Company available for distribution by dividend and resolved to be distributed by way of dividend to be made at such time as determined by the Directors. The New Ordinary Shares, if issued and fully paid, will rank in full for all dividends and other distributions declared, made or paid on the Existing Ordinary Shares by reference to a record date on or after Admission of the New Ordinary Shares. As mentioned above, the New Ordinary Shares will not be eligible to receive the first interim dividend for the year ended 29 February 2016 if the dividend is declared and paid.

In addition to receiving the profits distributed, the Ordinary Shares are entitled to the net assets of the Company on a winding-up, after all liabilities have been settled and the entitlements of prior ranking

securities of the Company (including the CULS and the entitlements of the 2016 ZDP Shares and the 2022 ZDP Shares) have been met in order of priority. Ordinary Shareholders will also be entitled on a winding-up to receive any accumulated but unpaid revenue reserves of the Company, subject again to all creditors having been paid out in full and prior ranking securities of the Company (including the CULS and the entitlements of the 2016 ZDP Shares and the 2022 ZDP Shares) having been met in order of priority. Any distribution of revenue reserves on a winding-up is currently expected to be made by way of a final special dividend prior to the Company's eventual liquidation.

Ordinary Shareholders have the rights to receive notice of, to attend and to vote at all general meetings of the Company. However, in respect of a resolution concerning the appointment and removal of one or more Directors, each Ordinary Shareholder shall be required to certify that it is not a US resident and to the extent it holds Ordinary Shares (being the Existing Ordinary Shares and the New Ordinary Shares) for the account or benefit of any other person, that such person is not a US resident. Those Ordinary Shareholders who do not certify on those terms would still be able to vote on the resolution, but the aggregate total of the votes that such Ordinary Shareholders are entitled to cast would be limited to 49 per cent. of the total number of votes that all Ordinary Shareholders are entitled to cast. This seeks to preserve the Company's status as a "foreign private issuer" within the meaning of Rule 405 under the US Securities Act and Rule 3b-4 under the US Exchange Act.

- 3.11 The 2016 ZDP Shares are also admitted to trading on the Specialist Fund Market and denominated in Pounds Sterling. The 2022 ZDP Shares will also be denominated in Pounds Sterling and, subject to Ordinary Shareholder and ZDP Shareholder approval of the ZDP Rollover Offer at the Separate Class Meetings and Shareholder approval of the ZDP Rollover Offer and the amendments to the Articles at the Extraordinary General Meeting, application will also be made to the London Stock Exchange for the 2022 ZDP Shares to be admitted to trading on the Specialist Fund Market.

The 2016 ZDP Shares were issued on 22 June 2009 at a price of 215.80 pence and are designed to provide the 2016 ZDP Share Final Capital Entitlement of 369.84 pence on the 2016 ZDP Share Repayment Date, being 22 June 2016. Qualifying ZDP Shareholders who do not make a valid election to exchange all or some of their 2016 ZDP Shares for 2022 ZDP Shares pursuant to the ZDP Rollover Offer will also, if the ZDP Rollover proceeds, receive a further 3.7 pence per 2016 ZDP Share not the subject of a valid election, to be paid on the 2016 ZDP Share Repayment Date.

The 2022 ZDP Shares, if issued and fully paid pursuant to the ZDP Rollover Offer, will have substantially the same rights as those attaching to the 2016 ZDP Shares save for a different final capital entitlement and repayment date. The 2022 ZDP Share Final Capital Entitlement will be the Accrued Capital Entitlement of a 2022 ZDP Share on the 2022 ZDP Share Repayment Date as determined by the terms and conditions of the ZDP Rollover Offer. The 2022 ZDP Share Repayment Date will be 1 October 2022.

The 2016 ZDP Shares and the 2022 ZDP Shares will rank behind the Company's creditors and prior ranking securities including the CULS but in priority to the final capital entitlements of the Ordinary Shares. The 2022 ZDP Shares will rank *pari passu* with the 2016 ZDP Shares for the period when both classes of Shares are in issue until the 2016 ZDP Shares are redeemed on the 2016 ZDP Share Repayment Date. The 2016 ZDP Shares and the 2022 ZDP Shares carry no entitlement to income and the whole of their return will therefore take the form of capital.

The 2016 ZDP Shares and the 2022 ZDP Shares will not have the right to vote at any general meetings of the Company except in certain circumstances as detailed in the Articles and subject to Shareholder approval, the New Articles. Holders of 2016 ZDP Shares and the 2022 ZDP Shares will have the right to vote upon any resolution to alter, modify or abrogate the special rights or privileges attached to the 2016 ZDP Shares and the 2022 ZDP Shares respectively, and if the Company is unable to redeem all of the 2016 ZDP Shares and the 2022 ZDP Shares on the date of their repayment then, also upon a resolution to wind up the Company voluntarily or upon a resolution the effect of which would be that holders of 2016 ZDP Shares and the 2022 ZDP Shares would be repaid in respect of their 2016 ZDP Shares and the 2022 ZDP Shares respectively an amount not less than they would otherwise have been entitled on a winding-up.

#### 4. US Ownership and Transfer Restrictions

The Directors may decline to register a person as a holder of any share of any class in the capital of the Company or other securities of the Company or to require the transfer of those shares or securities (including by way of a disposal effected by the Company itself) if in certain circumstances they believe that the person:

- (a) is a US Person and not a qualified purchaser;
- (b) is a Benefit Plan Investor; or
- (c) is, or is related to, a citizen or resident of the United States, a US partnership, a US corporation or a certain type of estate or trust and that ownership of the shares or any other equity securities of the Company by the person would materially increase the risk that the Company could be or become a Controlled Foreign Corporation.

The Directors may also require a holder of any share of any class in the capital of the Company or other securities of the Company to show to their satisfaction whether or not the holder is a person described in paragraphs (a), (b) or (c) above.

Investment in the Company by Benefit Plan Investors is prohibited so that the assets of the Company will not be deemed to constitute “plan assets” of a Benefit Plan Investor. Each purchaser and subsequent transferee of shares of any class in the capital of the Company will be required to represent, warrant and covenant, or will be deemed to have represented, warranted and covenanted that it is not, and is not acting on behalf of or with the assets of a, Benefit Plan Investor to acquire such shares. Under the Articles, the Directors have the power to require the sale or transfer of the shares in order to avoid the assets of the Company being treated as “plan assets” for the purpose of ERISA.

The fiduciary provisions of Non-ERISA Plans may impose limitations on investment in the Company. Fiduciaries of Non-ERISA Plans, in consultation with their advisers, should consider, to the extent applicable, the impact of such fiduciary rules and regulations on an investment in the Company. Among other considerations, the fiduciary of a Non-ERISA Plan should take into account: the composition of the Non-ERISA Plan’s portfolio with respect to diversification; the cash flow needs of the Non-ERISA Plan and the effects thereon of the illiquidity of the investment; the economic terms of the Non-ERISA Plan’s investment in the Company; the Non-ERISA Plan’s funding objectives; the tax effects of the investment and the tax and other risks associated with the investment; the fact that the investors in the Company are expected to consist of a diverse group of investors (including taxable, tax exempt, domestic and foreign entities) and the fact that the management of the Company will not take the particular objectives of any investors or class of investors into account. Non-ERISA Plan fiduciaries should also take into account the fact that, while the Board and the Investment Adviser will have certain general fiduciary duties to the Company, the Board and the Investment Adviser will not have any direct fiduciary relationship with or duty to any investor, either with respect to its investment in shares or with respect to the management and investment of the assets of the Company. Similarly, it is intended that the assets of the Company will not be considered plan assets of any Non-ERISA Plan or be subject to any fiduciary or investment restrictions that may exist under pension codes specifically applicable to such Non-ERISA Plans. Each Non-ERISA Plan will be required to acknowledge and agree in connection with its investment in shares to the foregoing status of the Company, the Board and the Investment Adviser that there is no rule, regulation or requirement applicable to such investor that is inconsistent with the foregoing description of the Company, the Board and the Investment Adviser. Each purchaser or transferee that is a Non-ERISA Plan will be deemed to have represented, warranted and covenanted as follows:

- (a) the Non-ERISA Plan is not a Benefit Plan Investor;
- (b) the decision to commit assets of the Non-ERISA Plan for investment in the Company was made by fiduciaries independent of the Company, the Board, the Investment Adviser and any of their respective agents, representatives or affiliates, which fiduciaries: (a) are duly authorised to make such investment decision and have not relied on any advice or recommendations of the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates; and (b) in

consultation with their advisers, have carefully considered the impact of any applicable federal, state or local law on an investment in the Company;

- (c) none of the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates has exercised any discretionary authority or control with respect to the Non-ERISA Plan's investment in the Company, nor has the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates rendered individualised investment advice to the Non-ERISA Plan based upon the Non-ERISA Plan's investment policies or strategies, overall portfolio composition or diversification with respect to its commitment to invest in the Company and the investment programme thereunder; and
- (d) it acknowledges and agrees that it is intended that the Company will not hold plan assets of the Non-ERISA Plan and that none of the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates will be acting as a fiduciary to the Non-ERISA Plan under any applicable federal, state or local law governing the Non-ERISA Plan, with respect to either: (a) the Non-ERISA Plan's purchase or retention of its investment in the Company; or (b) the management or operation of the business or assets of the Company. It also confirms that there is no rule, regulation, or requirement applicable to such purchaser or transferee that is inconsistent with the foregoing description of the Company, the Board and the Investment Adviser.

## **5. Articles of Incorporation**

- 5.1 The Company's objects are as set out in paragraph 3 of the memorandum of association of the Company. The memorandum of association and the Articles of the Company are available for inspection at the address set out in paragraph 16 of this Part X (*Additional Information*) of this Prospectus.
- 5.2 The Articles contain provisions, *inter alia*, to the effect described in this paragraph 5.2 of this Part X (*Additional Information*) of this Prospectus. Terms defined in this paragraph are for the purposes of this paragraph 5.2 of this Part X (*Additional Information*) only.

### **(a) Rights attaching to the Ordinary Shares**

#### *Income*

- (i) The Ordinary Shares carry the right to receive the profits of the Company available for distribution by dividend and resolved to be distributed by way of dividend to be made at such time as determined by the Directors and will rank in full for all dividends and other distributions declared, paid or made and will rank *pari passu* in all other respects.

#### *Capital*

- (ii) On the winding-up or other return of capital of the Company, the liquidator may divide amongst the members the whole or any part of the assets of the Company and may determine how such division shall be carried out as between the members or different classes of members, subject to paragraph 5.2(b)(ii). This distribution shall be made after payments of all debts in satisfaction of all liabilities of the Company (including the cost of winding-up if applicable).

#### *Voting rights*

- (iii) Subject to the provisions of paragraph 5.2(a)(iv) and (v), the holders of the Ordinary Shares shall have the right to receive notice of, to attend and to vote at all general meetings of the Company.
- (iv) In respect of any resolution of the members in a general meeting or in writing concerning the appointment or removal of one or more Directors, each holder of the Ordinary Shares shall be required to certify that, at the time of the general meeting (or any adjournment thereof) at which the resolution is tabled, or in the case of the resolution being proposed as a written resolution, at the time of signifying its agreement to the proposed written resolution: (a) it is not a US

resident; and (b) to the extent it holds Ordinary Shares for the account or benefit of any other person, that such person is not a US resident. Each holder of the Ordinary Shares that does not certify in those terms at the relevant time in a manner satisfactory to the Board is referred to as a “**Non-Certifying Shareholder**”.

For the purposes of calculating the number of votes which Non-Certifying Shareholders are entitled to cast on a resolution concerning the appointment or removal of one or more Directors, if and to the extent that, in the absence of this paragraph 5.2(a)(iv):

“A” > (49/100) X “B”,

then “A” shall be reduced so that “D” is the whole number nearest to but not exceeding:

“C” X (49/51).

Where the aggregate number of votes actually cast by Non-Certifying Shareholders (whether on a show of hands or on a poll or on a written resolution) “for” and “against” the resolution when added to the number of votes withheld by Non-Certifying Shareholders in respect of such resolution, exceeds “D”, then the number of: (a) votes cast “for”; (b) votes cast “against”; and (c) votes withheld in respect of, such resolution by Non-Certifying Shareholders, will each be reduced *pro rata* until the aggregate number of votes “for”, votes “against” and votes withheld in respect of such resolution by Non-Certifying Shareholders, is the whole number nearest to but not exceeding “D”. Where the aggregate number of votes actually cast (whether on a show of hands or on a poll or on a written resolution) and votes withheld, in each case by Non-Certifying Shareholders, is equal to or less than “D”, then each of such votes or votes withheld (as applicable) shall be counted and no reduction shall occur.

For the purposes of the foregoing:

“A” = the aggregate total of votes which Non-Certifying Shareholders are entitled to cast, whether on a show of hands or on a poll or on a written resolution, on the resolution prior to the operation of this paragraph 5.2(a)(iv);

“B” = “A” + “C”;

“C” = the aggregate total of votes which holders of the Ordinary Shares who are not Non-Certifying Shareholders are entitled to cast, whether on a show of hands or on a poll or on a written resolution, on the resolution; and

“D” = the aggregate total of votes Non-Certifying Shareholders are entitled to cast, whether on a show of hands or on a poll or on a written resolution, on the resolution, following the operation of this paragraph 5.2(a)(iv).

The Directors may specify such other requirements and/or vary the foregoing requirements as they in their discretion consider necessary or appropriate to give effect to the foregoing limitation.

- (v) No member shall be entitled to vote at any general meeting if any call or other sum immediately payable by him in respect of the Ordinary Shares and/or the 2016 ZDP Shares, as the context may require ( the “**Shares**”) in the Company remains unpaid or if a member has been served by the Directors with a direction notice in the manner described in paragraph 5.2(c).

(b) ***Rights attaching to the 2016 ZDP Shares***

*Income*

- (i) The 2016 ZDP Shares carry no right to receive dividends out of revenue or any other profits of the Company.

### *Capital*

- (ii) On a return of capital, on a winding-up or otherwise other than a redemption of the 2016 ZDP Shares in accordance with paragraph 5.2(b)(viii), the assets of the Company available for distribution to members in accordance with the Companies Law shall be applied as follows:
  - (A) first, there shall be paid to holders of the 2016 ZDP Shares an amount equal to 215.80p per 2016 ZDP Share as increased on the twenty-fourth day of each month at such rate compounded each month as will give an entitlement to 369.84p at 22 June 2016, the first such increase to be deemed to have occurred on 22 July 2009 and the last to occur on 22 June 2016, provided that the 2016 ZDP Shares shall rank equally in the return of capital such that in the event that, upon a return of capital, on a winding-up or otherwise, the assets of the Company are insufficient fully to discharge the payment obligations set out in this paragraph 5.2(b)(ii)(A), such amount as represents the assets of the Company available for distribution shall be paid to the holders of the 2016 ZDP Shares *pro rata* to the entitlement amounts of the 2016 ZDP Shares on 22 June 2016; and
  - (B) secondly, there shall be paid to the holders of the Ordinary Shares the balance (if any) of the assets of the Company available for distribution in accordance with the Companies Law and the Articles.

### *Voting rights*

- (iii) The holders of the 2016 ZDP Shares shall have the right to receive notice of, but shall not have the right to attend or vote at, any general meeting of the Company except:
  - (A) upon any resolution to alter, modify or abrogate the special rights or privileges attached to the 2016 ZDP Shares; and
  - (B) upon any 2016 ZDP Share Liquidation Resolution, 2016 ZDP Share Recommended Resolution, or 2016 ZDP Share Reconstruction Resolution (each being defined in paragraphs 5.2(b)(x), (xi) and (xv) respectively),and, save as otherwise provided in paragraphs 5.2(b)(iv) and (v), on a show of hands each holder of 2016 ZDP Shares present in person and entitled to vote shall have one vote and upon a poll each such holder who is present in person or by proxy and entitled to vote shall have one vote in respect of every 2016 ZDP Share held by him.
- (iv) Notwithstanding any other provision of the Articles, on any vote on a 2016 ZDP Share Liquidation Resolution, each holder of the 2016 ZDP Shares present in person or by proxy who votes in favour of such resolution shall, on a poll, have such number of votes in respect of each 2016 ZDP Share held by him (including fractions of a vote) that the aggregate number of votes cast in favour of the resolution is four times the aggregate number of such Shares in respect of which votes are cast against the resolution and each member present in person or by proxy and entitled to vote who votes against such resolution shall on a poll have one vote for each Share held by him. Any vote on any 2016 ZDP Share Liquidation Resolution shall be by means of a poll.
- (v) Notwithstanding any other provision of the Articles, on any vote on a 2016 ZDP Share Recommended Resolution or 2016 ZDP Share Reconstruction Resolution, each holder of the 2016 ZDP Shares present in person or by proxy shall, on a poll, have such number of votes in respect of each 2016 ZDP Share held by him (including fractions of a vote) that the aggregate number of votes cast in favour of the resolution is four times the aggregate number of votes cast against the resolution and each member present in person or by proxy and entitled to vote who votes against such resolution shall on a poll have one vote for each Share held by him; provided that, if any term of any offer referred to in paragraph 5.2(b)(xiii) or any arrangement referred to in paragraphs 5.2(b)(xi) and (xv) (as the case may be) shall (as regards any one or more members) have been breached in any material respect of which the chairman of the relevant meeting has written notice prior to the commencement of such meeting then, notwithstanding



anything in the Articles to the contrary, each member shall, at any such meeting at which such they are present in person or by proxy, and entitled to vote, on a poll have one vote for every such Share held by him. Any vote on any 2016 ZDP Share Reconstruction Resolution or 2016 ZDP Share Recommended Resolution shall be by means of a poll.

*Class rights*

- (vi) The Company shall not without the previous sanction of an extraordinary resolution of the holders of the 2016 ZDP Shares passed at a separate meeting of such holders convened and held in accordance with the provisions of the Articles:
- (A) issue any further Shares or rights to subscribe or convert any securities into Shares or reclassify issued share capital into Shares of a particular class where such Shares rank, or would on issue, conversion or reclassification rank, as to capital in priority to or *pari passu* with the 2016 ZDP Shares (taking account for this purpose of any intra-group liabilities corresponding to and supporting such Shares or securities), save that the Company may, subject to the provisions of the Articles, issue further Shares, rights or securities provided that the Directors shall have calculated and the Auditors of the Company shall have reported to the Directors on such calculations within 60 days prior to the proposed issue or reclassification that, were the further Shares to be issued or the Shares to be reclassified or rights of subscription or conversion to be issued and immediately exercised at the date of the report, those 2016 ZDP Shares in issue immediately thereafter would have a cover of not less than 2.1 times. For this purpose, the cover of the 2016 ZDP Shares shall represent a fraction where the numerator is equal to the total net assets of the Company at the end of the immediately preceding financial year and the denominator is equal to the amount which would be paid on the 2016 ZDP Shares as a class (and on all Shares ranking as to capital in priority thereto or *pari passu* therewith, save to the extent already taken into account in the calculation of the total of share capital and reserves) in a winding-up of the Company on the date of repayment of the 2016 ZDP Shares, being 22 June 2016 (the “**2016 ZDP Share Repayment Date**”). In calculating such cover, the Directors shall:
- (1) use the figures set out in the most recently filed audited accounts of the Company;
  - (2) assume that the share capital or rights proposed to be issued or arising on reclassification had been issued and/or exercised and/or reclassified at the end of the financial period dealt with in such accounts;
  - (3) adjust the total net assets of the Company at the end of the said financial period by adding the minimum gross consideration (if any) which would be received upon such issue, reclassification or exercise;
  - (4) take account of the entitlements to be attached to the new Shares or securities or rights to be issued;
  - (5) aggregate the final capital entitlements of the 2016 ZDP Shares derived from the said accounts and the capital entitlements of the new Shares or securities or rights to be issued as aforesaid;
  - (6) make such other adjustments as they consider appropriate; or
- (B) pass any resolution, other than any 2016 ZDP Share Recommended Resolution or 2016 ZDP Share Reconstruction Resolution, releasing the Directors from their obligations to convene an extraordinary general meeting at which the 2016 ZDP Share Liquidation Resolution is to be proposed or otherwise vary the effect of paragraphs 5.2(b)(iv) and (v) or 5.2(b)(viii) to (xvi) (inclusive); or

- (C) pass a resolution to reduce the capital of the Company (including undistributable reserves and uncalled capital) in any manner, or any resolution authorising the Directors to purchase Shares in the Company, other than the 2016 ZDP Share Liquidation Resolution, the 2016 ZDP Share Reconstruction Resolution or a 2016 ZDP Share Recommended Resolution; or
  - (D) pass any resolution to wind up the Company, other than the 2016 ZDP Share Liquidation Resolution, the 2016 ZDP Share Reconstruction Resolution or a 2016 ZDP Share Recommended Resolution; or
  - (E) alter any object set out in the memorandum of association of the Company; or
  - (F) pass any resolution which authorises the Directors to pay a dividend out of the Capital Reserve (as defined in paragraph 5.2(l)); or
  - (G) pass any resolution authorising or permitting any increase in the borrowing limit referred to in paragraph 5.2(k).
- (vii) Notwithstanding anything in the Articles to the contrary, one of the rights attaching to the Ordinary Shares and the 2016 ZDP Shares shall be that the passing and implementation of any 2016 ZDP Share Liquidation Resolution, 2016 ZDP Share Reconstruction Resolution or 2016 ZDP Share Recommended Resolution shall be in accordance with the rights attached to the Ordinary Shares and the 2016 ZDP Shares, with the result that neither the passing nor the implementation of any such resolution shall be treated as varying, modifying or abrogating such rights and so that the consent or sanction of any such class of Shares as a separate class shall not be required thereto.

*Redemption*

- (viii) The Company shall redeem all, and not some only, of the 2016 ZDP Shares at 369.84p per 2016 ZDP Share on the 2016 ZDP Share Repayment Date. The 2016 ZDP Shares shall not be redeemed otherwise than in accordance with this paragraph 5.2(b)(viii).
- (ix) Redemption of the 2016 ZDP Shares is subject to any restrictions imposed by law.
- (x) If the Company is unable to redeem all of the 2016 ZDP Shares on 22 June 2016 then, subject to paragraphs 5.2(b)(xi), (xiii) and (xv), the Directors shall convene an extraordinary general meeting of the Company to be held as soon as reasonably practicable following the 2016 ZDP Share Repayment Date at which a special resolution (the “**2016 ZDP Share Liquidation Resolution**”) shall be proposed requiring the Company to be forthwith wound up voluntarily pursuant to section 391 of the Companies Law.

*Recommended resolutions, offers and reconstruction resolutions*

- (xi) Notwithstanding the provisions paragraph 5.2(b)(x) in the event that at any general meeting(s) held after 30 April 2016 but on or prior to the twenty-first day following the 2016 ZDP Share Repayment Date (and before the passing of the 2016 ZDP Share Liquidation Resolution) there is proposed any resolution or resolutions recommended by the Directors and complying with the provisions of paragraph 5.2(b)(xii) (a “**2016 ZDP Share Recommended Resolution**”) the effect of which would be that the holders of the 2016 ZDP Shares would, in consideration or in consequence of the repurchase or other repayment in respect of their 2016 ZDP Shares, receive by not later than 21 days after the 2016 ZDP Share Repayment Date an amount in cash equal to not less than such holders would otherwise have been entitled on the winding-up of the Company as a result of the passing of the 2016 ZDP Share Liquidation Resolution (ignoring any option any holders of the 2016 ZDP Shares may be given to elect to receive their entitlement otherwise than in cash), then paragraph 5.2(b)(x) shall not apply.

- (xii) Any 2016 ZDP Share Recommended Resolution shall not involve the winding-up of the Company or other return of capital in respect of the Ordinary Shares nor any variation, modification or abrogation of any of the rights or privileges attaching to the Ordinary Shares.
  - (xiii) Notwithstanding the provisions of paragraph 5.2(b)(x) if all the holders of the 2016 ZDP Shares receive an offer recommended by the Directors and complying with the provisions of paragraph 5.2(b)(xiv) (whether from the Company or any other person) which becomes or is declared unconditional after 30 April 2016 but on or prior to the twenty-first day following the 2016 ZDP Share Repayment Date (and before the passing of the 2016 ZDP Share Liquidation Resolution), under which such holders (or holders other than the offeror and/or persons acting in concert with the offeror) would receive not later than 21 days after the 2016 ZDP Share Repayment Date an amount in cash equal to not less than such holders would otherwise have been entitled on the winding-up of the Company as a result of the passing of the 2016 ZDP Share Liquidation Resolution (ignoring any option any holders of the 2016 ZDP Shares may be given to elect to receive alternative consideration pursuant to the offer), then paragraph 5.2(b)(x) shall not apply.
  - (xiv) Any such offer as is referred to in paragraph 5.2(b)(xiii) must be stated to be, in the opinion of a financial adviser appointed by the Directors, fair and reasonable and in the interests of the members as a whole.
  - (xv) Notwithstanding the provisions of paragraph 5.2(b)(x), in the event that at any general meeting(s) held after 30 April 2016 but on or prior to the twenty-first day following the 2016 ZDP Share Repayment Date (and before the passing of the 2016 ZDP Share Liquidation Resolution) there is proposed any resolution or resolutions recommended by the Directors and complying with the provisions of paragraph 5.2(b)(xvi) (a “**2016 ZDP Share Reconstruction Resolution**”) to (aa) wind up the Company voluntarily or any other arrangement which the Directors consider to be of substantially similar effect or (bb) effect any other arrangement by means of a reduction of capital, distribution in specie or any other lawful procedure or arrangement whatsoever whether or not involving the winding-up of the Company in either case such that the holders of the Ordinary Shares and the 2016 ZDP Shares shall receive not later than 21 days after the 2016 ZDP Share Repayment Date an amount in cash estimated by the Directors to be not less than that to which the Directors estimate that such holders would respectively otherwise be entitled on a winding-up as a result of the passing of the 2016 ZDP Share Liquidation Resolution on the 2016 ZDP Share Repayment Date in accordance with paragraph 5.2(b)(x) (ignoring any option any of them may be given to elect to receive their entitlements otherwise than in cash pursuant to the arrangement), then paragraph 5.2(b)(x) shall not apply.
  - (xvi) Any 2016 ZDP Share Reconstruction Resolution must be stated to be, in the opinion of a financial adviser appointed by the Directors, fair and reasonable and in the interests of the members as a whole.
- (c) **Restrictions on Shares**
- This paragraph 5.2(c) is without limitation to, and should be read in conjunction with, the restrictions on Shares or other securities of the Company in paragraph 5.2(i). If a member has been duly served with a notice given by the Directors in accordance with Article 8(1) of the Articles (being a notice requiring a member to disclose to the Company the identity of any person other than the member who has any interest in the Shares held by the member and the nature of such interest) and is in default for more than 14 days in supplying to the Company the information thereby required within the time specified in the notice, then the Directors may in their absolute discretion at any time thereafter serve a notice (a “**direction notice**”) upon such member. A direction notice may direct that, in respect of any Shares in relation to which the default occurred (all or the relevant number as appropriate of such Shares being the “**default Shares**”) and any other Shares held by the member, the member shall not be entitled to vote at any general meeting or meeting of the holders of any class of Shares of the Company either personally or by proxy nor to exercise any other right conferred by membership in

relation to meetings of the Company or of the holders of any class of Shares of the Company. Where the default Shares represent at least 0.25 per cent. of the class of Shares concerned the direction notice may additionally direct that in respect of the default Shares any dividend or part thereof which would otherwise be payable on such Shares shall be retained by the Company without any liability to pay interest thereon when such money is finally paid to the member, and no transfer other than an approved transfer (as described in Article 8(13) of the Articles) of the default Shares held by such member shall be registered unless the member is not himself in default as regards supplying the information requested and the transfer is of part only of that member's holding of Shares in the Company and when presented for registration the transfer is accompanied by a certificate by the member in a form satisfactory to the Directors to the effect that, after due and careful enquiry, the member is satisfied that no person in default as regards supplying such information is interested in any of the Shares the subject of the transfer.

(d) ***Variation of class rights***

If at any time the Share capital of the Company is divided into Shares of different classes, all or any of the rights for the time being attached to any Shares or class of Shares (and notwithstanding that the Company may or may be about to be in liquidation) may be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters of the total number of the issued Shares of the relevant class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of Shares of the class. Such general meeting shall be duly convened and held as provided in the Articles, but so that the necessary quorum at such meeting (other than an adjourned meeting) shall be two persons holding or representing by proxy at least one-third of the total number of the issued Shares of the class in question and at an adjourned meeting one person holding Shares of the relevant class or his proxy, and any holder of Shares of the relevant class present in person or by proxy may demand a poll upon which every holder of Shares of that class present in person or by proxy shall be entitled to one vote for every such Shares held by him. Subject to the provisions of the Articles, the rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, (unless otherwise expressly provided by the terms of issue of the Shares of that class or by the terms upon which such Shares are for the time being held) be deemed to be modified, abrogated or varied by the creation or issue of further Shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect priority thereto, or the purchase or redemption by the Company of any of its own Shares.

(e) ***Alteration of capital***

- (i) Subject to the Articles, including any special rights conferred by the Articles on the holders of any class of Shares, the Company may by ordinary resolution increase its Share capital (and, subject to any special rights conferred by the Articles on the holders of any class of Shares and to the other provisions of the Articles, the Company shall have power to issue an unlimited number of Ordinary Shares of no par value each and an unlimited number of 2016 ZDP Shares of no par value each), consolidate and divide all or any of its Share capital into Shares of larger amount than its existing Shares, sub-divide all or any of its Shares into Shares of smaller amount than is fixed by the memorandum of association of the Company (so however that in subdivision the proportion between the amount paid and the amount if any unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived), cancel any Shares not taken or agreed to be taken or agreed to be taken by any person and diminish the amount of its authorised Share capital by the amount of the Shares so cancelled, and convert all or any of its fully paid Shares or any of its Shares of a particular class.
- (ii) Subject to Guernsey law and without prejudice to any special rights conferred by the Articles on the holders of any class of Shares or to the other provisions of the Articles, the Company may by special resolution reduce its Share capital, any capital redemption reserve fund or any Share premium account.

(f) ***Rights of pre-emption***

- (i) Subject to the provisions of the Companies Law and the Articles and without prejudice to any special rights conferred by the Articles on the holders of any class of shares, the unissued shares of the Company are at the disposal of the Board which may allot, grant options over (including, without limitation, by way of granting phantom stock, stock appreciation rights or other similar rights) or otherwise dispose of them to such persons on such terms and conditions and at such times as the Board determined so that the amount payable on application on each share shall be fixed by the Board provided that the Board shall not allot (or, as applicable, grant) equity securities for cash to any person (otherwise that in connection with or pursuant to a rights issue or open offer or any other pre-emptive offer in favour of holders of Ordinary Shares (and holders of any other class of securities entitled to participate therein) in proportion (as nearly as practicable) to the respective number of equity securities held by them on the record date for such allotment but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements, treasury shares, record dates or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever) unless:

(A)

- (1) the Board has first made an offer to each person who holds relevant shares to allot to him on the same or more favourable terms a proportion of those equity securities which is as nearly as practicable equal to the proportion in nominal value held by him of the aggregate relevant shares; and
- (2) the period during which any such offer may be accepted has expired or the Company has received notice of the acceptance or refusal of every offer so made; or

- (B) the Board is authorised to do so by ordinary resolution provided that any such authority shall lapse (if not renewed) on the expiry of two years from the date of grant of the same.

- (ii) Notwithstanding the foregoing, any allotment in breach of paragraph 5.2(f)(i) shall not invalidate the relevant allotment or grant. For the purposes of paragraph 5.2(f)(i):

- (A) “**equity securities**” means any shares in the capital of the Company (save for shares which as respects dividends and capital carry a right to participate only up to a specified amount in a distribution) and any right to subscribe for or to convert security into, shares in the capital of the Company (but not any shares allotted pursuant to any such rights and excluding shares which as respects dividends and capital carry a right to participate only up to a specified amount in a distribution); and

- (B) as regards any such offer as is referred to above:

- (1) the offer shall be in writing and shall be made to a holder of shares either personally or by sending it by post (that is to say, prepaying and posting a letter containing the offer) to him or to his registered address or, if he has no registered address in Guernsey or the United Kingdom, to the address in Guernsey or the United Kingdom supplied by him to the Company for the giving of notice to him;
- (2) if sent by post, the offer shall be deemed to be made at the time at which the letter would be delivered in the ordinary course of post;
- (3) where shares are held by two or more persons jointly, the offer may be made to the joint holder first named in the Register in respect of the shares;

- (4) in the case of a holder's death or bankruptcy, the offer may be made:
  - (a) by sending it by post in a prepaid letter addressed to the persons claiming to be entitled to the shares in consequence of the death or bankruptcy by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description, at the address in Guernsey or the United Kingdom supplied for the purpose by those so claiming, or
  - (b) (until such an address has been so supplied) by giving the notice in any manner in which it might have been given if the death or bankruptcy had not occurred;
- (5) if the holder:
  - (a) has no registered address in Guernsey or the United Kingdom and has not given to the Company an address in Guernsey or the United Kingdom for the service of notices on him, or
  - (b) is the holder of a share warrant, then the offer may be made by causing it, or a notice specifying where a copy of it can be obtained or inspected, to be published in the London Gazette;
- (6) the offer must state a period of not less than 21 days during which it may be accepted; and the offer shall not be withdrawn before the end of that period;
- (7) a reference to a class of shares is to shares to which the same rights are attached as to voting and as to participation, both as respects dividends and as respects capital, in a distribution;
- (8) a reference (however expressed) to the holder of shares of any description is to whoever was at the close of business on a date, to be specified in the offer and to fall in the period of 28 days immediately before the date of the offer, the holder of shares of that description; and
- (9) the obligation to make any such offer is without prejudice to any enactment by virtue of which the Company is prohibited (whether generally or in specified circumstances) from offering or allotting equity securities to any person; where the Company cannot by virtue of such an enactment offer or allot equity securities to a holder of relevant shares, the provisions of paragraph 5.2(f)(i) shall have effect as if the shares held by that holder were not relevant shares.

(g) ***Redeemable preference Shares***

Subject to the provisions of the Companies Law, any preference Shares may, with the sanction either of the Board or an ordinary resolution, be issued on terms that they are, or at the option of the Company or the holder are, liable to be redeemed on such terms and in such manner as the Company before the issue may by ordinary resolution determine and subject to and in default of such determination as the Board may determine.

(h) ***Purchase of own Shares***

Subject to Guernsey law and any special rights conferred by the Articles on the holders of any class of Shares and in accordance with guidelines from time to time established by the Board, the Company may purchase its own Shares (including any redeemable preference Shares).

(i) ***Transfer of Shares***

- (i) This paragraph 5.2(i) should be read in conjunction with paragraph 5.2(o) in respect of uncertificated Shares. The instrument of transfer of a certificated Share shall be signed by or on behalf of the transferor (and, unless the Share is fully paid, by or on behalf of the transferee)

and the transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the Register in respect thereof. Any member may transfer all or any of his certificated Shares by an instrument of transfer in any usual or common form or in any other form which the Board may approve. Subject to Guernsey law, the regulations of the Listing Rules and the rules from time to time issued by Euroclear governing the admission of securities to and the operation of the CREST system (the “**CREST Rules**”) the Board may, in its absolute discretion and without giving any reason, refuse to register a transfer of any Share in certificated or uncertificated form which is not fully paid or on which the Company has a lien provided, in the case of a listed Share that this would not prevent dealings in the Share from taking place on an open and proper basis on the London Stock Exchange. The Company shall also not be bound to register more than four persons as the joint holders of any Share or Shares. Subject again to Guernsey law, the regulations of the Listing Rules and the CREST Rules, the Directors may likewise refuse to register a transfer of Shares which is prohibited by Article 8 of the Articles and may also refuse to register a transfer of Shares unless it is in respect of only one class of Shares, it is in favour of a single transferee or not more than four joint transferees, it is delivered for registration to the registered office or such other place as the Board may decide accompanied by the relevant certificate(s), including in the case of transfers to or from any US Person, a duly completed certification letter in the form requested by the Board, and such other evidence as the Board may reasonably require to prove title of the transferor to make the transfer and the due execution by the transferor, and the transfer is not in favour of any Restricted Person or other Non-Qualified Holder (as both terms are defined in paragraph 5.2(i)(ii)). The registration of transfers may be suspended at such times and for such periods (not exceeding 30 days in any one year) as the Board may decide.

- (ii) The Directors may in their sole discretion and without assigning any reason therefor decline to register any person as a holder of a Share or other securities of the Company unless there has been furnished to them a declaration and such other evidence as the Directors may require of authority under which such declaration may have been signed, stating whether or not such person is a Restricted Person or other Non-Qualified Holder and whether or not any Restricted Person or other Non-Qualified Holder is or will be interested in such Share or other securities of the Company. The Directors may require such person to provide such evidence or other information as to matters in the declaration and shall decline to register any person as a holder of a Share or other security of the Company if such further evidence or information is not provided or given.

The Directors may also at any time give notice in writing to the holder of a Share or other security of the Company requiring him within such reasonable period as may be specified in the notice to show to their satisfaction whether or not a Restricted Person or other Non-Qualified Holder is interested in such Share or other security of the Company. If within the time prescribed in Article 10(3) of the Articles they are not so satisfied, the Directors may declare that a Restricted Person or other Non-Qualified Holder is interested in such Share or other security of the Company.

If it shall come to the notice of the Directors that any shares or other securities of the Company are held directly or beneficially by any Restricted Person or other Non-Qualified Holder, or the Directors have declared that a Restricted Person or other Non-Qualified Holder is interested in any shares or other securities of the Company, then the Directors may serve a transfer notice on a registered holder of any such share or other security and on any other person who appears to them to be a Restricted Person or other Non-Qualified Holder in relation to those shares or other securities of the Company and call for a disposal of those shares or other securities of the Company in the manner and within the time and on the terms prescribed by Articles 10(4), (5), (7) and (11) of the Articles. In the case of a transfer notice being served, on and after the date of the transfer notice, and until registration of the disposal or withdrawal of the transfer notice, any rights and privileges attaching to the shares or other securities of the Company will be suspended and not capable of exercise other than as prescribed in Article 10(6) of the Articles.

In addition, a person who becomes aware that his holding, directly or beneficially of shares or other securities of the Company will or is likely to be a holding in which a Restricted Person or other Non-Qualified Holder has an interest, shall, unless he has already received a transfer notice, either transfer the shares to one or more other persons who are neither, nor would become, Restricted Persons nor other Non-Qualified Holder or give a request in writing to the Directors for the issue of a transfer notice.

In order to facilitate the Company's compliance with Article 10 of the Articles, all initial subscribers of shares or other securities of the Company that are US Persons ("US Subscriber") must give the Company such notice and certifications as the Directors may require upon the sale by the US Subscriber of such shares or other securities in order to give notice to the Company as to whether such shares or other securities have been sold to another US Person (a "US Transferee"). All US Transferees, whether having purchased their shares or other securities from the US Subscriber or from another US Transferee, must give the Company such certifications as the Directors may require in order to assure the Company that such US Transferee is a qualified purchaser and is not otherwise a Restricted Person and must further give the Company such notice and certifications as the Directors may require upon the sale by US Transferee of such shares or other securities in order to give notice to the Company as to whether such shares or other securities have been sold to another US Transferee.

For the purpose of this paragraph 5.2(i)(ii):

- (A) "**Non-Qualified Holder**" means any person, as determined by the Directors, to whom a sale or transfer of Shares, or in relation to whom the holding of Shares: (a) would or could be in breach of the laws or requirements of any jurisdiction or governmental authority or in circumstances (whether directly or indirectly affecting such person, and whether taken alone or in conjunction with other persons, connected or not, or any other circumstances appearing to the Directors to be relevant); (b) might result in the Company incurring a liability to taxation or suffering a pecuniary, fiscal, administrative or regulatory disadvantage, including, but not limited to, the Company being required to register as an "investment company" under the US Investment Company Act, the Company becoming a Controlled Foreign Corporation, the Company no longer being a "foreign private issuer" for the purposes of the US Exchange Act, the assets of the Company being deemed to be plan assets of a Benefit Plan Investor or the Company otherwise not being in compliance with the US Investment Company Act, ERISA, the US Code or any other provision of United States federal or state law.
  - (B) "**Restricted Person**" means a Non-Qualified Holder who is or who is deemed to be, or appears to the Directors to be: (a) a US Person that is not a qualified purchaser; (b) a Benefit Plan Investor; or (c) a citizen or resident of the United States or a relative of a citizen or resident of the United States, a US partnership, a US corporation or a certain type of estate or trust, and ownership of any shares or any other equity securities of the Company by such person would materially increase the risk that the Company could be or become a Controlled Foreign Corporation. For the purpose of this definition, where the Directors resolve that they have made reasonable enquiries and they are unable to determine whether or not a person has an interest in any particular shares or other securities, the shares or other securities concerned shall be deemed to be a share or other security of the Company in which a Restricted Person or other Non-Qualified Holder has an interest and all persons interested in them to be Restricted Persons.
- (iii) A person may not acquire Shares, either as part of an initial distribution of Shares or subsequently, if such person is, or is acting on behalf of or with the assets of, a Benefit Plan Investor. Each purchaser and transferee of Shares will be required to represent, warrant and covenant, or will be deemed to have represented, warranted and covenanted that it is not, and is not acting on behalf of or with the assets of, a Benefit Plan Investor to acquire Shares.



- (iv) Shares may be acquired by a Non-ERISA Plan. Each purchaser or transferee that is a Non-ERISA Plan, will be required to represent, warrant and covenant, or will be deemed to have represented, warranted and covenanted as follows:
  - (A) the Non-ERISA Plan is not a Benefit Plan Investor;
  - (B) the decision to commit assets of the Non-ERISA Plan for investment in the Company was made by fiduciaries independent of the Company, the Board, the Investment Adviser and any of their respective agents, representatives or affiliates, which fiduciaries (i) are duly authorized to make such investment decision and have not relied on any advice or recommendations of the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates and (ii) in consultation with their advisers, have carefully considered the impact of any applicable federal, state or local law on an investment in the Company;
  - (C) none of the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates has exercised any discretionary authority or control with respect to the Non-ERISA Plan's investment in the Company, nor has the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates rendered individualized investment advice to the Non-ERISA Plan based upon the Non-ERISA Plan's investment policies or strategies, overall portfolio composition or diversification with respect to its commitment to invest in the Company and the investment program thereunder; and
  - (D) it acknowledges and agrees that it is intended that the Company will not hold plan assets of the Non-ERISA Plan and that none of the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates will be acting as a fiduciary to the Non-ERISA Plan under any applicable federal, state or local law governing the Non-ERISA Plan, with respect to either (i) the Non-ERISA Plan's purchase or retention of its investment in the Company or (ii) the management or operation of the business or assets of the Company. It also confirms that there is no rule, regulation, or requirement applicable to such purchaser or transferee that is inconsistent with the foregoing description of the Company, the Board and the Investment Adviser.
- (v) No person may after 19 May 2012 acquire Ordinary Shares if, immediately after such acquisition, a US person (within the meaning of the US Code) would directly, indirectly or constructively (by application of certain prescribed attribution rules) own more than 9.9 per cent. of the Ordinary Shares in issue (the "**US Ownership Limit**"), provided that:
  - (A) those shareholders who, as at 19 April 2012 (the "**Grandfathering Date**") held more than 9.9 per cent., but collectively less than 50 per cent., of the ordinary share capital of the Company (meaning for these purposes the Ordinary Shares and Limited Voting Ordinary Shares in issue as at that date), herein referred to as the "**Exceeding Shareholders**", may acquire Ordinary Shares from each other in excess of the US Ownership Limit, so long as the Exceeding Shareholders' aggregate percentage holding of the ordinary share capital of the Company after the purchase does not exceed the greater of that as at the Grandfathering Date and that as permitted pursuant to the New Limitation (as defined in paragraph 5.2(i)(v)(F));
  - (B) this paragraph 5.2(i)(v) shall not apply to the acquisition of Ordinary Shares by the Exceeding Shareholders as a result of the conversion of their Limited Voting Ordinary Shares into Ordinary Shares prior to the adoption of the Articles);
  - (C) this paragraph 5.2(i)(v) shall not apply to any purchase of own shares by the Company or any other reduction of capital effected by the Company;
  - (D) in the case of any issue of further shares in the capital of the Company, nothing in this paragraph 5.2(i)(v) shall prevent the Exceeding Shareholders from maintaining their

percentage holding of the ordinary share capital of the Company (in the enlarged ordinary share capital of the Company), provided that this is within the limits set out in paragraph 5.2(i)(v)(A);

- (E) if an Exceeding Shareholder has disposed of Ordinary Shares other than to another Exceeding Shareholder, the Exceeding Shareholder who has disposed of Ordinary Shares may acquire an equivalent number of Ordinary Shares to the number it disposed of other than from another Exceeding Shareholder as long as the Exceeding Shareholders' aggregate percentage holding of the ordinary share capital of the Company after the purchase does not exceed the greater of that as at the Grandfathering Date and that as permitted pursuant to the New Limitation;
- (F) subject to prior approval of the Board, an Exceeding Shareholder may acquire additional Ordinary Shares other than from another Exceeding Shareholder provided that the Exceeding Shareholders' aggregate percentage holding of the ordinary share capital of the Company does not exceed a new limit specified by the Board in such approval, which new limit shall in no event exceed 47 per cent. of the ordinary share capital of the Company in issue as at the date of their acquisition (the "**New Limitation**"). To the extent that approval by the Board of a request by an Exceeding Shareholder to acquire additional Ordinary Shares pursuant to this paragraph 5.2(i)(v)(F) would prevent another Exceeding Shareholder from acquiring Ordinary Shares as a matter of right pursuant to paragraph 5.2(i)(v)(E), the Board shall notify the latter Exceeding Shareholder of this request and such Exceeding Shareholder shall have 60 days to acquire Ordinary Shares pursuant to paragraph 5.2(i)(v)(E) unless such Exceeding Shareholder informs the Board in writing earlier that it does not intend to acquire Ordinary Shares pursuant to paragraph 5.2(i)(v)(E). Upon the earlier of 60 days after such notification and such Exceeding Shareholder informing the Board it does not intend to acquire Ordinary Shares pursuant to paragraph 5.2(i)(v)(E), the Board shall be free to approve the purchase by the requesting Exceeding Shareholder with respect to the Ordinary Shares subject to paragraph 5.2(i)(v)(E).

Any Ordinary Shares acquired in contravention of this paragraph 5.2(i)(v) shall be sold by such person within 29 days of the date of the acquisition and shall have no rights to vote while held by such person. Any Ordinary Shares not sold by such person within 29 days of the date of the acquisition shall be deemed to be held in trust on the thirtieth day following the date of the acquisition of such Ordinary Shares, and such person will acquire no rights in such Ordinary Shares except as the trustee for the benefit of such trust. Any person acquiring Ordinary Shares will be deemed to have represented and warranted by its acquisition that a US person (within the meaning of the US Code) will not, immediately after such acquisition, directly, indirectly or constructively (by application of certain prescribed attribution rules) own in breach of this paragraph 5.2(i)(v) more than 9.9 per cent. of the Ordinary Shares in issue.

(j) **Directors**

- (i) The business of the Company shall be managed by the Board, who may exercise all such powers of the Company as are not, subject to the Companies Law or by the Articles, required to be exercised by the Company in general meeting, subject nevertheless to the provisions of the Articles and of Guernsey law, and to such regulations not being inconsistent with any provisions of the Articles and of Guernsey law, as may be prescribed by the Company in general meeting.
- (ii) Unless and until the Company in general meeting shall otherwise determine, the number of Directors shall be not more than ten and not less than two. A Director need not be a member and at no time shall a majority of Directors be resident in the United Kingdom.

- (iii) The Board shall have power at any time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not at any time exceed the number fixed pursuant to the Articles and as referred to in paragraph 5.2(j)(ii). Without prejudice to the powers of the Board, the Company by ordinary resolution may appoint any person to be a Director, but so that the total number of Directors shall not thereby exceed the number fixed. At a general meeting a motion for the appointment of two or more persons as Directors of the Company by a single resolution shall not be made unless a resolution that it shall be so made has been first agreed to by the meeting without any vote being given against it.
- (iv) A director who is in any way directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company shall, at a meeting of the Board, disclose in accordance with the provisions of the Articles the nature of his interest and the interest of any person who is connected with him within the meaning provided in the Articles.
- (v) No Director or intending director shall be disqualified by his office from contracting or entering into any arrangement, transaction or proposal with the Company either with regard to his tenure of any such other office or place of profit or acting in a professional capacity for the Company or as a vendor, purchaser or otherwise. Subject to the provisions of the Companies Law and save as therein provided, no such contract, arrangement, transaction or proposal or any contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any Director or person connected with him is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profits or other benefit realised by any such contract, arrangement, transaction or proposal by reason of such Director holding that office or of the fiduciary relationship thereby established, but such Director shall declare the nature of his interest in accordance with the Articles.
- (vi) A Director shall (in the absence of some other material interest that is mentioned in paragraph 5.2(j)(viii)) be entitled to vote (and be counted in the quorum) in respect of any resolution of the Directors or committee of the Directors concerning any of the following matters, namely:
  - (A) the giving of any guarantee, security or indemnity in respect of money lent to or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiaries;
  - (B) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
  - (C) a contract arrangement, transaction or proposal concerning an offer of Shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
  - (D) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning another company (including a member of any holding company of the Company and any subsidiary of such holding company and any subsidiary of the Company (the “**Group**”)) in which he (and any persons connected with him) is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise, if he does not hold an interest in Shares representing one per cent. or more of either a class of the equity Share capital (or of any third party company through which his interest is derived) or the voting rights in the relevant company;
  - (E) any contract, arrangement, transaction or proposal relating to an arrangement for the benefit of the employees of the Company or its subsidiaries which does not award him

any privilege or advantage not generally awarded to the employees to whom such contract, arrangement, transaction or other proposal relates; and

- (F) a contract, arrangement, transaction or proposal concerning the purchase and/or maintenance of any insurance policy for the benefit of any Directors or for the benefit of persons including Directors.
- (vii) If a question arises at any time as to the materiality of a Director's interest or as to his entitlement to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive except in a case where the nature or extent of the interests of such Director has not been fairly disclosed.
- (viii) Save as provided in the Articles, a Director may not vote (or be counted in the quorum) in respect of any resolution of the Directors or committee of the Directors concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him) is a material interest (otherwise than by virtue of his interest in Shares or debentures or other securities of or otherwise in or through the Company).
- (ix) The Directors shall be paid out of the funds of the Company by way of fees for their services as Directors such sums (if any) as the Directors may from time to time determine (not exceeding in the aggregate an annual sum of US\$650,000), or such higher amount as may be determined from time to time by ordinary resolution of the Company. Such remuneration shall be deemed to accrue from day to day.
- (x) Any Director may continue to be or become a director, managing director, manager or other officer or member of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as a shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received or receivable by him as a director, managing director, manager or other officer, employee or member of any such company, or from his interest in, such other company.
- (xi) The Directors shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors, including expenses incurred in attending meetings of the Board or any committee of the Board or general meetings or separate meetings of the holders of any class of Shares or of debentures of the Company or otherwise in connection with the business of the Company.
- (xii) Subject to the provision of the Companies Law, a Director may hold any other office or place of profit under the Company (other than auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board may determine and may act by himself or his firm in a professional capacity for the Company (other than as Auditor), on such terms as to remuneration and otherwise as the Directors shall arrange (and he or his firm shall be entitled to remuneration for professional services as if he were not a Director).
- (xiii) Where proposals are under consideration concerning the appointment (including without limitation fixing or varying the terms of appointment or its termination) of two or more Directors to offices or places of profit with the Company or a company in which the Company is interested, such proposals shall be divided and a separate resolution considered in relation to each Director. In such case each of the Directors concerned (if not otherwise debarred from voting under the Articles) is entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- (xiv) The Articles contain no age restrictions in relation to the Directors.

- (xv) Any Director shall have the power at any time by notice in writing to the Company to appoint as an alternate Director either (A) any other Director or (B) any other person approved by the Board as an alternate director for any period or for any particular meeting, and such alternate Director shall vacate office if and when his appointment expires or his appointer vacates office as a Director or removes the alternate Director from office by notice in writing to the Company.
- (xvi) Any Director who serves on any committee or who devotes special attention to the business of the Company, or who otherwise performs services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a director, may be paid such extra remuneration as the Directors may determine.
- (xvii) The Directors, managers, agents, Company Secretary and other officers or servants for the time being of the Company and the trustees and their respective heirs and executors shall be fully indemnified out of the assets and profits of the Company from and against all actions expenses and liabilities which they or their respective heirs or executors may incur by reason of any contract entered into or any act in or about the execution of their respective offices or trusts except such (if any) as they shall incur by or through their own wilful act neglect or default respectively.
- (xviii) Without prejudice to any other provisions of the Articles, the Directors may exercise all the powers of the Company to purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers, employees or Auditors of the Company, or of any other body (whether or not incorporated) which is or was its parent undertaking or subsidiary or another subsidiary of any such parent undertaking of the Company (together “**Group Companies**”) or otherwise associated with the Company or any Group Company or in which the Company or any such Group Company has or had any interest, whether direct or indirect, or of any predecessor in business of any of the foregoing, or who are or were at any time trustees of (or directors of trustees of) any pension, superannuation or similar fund, trust or scheme or any employees’ share scheme or other scheme or arrangement in which any employees of the Company or of any such other body are interested, including (without prejudice to the generality of the foregoing) insurance against any costs, charges, expenses, losses or liabilities suffered or incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or the exercise or purported exercise of their powers and discretions and/or otherwise in relation to or in connection with their duties, powers or offices in relation to the Company or any such other body, fund, trust, scheme or arrangement.
- (xix) Each Director shall retire from office at the third annual general meeting after his appointment or (as the case may be) the general meeting at which he was last re-appointed.
- (xx) A Director retiring at a meeting shall be eligible for reappointment. A Director retiring at a meeting shall, if he is not reappointed at such meeting, retain office until the meeting appoints someone in his place, or if it does not do so, until the dissolution of such meeting.
- (xxi) The Company, at the meeting at which a Director retires in the manner described in paragraphs 5.2(j)(xix) and (xx), may fill the vacated office by appointing a person thereto by ordinary resolution. No person other than a Director retiring at a general meeting shall, unless recommended by the Directors, be eligible for election by the Company to act as a Director unless notice of the proposal of such person and notice of such person’s willingness to act has been given in accordance with the Articles.
- (xxii) The Board may meet, adjourn and otherwise regulate its meetings as it thinks fit. All meetings of Directors shall take place outside of the United Kingdom and any decision reached or resolution passed by the Directors at any meeting held within the United Kingdom or at which a majority of United Kingdom resident Directors is present shall be invalid and of no effect. A video link or telephone conference call or other electronic or telephonic means of communication in which a quorum of Directors participates and all participants can hear and

speak to each other shall be a valid meeting and a Director participating by video link or telephone conference call or other electronic or telephonic means of communication in any such meeting shall be treated as forming part of the quorum of that meeting provided that the Directors physically present at the meeting can hear and speak to the participating Directors.

(xxiii) The quorum necessary for the Board may be fixed by the Board and unless so fixed shall be two.

(xxiv) Questions arising at any meeting shall be decided by a majority of votes.

(k) ***Borrowing powers***

Save as otherwise provided in the Articles, the Board may exercise all the powers of the Company to borrow money, to give guarantees and to mortgage or otherwise charge all or any part of its undertaking, property or assets (present and future) and uncalled capital and, subject to the provisions of Guernsey law, to issue debentures, loan stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any of its subsidiaries or any third party provided that, without the previous sanction of an ordinary resolution of the Company in general meeting, the Board shall not exercise such powers (and shall exercise all voting and other rights or powers of control exercisable by the Company with a view to ensuring that no subsidiary of the Company shall borrow) where to do so would result in the aggregate amount of all monies borrowed by the Company and its subsidiaries and owing, at the time the relevant borrowing is incurred, to persons outside the Group exceeding an amount equal to 100 per cent. of the net assets of the Company as reported in the last audited balance sheet of the Company. No lender or other person dealing with the Company or any of its subsidiaries shall be concerned to see or inquire whether the said limit is observed, and no debt incurred or security given in excess of such limit shall be invalid or ineffectual, except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security given that the said limit has been or would thereby be exceeded.

(l) ***Capital reserve***

The Board may establish a reserve to be called the “**Capital Reserve**”. All capital profits arising on the sale, transfer, conversion, payment off or realisation or revaluation of any investments or other capital assets of the Company in excess of the book value thereof, all other capital profits and all unrealised appreciation of investments or other assets representing or in the nature of accretion to capital assets may either carry to the credit of the Capital Reserve or apply in providing for depreciation and contingencies. Any losses realised on the sale, transfer conversion, payment off or realisation of any investments or other capital assets and provisions in respect of the diminution in value or depreciation in the value of capital assets may be carried to the debit of the Capital Reserve except insofar as the Board may in their discretion decide to make good the same out of other funds of the Company. The Board may determine whether any amount received by the Company is to be dealt with as income or capital or partly one and partly the other, and whether any cost, liability or expense incurred by or on behalf of the Company is to be treated as a cost, liability or expense chargeable to capital or to revenue or partly one and partly the other. No part of the Capital Reserve shall be transferred to revenue account or be regarded or treated as profits of the Company available for distribution by way of dividend but all sums carried and standing to the Capital Reserve may be applied for any of the purposes to which sums standing to any revenue reserve are applicable, including but not limited to redeeming or purchasing its own Shares out of its capital profits or other amounts standing to the Capital Reserve.

(m) ***Dividends and distributions to Shareholders***

(i) The Company may by ordinary resolution declare dividends, but no dividend shall exceed the amount recommended by the Board and no dividend shall be paid otherwise than out of the profits of the business of the Company. Subject to Article 8 of the Articles, all dividends shall be declared and paid according to the amounts paid up on the Shares in respect whereof the

dividend is paid and shall be apportioned and paid proportionately to the amounts paid up on the Shares during any portion of the period in respect of which the dividend is paid. Subject to the provisions of the Companies Law, the Board may at any time declare and pay such interim dividends as they think fit. Subject to the provisions of the Articles and to the rights attaching to any Shares, any dividend or other moneys payable on or in respect of a Share shall be paid in US dollars, provided that members shall have the right to elect to receive dividends (where payable) in Pounds Sterling, in which event the Directors may use such exchange rate for currency conversions as they may select.

- (ii) Subject to paragraph 5.2(l) and to the Companies Law, the Directors may set aside out of the Company's profits such sums as they think proper as a reserve or reserves which will be applicable for any purpose to which the Company's profits may be properly applied and may in the meantime either be employed in the Company's business or invested in such investments as the Directors think fit.
  - (iii) If the Company shall be wound up, the liquidator may, with the authority of an extraordinary resolution of the Company and any other sanction required by the Companies Law, divide amongst the members in specie the whole or any part of the assets of the Company and may, for such purpose, set such value as he deems fair upon any property to be divided and may determine how such division shall be carried out as between members or different classes of members, subject to the provisions of paragraph 5.2(b)(ii).
- (n) ***Unclaimed dividend***
- All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. All dividends unclaimed for a period of 12 years after having been declared or become due for payment shall be forfeited and shall revert to the Company.
- (o) ***Uncertificated Shares***
- The Articles are consistent with CREST membership and, among other things, allow for the holding and transfer of Shares by persons, other than US Persons, in uncertificated form subject to the CREST Regulations. Any person known or reasonably believed by the Board to be a US Person may only hold Shares in certificated form and not through CREST.
- (p) ***Meetings of Shareholders ("general meetings")***
- (i) The first general meeting (being an annual general meeting) of the Company shall be held within such time as may be required by Guernsey law and thereafter general meetings (which are annual general meetings) shall be held at least once in each subsequent calendar year.
  - (ii) The Board may convene an extraordinary general meeting whenever it thinks fit. General meetings shall be held in Guernsey or such other place as may be determined by the Directors from time to time. The Board shall on the requisition in writing of one or more holders representing not less than one-tenth of the issued Share capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an extraordinary general meeting.
  - (iii) A general meeting shall be called by not less than 14 days' notice provided that with the consent in writing of all the members entitled to receive notice of such meeting, a meeting may be convened by a shorter notice or at no notice and in any manner thought fit.
  - (iv) The quorum for a general meeting shall be two members present in person or by proxy.
  - (v) Subject to any special rights or restrictions attached to any class of Share, on a show of hands every member present in person or by proxy shall have one vote, and on a poll every member present in person or by proxy shall have one vote for each Share held by him.

5.3 The Company is proposing to amend the Articles at the Extraordinary General Meeting. This paragraph 5.3 of this Part X (*Additional Information*) of this Prospectus describes the rights attaching to the 2016 ZDP Shares and the 2022 ZDP Shares as set out in the New Articles and any alteration, modification, abrogation or variation of or to the rights or privileges attaching to the Ordinary Shares and the 2016 ZDP Shares that may be effected by the issue of the 2022 ZDP Shares pursuant to the ZDP Rollover Offer. The New Articles contain amended provisions, *inter alia*, to the effect described in this paragraph 5.3. The summary of the Articles in paragraph 5.2 of this Part X (*Additional Information*) applies to the New Articles, aside from as amended by the provisions of this paragraph 5.3. Terms defined in this paragraph are for the purposes of this paragraph 5.3 of this Part X (*Additional Information*) only. All references to the “Articles” are deemed to be references to the New Articles for the purpose of this paragraph 5.3 of this Part X (*Additional Information*) only.

**(a) Paragraph 5.2(a)(ii) is amended as follows:**

(ii) On a winding-up or other return of capital of the Company, the liquidator may divide amongst the members the whole or any part of the assets of the Company and may determine how such division shall be carried out as between the members or different classes of members, subject to paragraph 5.2(b)(ii) and 5.2(bA)(ii). This distribution shall be made after payments of all debts in satisfaction of all liabilities of the Company (including the cost of winding-up if applicable).

**(b) Paragraph 5.2(b)(ii) is amended as follows:**

(ii) For so long as both the 2016 ZDP Shares and the 2022 ZDP Shares are in issue, on a return of capital, on a winding-up or otherwise other than a redemption of the 2016 ZDP Shares in accordance with paragraph 5.2(b)(viii), the assets of the Company available for distribution to members in accordance with the Companies Law shall be applied as follows:

(A) first, there shall be paid to holders of:

- (1) the 2016 ZDP Shares an amount calculated at the time of the relevant return of capital which is equal to 215.80 pence per 2016 ZDP Share as increased on the twenty-fourth day of each month at such rate compounded each month as will give an entitlement to 369.84 pence plus 3.7 pence at 22 June 2016, the first such increase to be deemed to have occurred on 22 July 2009 and the last to occur on 22 June 2016,
- (2) the 2022 ZDP Shares an amount calculated at the time of the relevant return of capital which is equal to the 2022 ZDP Share Issue Price as increased on the twenty-fourth day of each month at such rate compounded each month as will give the entitlement specified in the regulatory information service announcement released by the Company on completion of the ZDP Rollover Offer, the first such increase to be deemed to have occurred on 1 October 2015 and the last to occur on 1 October 2022,

provided that the 2016 ZDP Shares and the 2022 ZDP Shares shall rank equally in the return of capital such that in the event that, upon a return of capital, on a winding-up or otherwise, the assets of the Company are insufficient fully to discharge the payment obligations set out in this paragraph 5.2(b)(ii)(A), such amount as represents the assets of the Company available for distribution shall be paid to the holders of the 2016 ZDP Shares and the holders of the 2022 ZDP Shares pro rata to the amounts accrued pursuant to the calculations set out in paragraphs 5.2(b)(ii)(A)(1) and 5.2(b)(ii)(A)(2); and

(B) secondly, there shall be paid to the holders of the Ordinary Shares the balance (if any) of the assets of the Company available for distribution in accordance with the Companies Law and the Articles.



**(c) Paragraph 5.2(b)(vi)(C) is amended as follows:**

- (C) pass a resolution to reduce the capital of the Company (including undistributable reserves and uncalled capital) in any manner, or any resolution authorising the Directors to purchase Shares in the Company, other than the 2016 ZDP Share Liquidation Resolution, the 2016 ZDP Share Reconstruction Resolution or a 2016 ZDP Share Recommended Resolution or other than the 2022 ZDP Liquidation Resolution, the 2022 ZDP Reconstruction Resolution or a 2022 ZDP Recommended Resolution; or

**(d) Paragraph 5.2(b)(vi)(D) is amended as follows:**

- (D) pass any resolution to wind up the Company, other than the 2016 ZDP Share Liquidation Resolution, the 2016 ZDP Share Reconstruction Resolution or a 2016 ZDP Share Recommended Resolution or other than the 2022 ZDP Liquidation Resolution, the 2022 ZDP Reconstruction Resolution or a 2022 ZDP Recommended Resolution; or

**(e) Paragraph 5.2(b)(vii) is amended as follows:**

- (vii) Notwithstanding anything in the Articles to the contrary, one of the rights attaching to:

- (E) the Ordinary Shares and the 2016 ZDP Shares and the 2022 ZDP Shares shall be that the passing and implementation of any 2016 ZDP Share Liquidation Resolution, 2016 ZDP Share Reconstruction Resolution or 2016 ZDP Share Recommended Resolution shall be in accordance with the rights attached to the Ordinary Shares, the 2016 ZDP Shares and the 2022 ZDP Shares; and

- (F) the Ordinary Shares and the 2022 ZDP Shares shall be that the passing and implementation of any 2022 ZDP Liquidation Resolution, 2022 ZDP Reconstruction Resolution or 2022 ZDP Recommended Resolution shall be in accordance with the rights attached to the Ordinary Shares and the 2022 ZDP Shares,

with the result that neither the passing nor the implementation of any such resolution shall be treated as varying, modifying or abrogating such rights and so that the consent or sanction of any such class of Shares as a separate class shall not be required thereto.

**(f) Paragraph 5.2(b)(viii) is amended as follows:**

- (viii) On the 2016 ZDP Repayment Date, the Company shall redeem all, and not some only, of the 2016 ZDP Shares which remain in issue on such date at 369.84p per Share plus a further 3.7p per 2016 ZDP Share. If, prior to the 2016 ZDP Redemption Date, the holders of any 2016 ZDP Shares have elected pursuant to the ZDP Rollover Offer to exchange any of their 2016 ZDP Shares for 2022 ZDP Shares, the Company shall redeem any 2016 ZDP Shares in respect of which such elections have been made validly and accepted pursuant to the terms and conditions of the ZDP Rollover Offer, and in consideration for such redemption, 2022 ZDP Shares shall be issued to any such holders of 2016 ZDP Shares on the basis of one 2022 ZDP Share for each 2016 ZDP Share the subject of a valid election. The 2016 ZDP Shares shall not be redeemed otherwise than in accordance with this paragraph 5.2(b)(viii). For the avoidance of doubt, the Company shall, subject to complying with applicable law, be permitted to remove any reference in these Articles to the 2016 ZDP Shares (including but not limited to the rights attached to the 2016 ZDP Shares) upon the redemption of all of the 2016 ZDP Shares in accordance with this paragraph 5.2(b)(viii).

**(g) Paragraph 5.2(b)(x) is amended as follows:**

- (x) If the Company is unable to redeem all of the 2016 ZDP Shares (excluding those 2016 ZDP Shares that have been exchanged for 2022 ZDP Shares in accordance with the ZDP Rollover Offer) on 22 June 2016 in accordance with this paragraph 5.2(b)(x) on 22 June 2016 then, subject to paragraphs 5.2(b)(xi), (xiii) and (xv), the Directors shall convene an extraordinary general meeting of the Company to be held as soon as reasonably practicable following the

2016 ZDP Share Repayment Date at which a special resolution (the “**2016 ZDP Share Liquidation Resolution**”) shall be proposed requiring the Company to be forthwith wound up voluntarily pursuant to section 391 of the Companies Law.

**(h) Paragraph 5.2(b)(xii) is amended as follows:**

(xii) Any 2016 ZDP Share Recommended Resolution shall not involve the winding-up of the Company or other return of capital in respect of the Ordinary Shares nor the 2022 ZDP Shares nor any variation, modification or abrogation of any of the rights or privileges attaching to the Ordinary Shares nor the 2022 ZDP Shares.

**(i) Paragraph 5.2(b)(xv) is amended as follows:**

(xv) Notwithstanding the provisions of paragraph 5.2(b)(x), in the event that at any general meeting(s) held after 30 April 2016 but on or prior to the twenty-first day following the 2016 ZDP Share Repayment Date (and before the passing of the 2016 ZDP Share Liquidation Resolution) there is proposed any resolution or resolutions recommended by the Directors and complying with the provisions of paragraph 5.2(b)(xvi) (a “**2016 ZDP Share Reconstruction Resolution**”) to (aa) wind up the Company voluntarily or any other arrangement which the Directors consider to be of substantially similar effect or (bb) effect any other arrangement by means of a reduction of capital, distribution in specie or any other lawful procedure or arrangement whatsoever whether or not involving the winding-up of the Company in either case such that the holders of the Ordinary Shares, the 2016 ZDP Shares and the 2022 ZDP Shares shall receive not later than 21 days after the 2016 ZDP Share Repayment Date an amount in cash estimated by the Directors to be not less than that to which the Directors estimate that such holders would respectively otherwise be entitled on a winding-up as a result of the passing of the 2016 ZDP Share Liquidation Resolution on the 2016 ZDP Share Repayment Date in accordance with paragraph 5.2(b)(x) (ignoring any option any of them may be given to elect to receive their entitlements otherwise than in cash pursuant to the arrangement), then paragraph 5.2(b)(x) shall not apply.

**(j) Paragraph 5.2(e)(i) is amended as follows:**

(i) Subject to the Articles, including any special rights conferred by the Articles on the holders of any class of Shares, the Company may by ordinary resolution increase its Share capital (and, subject to any special rights conferred by the Articles on the holders of any class of Shares and to the other provisions of the Articles, the Company shall have power to issue an unlimited number of Ordinary Shares of no par value each, an unlimited number of 2016 ZDP Shares of no par value each and an unlimited number of 2022 ZDP Shares of no par value each), consolidate and divide all or any of its Share capital into Shares of larger amount than its existing Shares, sub-divide all or any of its Shares into Shares of smaller amount than is fixed by the memorandum of association of the Company (so however that in subdivision the proportion between the amount paid and the amount if any unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived), cancel any Shares not taken or agreed to be taken or agreed to be taken by any person and diminish the amount of its authorised Share capital by the amount of the Shares so cancelled, and convert all or any of its fully paid Shares or any of its Shares of a particular class.

**(k) Paragraph 5.2(m)(iii) is amended as follows:**

(iii) If the Company shall be wound up, the liquidator may, with the authority of an extraordinary resolution of the Company and any other sanction required by the Companies Law, divide amongst the members in specie the whole or any part of the assets of the Company and may, for such purpose, set such value as he deems fair upon any property to be divided and may determine how such division shall be carried out as between members or different classes of members, subject to the provisions of paragraph 5.2(b)(ii) and 5.2(bA)(ii).

**(l) The following is inserted as a new paragraph 5.2 (bA) as follows:**

**(bA) *Rights attaching to the 2022 ZDP Shares***

*Income*

- (i) The 2022 ZDP Shares carry no right to receive dividends out of revenue or any other profits of the Company.

*Capital*

- (ii) On a return of capital, on a winding up or otherwise other than a redemption of the 2016 ZDP Shares in accordance with paragraph 5.2(b)(viii) or otherwise than a redemption of the 2022 ZDP Shares in accordance with paragraph 5.2(bA)(viii), the assets of the Company available for distribution to Members in accordance with the Law shall be applied as follows:

- (A) first, there shall be paid to holders of:

- (1) the 2016 ZDP Shares (for so long as the 2016 ZDP Shares are in issue) an amount calculated at the time of the relevant return of capital which is equal to 215.80p per 2016 ZDP Share as increased on the twenty-fourth day of each month at such rate compounded each month as will give an entitlement to 369.84p plus 3.7p at 22 June 2016, the first such increase to be deemed to have occurred on 22 July 2009 and the last to occur on 22 June 2016; and
- (2) the 2022 ZDP Shares an amount calculated at the time of the relevant return of capital which is equal to the 2022 ZDP Share Issue Price as increased on the twenty-fourth day of each month at such rate compounded each month as will give the entitlement specified in the regulatory information service announcement released by the Company on completion of the ZDP Rollover Offer, the first such increase to be deemed to have occurred on 1 October 2015 and the last to occur on 1 October 2022,

provided that the 2016 ZDP Shares and the 2022 ZDP Shares shall rank equally in the return of capital such that in the event that, upon a return of capital, on a winding up or otherwise, the assets of the Company are insufficient fully to discharge the payment obligations set out in this sub-clause (A), such amount as represents the assets of the Company available for distribution shall be paid to the holders of 2016 ZDP Shares and the holders of 2022 ZDP Shares pro rata to the amounts accrued pursuant to the calculations set out in paragraphs 5.2(bA)(ii)(A)(1) and 5.2(bA)(ii)(A)(2) respectively; and

- (B) second, there shall be paid to the holders of the Ordinary Shares the balance (if any) of the assets of the Company available for distribution in accordance with the Law and the Articles.

*Voting rights*

- (iii) The holders of the 2022 ZDP Shares shall have the right to receive notice of, but shall not have the right to attend or vote at, any general meeting of the Company except:

- (A) upon any resolution to alter, modify or abrogate the special rights or privileges attached to the 2022 ZDP Shares; and
- (B) upon any 2022 ZDP Liquidation Resolution, 2022 ZDP Recommended Resolution, or 2022 ZDP Reconstruction Resolution,

and, save as otherwise provided in paragraph 5.2(bA)(iv) or 5.2(bA)(v), on a show of hands each holder of 2022 ZDP Shares present in person and entitled to vote shall have one vote and upon a poll each such holder who is present in person or by proxy and entitled to vote shall have one vote in respect of every 2022 ZDP Share held by him.

- (iv) Notwithstanding any other provision of the Articles, on any vote on a 2022 ZDP Liquidation Resolution, each holder of 2022 ZDP Shares present in person or by proxy who votes in favour of such resolution shall, on a poll, have such number of votes in respect of each 2022 ZDP Share held by him (including fractions of a vote) that the aggregate number of votes cast in favour of the resolution is four times the aggregate number of such Shares in respect of which votes are cast against the resolution and each member present in person or by proxy and entitled to vote who votes against such resolution shall on a poll have one vote for each Share held by him. Any vote on any 2022 ZDP Liquidation Resolution shall be by means of a poll.
- (v) Notwithstanding any other provision of the Articles, on any vote on a 2022 ZDP Recommended Resolution or 2022 ZDP Reconstruction Resolution, each holder of 2022 ZDP Shares present in person or by proxy shall, on a poll, have such number of votes in respect of each 2022 ZDP Share held by him (including fractions of a vote) that the aggregate number of votes cast in favour of the resolution is four times the aggregate number of votes cast against the resolution and each member present in person or by proxy and entitled to vote who votes against such resolution shall on a poll have one vote for each Share held by him; provided that, if any term of any offer referred to in paragraph 5.2(bA)(xiii) or any arrangement referred to in paragraph 5.2(bA)(xi) or 5.2(bA)(xv) (as the case may be) shall (as regards any one or more members) have been breached in any material respect of which the chairman of the relevant meeting has written notice prior to the commencement of such meeting then, notwithstanding anything in the Articles to the contrary, each member shall, at any such meeting at which such shareholder is present in person or by proxy, and entitled to vote, on a poll have one vote for every such Share held by him. Any vote on any 2022 ZDP Reconstruction Resolution or 2022 ZDP Recommended Resolution shall be by means of a poll.

#### *Class rights*

- (vi) The Company shall not without the previous sanction of an Extraordinary Resolution of the holders of the 2022 ZDP Shares passed at a separate meeting of such holders convened and held in accordance with the provisions of the Articles:
  - (A) issue any further Shares or rights to subscribe or convert any securities into Shares or reclassify issued share capital into Shares of a particular class where such Shares rank, or would on issue, conversion or reclassification rank, as to capital in priority to or *pari passu* with the 2022 ZDP Shares (taking account for this purpose of any intra-group liabilities corresponding to and supporting such Shares or securities), save that the Company may, subject to the provisions of the Articles, issue further Shares, rights or securities provided that the directors shall have calculated and the auditors of the Company shall have reported to the directors on such calculations within 60 days prior to the proposed issue or reclassification that, were the further Shares to be issued or the Shares to be reclassified or rights of subscription or conversion to be issued and immediately exercised at the date of the report, those 2022 ZDP Shares in issue immediately thereafter would have a cover of not less than 2.1 times. For this purpose, the cover of the 2022 ZDP Shares shall represent a fraction where the numerator is equal to the total net assets of the Company at the end of the immediately preceding financial year and the denominator is equal to the amount which would be paid on the 2022 ZDP Shares as a class (and on all Shares ranking as to capital in priority thereto or *pari passu* therewith, save to the extent already taken into account in the calculation of the total of share capital and reserves) in a winding up of the Company on the 2022 ZDP Repayment Date. In calculating such cover, the directors shall:
    - (1) use the figures set out in the most recently filed audited accounts of the Company;
    - (2) assume that the share capital or rights proposed to be issued or arising on reclassification had been issued and/or exercised and/or reclassified at the end of the financial period dealt with in such accounts;

- (3) adjust the total net assets of the Company at the end of the said financial period by adding the minimum gross consideration (if any) which would be received upon such issue, reclassification or exercise;
  - (4) take account of the entitlements to be attached to the new Shares or securities or rights to be issued;
  - (5) aggregate the final capital entitlements of the existing 2022 ZDP Shares derived from the said accounts and the capital entitlements of the new Shares or securities or rights to be issued as aforesaid;
  - (6) make such other adjustments as they consider appropriate; or
- (B) pass any resolution, other than any 2022 ZDP Recommended Resolution or 2022 ZDP Reconstruction Resolution, releasing the directors from their obligations to convene an extraordinary general meeting at which the 2022 ZDP Liquidation Resolution is to be proposed or otherwise vary the effect of paragraphs 5.2(bA)(iv) and 5.2(bA)(v) or 5.2(bA)(viii) to 5.2(bA)(xvi) inclusive; or
  - (C) pass a resolution to reduce the capital of the Company (including undistributable reserves and uncalled capital) in any manner, or any resolution authorising the directors to purchase Shares in the Company, other than the 2016 ZDP Liquidation Resolution, the 2016 ZDP Reconstruction Resolution or a 2016 ZDP Recommended Resolution or other than the 2022 ZDP Liquidation Resolution, the 2022 ZDP Reconstruction Resolution or a 2022 ZDP Recommended Resolution; or
  - (D) pass any resolution to wind up the Company, other than the 2016 ZDP Liquidation Resolution, the 2016 ZDP Reconstruction Resolution or a 2016 ZDP Recommended Resolution or other than the 2022 ZDP Liquidation Resolution, the 2022 ZDP Reconstruction Resolution or a 2022 ZDP Recommended Resolution; or
  - (E) alter any object set out in the Memorandum; or
  - (F) pass any resolution which authorises the directors to pay a dividend out of the Capital Reserve; or
  - (G) pass any resolution authorising or permitting any increase in the borrowing limit referred to in paragraph 5.2(k).
- (vii) Notwithstanding anything in the Articles to the contrary, one of the rights attaching to:
    - (A) the Ordinary Shares, the 2016 ZDP Shares and the 2022 ZDP Shares shall be that the passing and implementation of any 2016 ZDP Liquidation Resolution, 2016 ZDP Reconstruction Resolution or 2016 ZDP Recommended Resolution shall be in accordance with the rights attached to the Ordinary Shares, the 2016 ZDP Shares and the 2022 ZDP Shares; and
    - (B) the Ordinary Shares and the 2022 ZDP Shares shall be that the passing and implementation of any 2022 ZDP Liquidation Resolution, 2022 ZDP Reconstruction Resolution or 2022 ZDP Recommended Resolution shall be in accordance with the rights attached to the Ordinary Shares and the 2022 ZDP Shares,

with the result that neither the passing nor the implementation of any such resolution shall be treated as varying, modifying or abrogating such rights and so that the consent or sanction of any such class of Shares as a separate class shall not be required thereto.

*Redemption*

- (viii) On the 2022 ZDP Repayment Date, the Company shall redeem all, and not some only, of the 2022 ZDP Shares which remain in issue on such date at an amount specified in the regulatory

information service announcement released by the Company on completion of the ZDP Rollover Offer. The 2022 ZDP Shares shall not be redeemed otherwise than in accordance with this paragraph 5.2(bA)(viii). For the avoidance of doubt, the Company shall, subject to complying with applicable law, be permitted to remove any reference in these Articles to the 2022 ZDP Shares (including but not limited to the rights attached to the 2022 ZDP Shares) upon the redemption of all of the 2022 ZDP Shares in accordance with this paragraph 5.2(bA)(viii).

- (ix) Redemption of the 2022 ZDP Shares is subject to any restrictions imposed by law.
- (x) If the Company is unable to redeem all of the 2022 ZDP Shares on 1 October 2022 in accordance with paragraph 5.2(bA)(viii) then, subject to paragraphs 5.2(bA)(xi), 5.2(bA)(xiii) and 5.2(bA)(xv), the directors shall convene an extraordinary general meeting of the Company to be held as soon as reasonably practicable following the 2022 ZDP Repayment Date at which a special resolution (the “**2022 ZDP Liquidation Resolution**”) shall be proposed requiring the Company to be forthwith wound up voluntarily pursuant to section 391 of the Law.

*Recommended resolutions, offers and reconstruction resolutions*

- (xi) Notwithstanding the provisions of paragraph 5.2(bA)(x), in the event that at any general meeting(s) held after 30 July 2022 but on or prior to the twenty-first day following the 2022 ZDP Repayment Date (and before the passing of the 2022 ZDP Liquidation Resolution) there is proposed any resolution or resolutions recommended by the directors and complying with the provisions of paragraph 5.2(bA)(xii) (a “**2022 ZDP Recommended Resolution**”) the effect of which would be that the holders of the 2022 ZDP Shares would, in consideration or in consequence of the repurchase or other repayment in respect of their 2022 ZDP Shares, receive by not later than 21 days after the 2022 ZDP Repayment Date an amount in cash equal to not less than such holders would otherwise have been entitled on the winding-up of the Company as a result of the passing of the 2022 ZDP Liquidation Resolution (ignoring any option any holders of 2022 ZDP Shares may be given to elect to receive their entitlement otherwise than in cash), then paragraph 5.2(bA)(x) shall not apply.
- (xii) Any 2022 ZDP Recommended Resolution shall not involve the winding-up of the Company or other return of capital in respect of the Ordinary Shares nor any variation, modification or abrogation of any of the rights or privileges attaching to the Ordinary Shares.
- (xiii) Notwithstanding the provisions of paragraph 5.2(bA)(x), if all the holders of the 2022 ZDP Shares receive an offer recommended by the directors and complying with the provisions of paragraph 5.2(bA)(xiv) (whether from the Company or any other person) which becomes or is declared unconditional after 30 July 2022 but on or prior to the twenty-first day following the 2022 ZDP Repayment Date (and before the passing of the 2022 ZDP Liquidation Resolution), under which such holders (or holders other than the offeror and/or persons acting in concert with the offeror) would receive not later than 21 days after the 2022 ZDP Repayment Date an amount in cash equal to not less than such holders would otherwise have been entitled on the winding-up of the Company as a result of the passing of the 2022 ZDP Liquidation Resolution (ignoring any option any holders of 2022 ZDP Shares may be given to elect to receive alternative consideration pursuant to the offer), then paragraph 5.2(bA)(x) shall not apply.
- (xiv) Any such offer as is referred to in paragraph 5.2(bA)(xiii) must be stated to be, in the opinion of a financial adviser appointed by the directors, fair and reasonable and in the interests of the Members as a whole.
- (xv) Notwithstanding the provisions of paragraph 5.2(bA)(x), in the event that at any general meeting(s) held after 30 July 2022 but on or prior to the twenty-first day following the 2022 ZDP Repayment Date (and before the passing of the 2022 ZDP Liquidation Resolution) there is proposed any resolution or resolutions recommended by the directors and complying with the provisions of paragraph 5.2(bA)(xvi) (a “**2022 ZDP Reconstruction Resolution**”) to (aa)

wind up the Company voluntarily or any other arrangement which the directors consider to be of substantially similar effect or (bb) effect any other arrangement by means of a reduction of capital, distribution in specie or any other lawful procedure or arrangement whatsoever whether or not involving the winding-up of the Company in either case such that the holders of the Ordinary Shares and the 2022 ZDP Shares shall receive not later than 21 days after the 2022 ZDP Repayment Date an amount in cash estimated by the directors to be not less than that to which the directors estimate that such holders would respectively otherwise be entitled on a winding-up as a result of the passing of the 2022 ZDP Liquidation Resolution on the 2022 ZDP Repayment Date in accordance with paragraph 5.2(bA)(x) (ignoring any option any of them may be given to elect to receive their entitlements otherwise than in cash pursuant to the arrangement), then paragraph 5.2(bA)(x) shall not apply.

- (xvi) Any 2022 ZDP Reconstruction Resolution must be stated to be, in the opinion of a financial adviser appointed by the directors, fair and reasonable and in the interests of the Members as a whole.

## 6. Directors

- 6.1 As at 3 September 2015 (being the latest practicable date prior to the publication of this Prospectus) and as they will be immediately following Admission of the New Ordinary Shares, the interests (all of which were beneficial, unless otherwise indicated) of the Directors, their immediate families and related trusts (and, so far as known to or could with reasonable diligence be ascertained by the Directors, any persons connected with them for the purposes of the Disclosure and Transparency Rules) in the Ordinary Shares were as set out in the following table.

	<i>No. of Existing Ordinary Shares as at 3 September 2015</i>	<i>% of Existing Ordinary Share Capital as at 3 September 2015</i>	<i>No. of Ordinary Shares immediately following Admission of the New Ordinary Shares</i>	<i>% of Ordinary Shares immediately following Admission of the New Ordinary Shares</i>
<i>Ordinary Shareholder</i>				
David Macfarlane	55,000	0.08	74,800	0.08
Patrick Firth	34,000	0.01	5,440	0.01
Christopher Waldron	2,000	0.00	2,720	0.00
James Jordan	30,000	0.05	40,800	0.05
Tanja Tibaldi	2,000	0.00	2,720	0.00

The issue of the 2022 ZDP Shares pursuant to the ZDP Rollover Offer will not affect the Directors' interests in the issued share capital of the Company.

The Directors and persons connected with the Directors for the purposes of the Disclosure and Transparency Rules also have the interests (all of which are beneficial, unless otherwise indicated) in the CULS (which are convertible into Ordinary Shares in accordance with their terms) as at 3 September 2015 (being the latest practicable date prior to the publication of this Prospectus) as set out in the following table.

<i>Director</i>	<i>Nominal Amount of CULS (£)</i>
David Macfarlane (Chairman)	7,340
Patrick Firth	7,340
Tanja Tibaldi	3,670

Save as disclosed in this paragraph 6.1 of this Part X (*Additional Information*), as at the date of this Prospectus none of the Directors (or, so far as known to or could with reasonable diligence be ascertained by the Directors, any persons connected with them for the purposes of the Disclosure and Transparency Rules) had:

- (a) any interest in the share capital of the Company; or
- (b) any options over shares in the Company's capital.

6.2 No Director has a service contract with the Company, nor are any such contracts proposed. All of the Directors (other than Christopher Waldron) were appointed as non-executive directors by letters dated in April 2008 which state that their appointment and any subsequent termination or retirement shall be subject to three months' notice from either the relevant Director or the Board and otherwise to the Articles. Mr Waldron was appointed as a non-executive director by letter dated 21 October 2013 on substantially the same terms as the other Directors. Each Director's appointment letter provides that, upon the termination of his or her appointment, all records remain the property of the Company and/or must be returned to the Company. The Directors' appointments can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors. The Articles provide that the office of director shall be terminated by: (a) written resignation; (b) unauthorised absences from Board meetings for six months or more; (c) bankruptcy or other types of insolvency; (d) unanimous written request of the other Directors; (e) an ordinary resolution of the Company; (f) if he or she becomes a resident in the United Kingdom and as a result a majority of Directors are resident in the United Kingdom; or (g) is he or she becomes prohibited by law from acting as a Director. The Directors are entitled to the remuneration referred to in paragraph 6.3 of this Part X (*Additional Information*), and are entitled to out-of-pocket expenses and other expenses incurred in the proper performance of their duties as directors of the Company. The Directors are not entitled to any compensation or benefits upon termination of their office as directors of the Company save for such fees as may have accrued to the date of termination and reimbursement of expenses incurred.

6.3 As at the date of this Prospectus, the Directors are entitled to aggregate annual remuneration (including any contingent or deferred compensation but excluding expenses) as set out in the following table.

<i>Director</i>	<i>US\$ per annum</i>
David Macfarlane (Chairman)	140,000
Patrick Firth	70,000
Christopher Waldron	60,000
James Jordan	60,000
Tanja Tibaldi	60,000

6.4 There are no commission or profit sharing arrangements between the Company and the Directors. Similarly, none of the Directors is entitled to pension, retirement or similar benefits.

6.5 The Company maintains directors' and officers' liability insurance on behalf of the Directors at the expense of the Company to the extent that the Company is able to maintain such insurance.

6.6 There are no potential conflicts of interest between any duties to the Company of any of the Directors and their private interests and/or other duties as at the date of this Prospectus.

6.7 The names of those companies and partnerships of which the Directors have been members of the administrative, management or supervisory bodies or partners at any time during the five years immediately preceding the date of this Prospectus (apart from their directorships of the Company and the subsidiaries of any issuers of which the Directors are or have been members of the administrative, management or supervisory bodies) were as follows:



***David Macfarlane (Chairman)***

*Current directorships and partnerships:* Rex Bionics Plc, NoxSudor Therapeutics Ltd.

*Previous directorships and partnerships:* Duet India Group plc, Mancal Energy (UK) Limited, Prospekt Medical Limited, Tasmanian Fine Wine Pty Limited.

***Patrick Firth***

*Current directorships and partnerships:* Associated Partners GP Limited, DW Catalyst Limited (formerly BH Credit Catalysts Limited), Celtic Pharma Holdings GP Limited, Celtic Pharma Holdings GP III Limited, FF&P Asset Management (Guernsey) Limited, FF&P Venture Funds Subsidiary Limited, FF&P General Partner I Limited, GLIF BMS Holdings Limited, GLI Finance Limited (formerly Greenwich Loan Income Fund Limited), Ingenious International Asset Management Limited, Saltus (Channel Islands) Limited, Guernsey Portfolios PCC Limited, ICG-Longbow Senior Secured UK Property Debt Investments Limited, Inflexion (2010) General Partner Limited, Inflexion Partnership Capital Fund 1 General Partner Limited, Inflexion Buyout Fund IV General Partner Limited, Investec World Axis PCC Limited, London & Stamford Property Limited, London & Stamford Property Subsidiary Limited, London & Stamford Offices Limited, London & Stamford Offices Unitholder 2 Limited, LMP Green Park Cinemas Limited, LSP Green Park Distribution Holdings Limited, LSP Green Park Management Limited (formerly LSP Cavendish Management Limited), LSP London Residential Investments Limited, LSP London Residential Holdings Limited, LSP Marlow Limited (formerly LSP Green Park Marlow Limited), LSP RI Moore House Limited, LMP Retail Warehouse JV Holdings Limited, LMP Retail Warehouse JV Management Limited, LMP Thrapston Limited, LMP Bell Farm Limited, LMP Omega 1 Limited, LMP Green Park Holdings Limited, LMP Dagenham Limited, LMP Wakefield Limited, MRIF Guernsey GP Limited, Riverstone Energy Limited, Heritage Diversified Investments PCC Limited (formerly Rufford & Ralston PCC Limited), Sierra GP Limited, Pera Capital Partners GP Limited, Sniper China Logistics Properties Limited, NextEnergy Solar Fund Limited, Guernsey Finance LBG, Bullion Funds GP Limited.

*Previous directorships and partnerships:* L&S Business Space II Limited, L&S Business Space Limited, L&S Battersea Limited, L&S Highbury Limited, London & Stamford Offices II Limited, Global Industrial Investments Limited, Olivant Limited, MQ HELIX GP Limited, Global Partners Fund Limited, Suningdale Alpha Fund Limited, L&S Distribution Limited, London & Stamford (Anglesea) II Limited, L&S Leeds Limited, FF&P Russia Real Estate Adviser Holdings Limited, Porton Capital Technology Funds, London & Stamford Retail Limited (in liquidation), EISER Infrastructure II Limited, L&S Distribution II Limited, L&S Distribution III Limited (formerly L&S Distribution II Unitholder 2 Limited), L&S Distribution IV Limited, Victoria Capital PCC Limited, LSP RI Moore House (Ground Rents) Limited, LSP RI Wandsworth Limited, LSP Green Park Offices Holdings Limited, LSP Green Park Logistics Holdings Limited, EuroDekania Limited, Prosperity Quest II Unquoted Limited, Asset Management Investment Company Limited (formerly Asset Management Investment Company PLC), DWM Inclusive Finance Income Fund, LSP Leatherhead Limited (formerly LSP Green Park Leatherhead Limited), FP Holdings Limited, FF&P Alternative Strategy Income Subsidiary Limited, FF&P Enhanced Opportunities PCC Limited, FF&P World Equity Fund PCC Limited (alternate director), Patria Brazil Fund Limited, L&S Distribution V Limited.

***James Jordan***

*Current directorships and partnerships:* Alpha Trust Andromeda Investment Trust, S.A., First Eagle Family of Mutual Funds, First Eagle Global Fund, First Eagle Overseas Fund, First Eagle US Value Fund, First Eagle Gold Fund, First Eagle Fund of America, First Eagle Variable Overseas Fund.

*Previous directorships and partnerships:* Consolidated-Tomoka Land Company, Florida East Coast Industries, JZ Equity Partners Plc, Leucadia National Corporation.

### ***Tanja Tibaldi***

*Current directorships and partnerships:* Balam Properties, LLC, Balam Holdings Inc, Immobilier Balam du Maroc S.A.R.L., Inmobiliaria Balam de Argentina, S.A., Inmobiliaria Balam de Yucatan, S.A. de C.V, Riad Arena S.A.R.L., Sanssouci Collection Maroc SA, Sanssouci Kaiss Sarl, Sanssouci Cigognes Sarl, Triple Eight Limited.

*Previous directorships and partnerships:* Goldprima Limited.

### ***Christopher Waldron***

*Current directorships and partnerships:* Crystal Amber Fund Limited, DW Catalyst Fund Limited (formerly BH Credit Catalysts Limited), Fair Oaks Income Fund (GP) Limited, GBD Limited, Lancaster Investment Services Limited, Multi Manager Investment Programmes PCC Limited, US Equity Holdings Limited, GEF Asset Holder Limited, DARF Holdings (Sterling) Limited, DARF Holdings (USD) Limited, UK Asset Holder (A) Limited, UK Asset Holder (C) Limited, Pacific Basin Asset Holder (A) Limited, Pacific Basin Asset Holder (C) Limited, Japanese Equity Asset Holder (A) Limited, Japanese Equity Asset Holder (C) Limited, European Equity Asset Holder (A) Limited, European Equity Asset Holder (C) Limited, NAEF Asset Holder Limited, North American Asset Holder (C) Limited, Multi-Credit Capital Holdings 1 Limited, Multi-Credit Capital Holdings 2 Limited, Multi-Credit Asset Holder (C) Limited, Ranger Direct Lending Fund PLC, UK Mortgages Limited, Vela Fund Limited, Mediterra Private Equity Limited.

*Previous directorships and partnerships:* Absolute Return Credit Asset Holder (A) Limited, Absolute Return Credit Asset Holder (C) Limited, DARF 2008 Sterling Asset Holder Limited, Global High-yield Asset Holder (A) Limited, Global High-yield Asset Holder (C) Limited, Global Capital Holdings 1 Limited, Global Capital Holdings 2 Limited, LCF Edmond de Rothschild (CI) Limited, LCF Edmond de Rothschild Asset Management (CI) Limited, LCF Edmond de Rothschild Holdings (CI) Limited, Omnium Investments PCC Limited, Optimal Tracker Fund PCC Limited, Prosperity Quest II GP Limited, Prosperity Quest II Unlisted Limited.

6.8 As at the date of this Prospectus, none of the Directors:

- (a) had been a member of any administrative, management or supervisory body or partner of any company or partnership at any time during the five years immediately preceding the date of this Prospectus;
- (b) had any convictions in relation to fraudulent offences in the five years immediately preceding the date of this Prospectus;
- (c) had been associated with any bankruptcies, receiverships or liquidations in the five years immediately preceding the date of this Prospectus;
- (d) had been the subject of any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) in the five years immediately preceding the date of this Prospectus; or
- (e) had been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer in the five years immediately preceding the date of this Prospectus.

## **7. Substantial Share Interests**

7.1 Under Chapter 5 of the Disclosure and Transparency Rules, subject to certain exemptions, a person must notify the Company of the percentage of voting rights they hold if they acquire or dispose of shares in the Company to which voting rights are attached and if, as a result of the acquisition or disposal, the percentage of voting rights which they hold as an Ordinary Shareholder (or, in certain cases, which they hold indirectly) or through their direct or indirect holding of certain types of financial instruments (or a combination of such holdings) reaches, exceeds or falls below five per cent.

and each five per cent. threshold thereafter or reaches, exceeds or falls below an applicable threshold as a result of events changing the breakdown of voting rights and on the basis of the total voting rights notified to the market by the Company. The notification must be made within four trading days.

Under the Disclosure and Transparency Rules, the Company must announce the notification to the public as soon as possible and in any event by not later than the end of the trading day following receipt of a notification in relation to voting rights.

- 7.2 So far as the Company is aware, as at 3 September 2015 (being the latest practicable date prior to the publication of this Prospectus) and as they will be immediately following Admission of the New Ordinary Shares, the following persons (other than the Directors) had notifiable interests in five per cent. or more of the Company's issued share capital or voting rights:

<i>Ordinary Shareholder</i>	<i>No. of Existing Ordinary Shares as at 3 September 2015</i>	<i>% of Existing Ordinary Share Capital as at 3 September 2015</i>	<i>No. of Ordinary Shares immediately following Admission of the New Ordinary Shares<sup>(1)</sup></i>	<i>% of Ordinary Shares immediately following Admission of the New Ordinary Shares<sup>(1)</sup></i>
Edgewater <sup>(2)</sup>	13,494,037	20.75	19,323,194	21.85
Jordan <sup>(3)</sup>	7,764,318	11.94	11,118,349	12.57
Zalaznick <sup>(4)</sup>	6,000,443	9.23	11,118,349	12.57
Leucadia <sup>(5)</sup>	6,427,563	9.89	8,454,105	9.56
Abrams <sup>(6)</sup>	5,694,389	8.76	7,744,369	8.76

(1) Assuming no Placing Shares are clawed back to satisfy valid applications under the Open Offer.

(2) Edgewater Growth Capital Partners.

(3) John (Jay) W. Jordan II and affiliates.

(4) David W. Zalaznick and affiliates.

(5) Leucadia Financial Corporation.

(6) Abrams Capital Management.

Abrams Capital Management also has an interest in £661,055 CULS as at 3 September 2015 (being the latest practicable date prior to publication of this Prospectus). The CULS are convertible into Ordinary Shares in accordance with their terms.

The issue of 2022 ZDP Shares pursuant to the ZDP Rollover Offer will not affect the number of Ordinary Shares.

The issue of New Ordinary Shares pursuant to the Placing and Open Offer will not affect the number of 2016 ZDP Shares or 2022 ZDP Shares. The issue of 2022 ZDP Shares pursuant to the ZDP Rollover Offer will affect the number of 2016 ZDP Shares as Qualifying ZDP Shareholders may elect to exchange all or some of their 2016 ZDP Shares pursuant to the ZDP Rollover Offer. The number of 2022 ZDP Shares to be issued pursuant to the ZDP Rollover Offer (and the reduction in the number of 2016 ZDP Shares) will depend on the terms and conditions of the ZDP Rollover Offer. The number of 2022 ZDP Shares to be issued pursuant to the ZDP Rollover Offer and the number of 2016 ZDP Shares remaining in issue following completion of the ZDP Rollover Offer will be announced via an RIS.

- 7.3 None of the Company's major shareholders of Ordinary Shares detailed at paragraph 7.2 of this Part X (*Additional Information*) have different voting rights from the Ordinary Shareholders.

- 7.4 The Company is not aware of any person who, immediately following the Placing and Open Offer and the ZDP Rollover Offer, can, will or could, directly or indirectly, jointly or severally, exercise control over the Company or any arrangement, the operation of which may at a subsequent date result in a change of control of the Company.

## 8. Material Contracts

Save for the contracts described in this paragraph 8 of this Part X (*Additional Information*), the Company has not entered into any other contract (not being a contract entered into in the ordinary course of business) in the two years immediately preceding the date of this Prospectus or which contains any provision under which the Company has any obligation or entitlement which is material to the Company as at the date of this Prospectus.

### 8.1 *Placing Agreement*

The Placing Agreement, dated 4 September 2015, between the Company, the Investment Adviser and JPMC whereby JPMC has agreed, as agent for the Company, to place the Placing Shares pursuant to the Placing and to make the applications for Admission of the New Ordinary Shares issued pursuant to the Placing and Open Offer and for Admission of the 2022 ZDP Shares issued pursuant to the ZDP Rollover Offer. For its services in connection with the Placing and Open Offer, JPMC will be entitled to a commission of 0.75 per cent. on the aggregate value, at the Offer Price, of all the New Ordinary Shares issued pursuant to the Placing and Open Offer, such commission being conditional on Admission of the New Ordinary Shares. In addition, for its services in connection with the ZDP Rollover Offer, JPMC will be entitled to a commission of 1.00 per cent. on the aggregate value, at their issue price, of all the 2022 ZDP Shares issued pursuant to the ZDP Rollover Offer, such commission being conditional on Admission of the 2022 ZDP Shares.

Under the Placing Agreement, which may be terminated by JPMC in certain limited circumstances prior to Admission of the New Ordinary Shares and/or Admission of the 2022 ZDP Shares, the Company and the Investment Adviser have given warranties and indemnities to JPMC concerning, *inter alia*, the accuracy of the information contained in this prospectus. Such warranties and indemnities are customary for an agreement of this nature.

### 8.2 *Investment Advisory Agreement*

The Company has entered into an investment advisory and management agreement dated 23 December 2010, as amended (the “**Investment Advisory Agreement**”) with the Investment Adviser under which the Company has appointed the Investment Adviser to act as its investment adviser and manager. Subject to the overall supervision of the Board and to the Articles, the Investment Adviser acts as the investment adviser and manager to the Company and manages the investment and re-investment of the assets of the Company in pursuit of the Company’s corporate objective and in accordance with the investment policy of the Company and any investment limits and restrictions notified by the Board to (following consultation with) the Investment Adviser.

Pursuant to the Investment Advisory Agreement, the Company pays to the Investment Adviser a base management fee and an incentive fee. Details of these fees, as well as costs, expenses and other fees are set out in Parts III (*Information on the Investment Adviser*) and V (*Directors, Corporate Governance and Administration*) of this Prospectus.

The Investment Adviser is authorised to enter into sub-advisory agreements with one or more other sub-advisers, subject to the oversight of the Investment Adviser and the Company and provided that, save with the prior consent of the Board, no such sub-adviser(s) who operates from the UK is appointed. Details of the fees paid to any such sub-adviser(s) are set out in Part III (*Information on the Investment Adviser*) of this Prospectus.

The Investment Adviser will be the only investment adviser and manager for the Company for so long as the Investment Advisory Agreement or any extension, renewal or amendment thereof remains in effect, subject to the Investment Adviser’s right to enter into sub-advisory agreements with one or more other sub-advisers.

The services of the Investment Adviser to the Company are not exclusive, and the Investment Adviser may, so long as the services to the Company under the Investment Advisory Agreement are not impaired, engage in any other business or render similar or different services to others, including, without limitation, the direct or indirect sponsorship or management of other investment based

accounts or commingled pools of capital, howsoever structured, having corporate objectives similar or dissimilar to those of the Company (collectively, “**other funds**”). Nothing in the Investment Advisory Agreement will limit or restrict the right of the Investment Adviser to engage in any personal investment activities or other business or to devote time or attention in part to any other business, whether of a similar or dissimilar nature, or to receive any fees or compensation in connection therewith.

In cases of investments with certain other funds that are not subject to a separate agreement concerning co-investments and where it may be possible, in accordance with the terms of the relationship between the Investment Adviser and such other fund for the Company from time to time: (a) to co-invest with such other fund, the Company’s co-investments will be made on the same terms as such other fund (without regard to the respectively allocated amounts of the investments and whether or not any third party investors also co-invest) or on such other terms to which the Investment Adviser and the Board shall otherwise agree, and (b) to participate in the mezzanine financings of companies (including equity participations, if available) controlled by such other fund, the Company’s participations will be less than 50 per cent. thereof and will be on the same terms as negotiated by the majority participants. In cases where the Company invests directly from time to time in such other funds: (i) such investments will be made on the same terms as the other investors in such other funds (or on such other terms to which the Investment Adviser and the Board shall otherwise agree); and (ii) the Investment Adviser will consult with the Board appropriately to avoid duplications of management fees.

The Investment Adviser shall not be liable to the Company for any action taken or omitted to be taken by the Investment Adviser in connection with the performance of any of its duties or obligations under the Investment Advisory Agreement or otherwise as an investment adviser or manager of the Company, and the Company shall indemnify, defend and protect the Investment Adviser and hold them harmless from and against all damages, liabilities, costs and expenses incurred by the Investment Adviser in or by reason of any pending, threatened or completed action, suit, investigation or other proceeding arising out of or otherwise based upon the performance of any of the Investment Adviser’s duties or obligations under the Investment Advisory Agreement or otherwise as an investment adviser or manager of the Company, save for any liability to the Company or its security holders to which the Investment Adviser would otherwise be subject by reason of wilful misfeasance, bad faith or gross negligence in the performance of the Investment Adviser’s duties or by reason of the reckless disregard of the Investment Adviser’s duties and obligations under the Investment Advisory Agreement. The Investment Adviser shall indemnify, defend and protect the Company and hold it harmless from and against all damages, liabilities, costs and expenses incurred by the Company resulting from the wilful misfeasance, bad faith or gross negligence by the Investment Adviser in the performance of the Investment Adviser’s duties or by reason of the reckless disregard of the Investment Adviser’s duties and obligations under the Investment Advisory Agreement.

Either party may terminate the Investment Advisory Agreement on not less than two and one-half years’ (i.e. 913 days’) prior notice (or such lesser period as may be agreed by the parties) to the other party, without cause. The Investment Advisory Agreement may also be terminated by either party: (a) upon not less than 60 days’ prior notice to the other, if the other commits any material breach with respect to its obligations under the Investment Advisory Agreement and fails (in the case of a breach capable of rectification) to make good such breach within 30 days of receipt of notice from the other requiring it to do so; or (b) forthwith upon written notice to the other if: (i) the other is dissolved or goes into liquidation (other than solely for the purposes of a solvent amalgamation or reconstruction); (ii) the other is unable to pay its debts as they fall due or makes any compromise with its creditors generally or any proposals with regard to such a compromise or otherwise commits any act of bankruptcy; (iii) a receiver is appointed over all or a substantial portion of its assets; or (iv) the other ceases to hold any licence, permission, authorisation or consent necessary for the performance of its duties under the Investment Advisory Agreement.

The Investment Advisory Agreement is personal to the parties and is not capable of assignment.

The Investment Advisory Agreement is governed by and construed in accordance with English law and the parties have submitted to the jurisdiction of the English courts.

### 8.3 *Administration Agreement*

The Company has entered into an administration agreement dated 3 September 2012 (the “**Administration Agreement**”) with the Administrator. The Administrator acts as the Administrator, Company Secretary and Registrar for the Company and has agreed to provide accounting and financial reporting services (including the calculation of NAV), registrar services, compliance services, corporate secretarial services and administrative services. The Administrator shall perform these services, as well as any other powers, duties, discretions and functions conferred upon it by the Administration Agreement outside the UK and will hold all meetings at which such powers, rights and duties are exercised or performed within Guernsey (or such other places outside the UK as approved by the Company).

The Company pays to the Administrator an annual fee in respect of the services and paid an initial set-up fee. Details of these fees, as well as costs and expenses are set out in Part V (*Directors, Corporate Governance and Administration*) of this Prospectus.

The liability of the Administrator is limited including that it will not be liable to the Company or any other person for any loss, damages, liabilities or any costs or expenses whatsoever and howsoever incurred as a result of the performance or non-performance by the Administrator of its obligations and duties under the Administration Agreement save for where they are a direct result of its fraud, wilful default or negligence. The total liability of the Administrator arising out of or in connection with the Administration Agreement for certain types of losses is also subject to a cap of double the fees payable annually by the Company for the services. The Company provides a number of indemnities to the Administrator, including indemnifying the Administrator, its officers, employees, agents, sub-contractors and representatives against, and holding them harmless from, any liabilities, losses, claims, costs, damages, penalties, fines, obligations or expenses of any kind whatsoever that may be imposed on, incurred by or asserted in connection with or arising out of: (a) the Administrator’s performance in accordance with the terms of the Administration Agreement (save for negligence, fraud or wilful default); (b) the Administrator’s reliance on information provided to the Administrator by or on behalf of the Company or any asset pricing or market data providers; (c) any action or omission taken by the Administrator in accordance with any proper instruction or other directions upon which it is authorised to rely; (d) the actions or omissions of any broker, dealer, bank, custodian or other person engaged by the Company; or (e) any claim arising out of the investment activities of the Company. Certain other losses, including those resulting from a breach of the investment policies of the Company, any inaccuracies in the calculation of NAV and ensuring the Company complies with applicable laws, are also excluded.

The Administration Agreement shall continue in full force and effect until terminated by either party by a notice in writing delivered or posted, to the other party, such termination to take effect not sooner than 90 days after the date of such delivery or posting. The Company or the Administrator may however at any time immediately terminate the Administration Agreement in the case of certain events of insolvency; if the other party commits any breach of the Administration Agreement which if capable of remedy is not so remedied within the specified timeframe; or if the continued performance of the Administration Agreement ceases to be lawful.

The Administration Agreement is governed by Guernsey law.

### 8.4 *Custodian Agreements*

The Company has completed various account applications (and a number of related forms and information) including: (a) relationship agreements, which allow the Company to apply for various accounts, from time to time, with the Custodian; and (b) applications and agreements for a deposit account and custody account, which if accepted will allow the Company to open and maintain a custodial account whereby the Custodian will provide for the safekeeping of assets deposited with the

Custodian, from time to time, the collection and disbursement of the income thereof, the receipt and remittance of funds and/or securities, and various other duties incident thereto. The agreements and applications, and addendums thereto together constitute the Custodian Agreements dated in or around May 2008 and on 22 July 2015 between the Company and the Custodian. The Custodian acts as custodian of the Company's investments, cash and other assets and, in that capacity, is responsible for the safe custody of the property of the Company and dealing with settlement arrangements.

The Custodian is entitled to quarterly payment of fees calculated based upon the activities of the Custody Accounts as follows: a) the number of items on deposit x \$175.00; b) number of items withdrawn x \$125.00; and c) number of items deposited x \$50. The Custodian is not entitled to a minimum fee. Details of these fees are set out in Part V (*Directors, Corporate Governance and Administration*) of this Prospectus.

The Custodian is not liable for any loss damages or expenses incurred arising out of or in any way related to the transactions contemplated under the Custodian Agreement, unless such loss is caused by its gross negligence or wilful misconduct and the Company has agreed to hold the Custodian harmless and indemnify the Custodian against all actions, proceedings, damages, loss and liability arising from transactions contemplated under the Custodian Agreement.

The Custodian Agreements may be terminated by either party giving not less than 30 days' written notice, or earlier in the event of breach. Upon termination, the Custodian shall immediately transfer the securities held in the Custodian account to the Company or another custodian chosen by the Company.

The Custodian Agreements are governed by New York law.

#### 8.5 ***UK Transfer Agent Agreement***

The Company has entered into a transfer agent agreement dated in or around December 2008 (the "**UK Transfer Agent Agreement**") with the UK Transfer and Paying Agent. The UK Transfer and Paying Agent acts as the UK transfer agent for the Company and provides transfer agent services, including a securities registration service for the Company's securities.

The Company pays to the UK Transfer and Paying Agent fees for each action undertaken in respect of maintenance of the Register, transfers of securities, annual general meetings, analysis of the Register and reporting; access to the selector portal and dividend payment services, subject to a minimum annual fee for certain of those actions. Details of these fees, as well as costs and expenses are set out in Part V (*Directors, Corporate Governance and Administration*) of this Prospectus.

The Company has agreed to indemnify the UK Transfer and Paying Agent for any and all liabilities suffered or incurred by the UK Transfer and Paying Agent arising out of or in connection with the due and proper performance of its duties except that liability of either party shall not be excluded or limited to the extent provided by law.

The liability of the UK Transfer and Paying Agent is limited including, among others, for certain claims to an aggregate liability cap referable to the fees and remuneration paid by the Company to the UK Transfer and Paying Agent under the UK Transfer Agent Agreement. Certain consequential losses are also excluded. The Company has agreed to indemnify the UK Transfer and Paying Agent against all actions, claims, demands, costs, losses, liability, charges and expenses which it may sustain or incur arising directly out of or in connection with it: (a) properly performing its duties under the UK Transfer Agent Agreement, (b) accepting or acting upon properly authenticated instructions in relation to any uncertificated securities; (c) in its capacity as the UK Transfer and Paying Agent for the Company complying with law, statute, applicable rules or regulations or any order of court; (d) the assumptions relating to the Company's registers or documents of title concerning the Company's securities made by the UK Transfer and Paying Agent prior to entering into the UK Transfer Agent Agreement being in any way incorrect; and (e) the use of electronic means to transfer information between parties. The Company has also agreed that it will indemnify fully on demand and hold harmless in all respects the UK Transfer and Paying Agent against any cost, loss, liability, charge or

expense incurred by or levied against it in connection with the UK stamp duty reserve tax and/or stamp duty and/or any equivalent or replacement tax, charge or duty in each case as a result of the establishment of, or the transactions recorded in, the Register or in any way arising out of or in connection with the provision of any of the services in the UK Transfer Agent Agreement.

The UK Transfer Agent Agreement may be terminated by the UK Transfer and Paying Agent with immediate effect at any time upon sending written notice to the Company if the Company fails to pay the UK Transfer and Paying Agent within specified timeframes, the Company becomes subject to certain events of insolvency or certain assumptions relating to the Company's registers or documents of title concerning the Company's securities made by the UK Transfer and Paying Agent prior to entering into the UK Transfer Agent Agreement are materially incorrect. The Company may terminate the UK Transfer Agent Agreement with immediate effect at any time upon sending written notice to the UK Transfer and Paying Agent if the agent becomes subject to certain events of insolvency.

The UK Transfer Agent Agreement is governed by English law.

#### 8.6 ***Guggenheim Credit Agreement***

On 12 June 2015, the Company, as borrower together with, among others, Guggenheim Partners Europe Limited ("**Guggenheim**") as administrative agent and collateral agent, entered into a New York law governed US Dollar credit agreement (the "**Guggenheim Credit Agreement**"). The Guggenheim Credit Agreement provides for a six year credit term loan facility in an aggregate principal amount of US\$99.9 million (comprising US\$80 million, EUR18 million) ("**Guggenheim Facility**"). The full principal amount of the Guggenheim Facility was borrowed on closing and remains outstanding as at the date of this Prospectus. The proceeds of the Guggenheim Facility have been and are to be used for certain purposes including the repayment of the credit agreement entered into on 16 June 2014 between the Company together with, among others, Jefferies Finance LLC ("**Jefferies Finance**") (the "**Jefferies Finance Credit Agreement**"), general corporate purposes and the making of certain permitted investments (including, existing portfolio investments, other additional investments subject to certain financial tests being satisfied and the pledging of collateral, cash equivalent investments and certain investments within the group). The Jefferies Finance Credit Agreement was repaid in full on 12 June 2015 and the security the subject of the pledge agreement entered into on 16 June 2014 between the Company and Jefferies Finance was released at the same time.

The remaining principal amount outstanding under the Guggenheim Facility must be repaid in full on 12 June 2021. Interest accruing on the principal amount outstanding under the Guggenheim Facility will be at a floating rate and will differ according to the choice of loan elected by the Company. If a "Base Rate Loan" is selected, interest will accrue at the "Alternate Base Rate", being the sum of: (a) the prime lending rate as set forth on the Bloomberg page PRIMBB Index (or successor page) for such day (provided that in no event shall the Alternate Base Rate be less than 2 per cent. per annum); plus (b) the applicable margin of 4.75 per cent. per annum. If a "LIBO Rate Loan" is selected, interest will accrue at the "LIBO Base Rate", being the sum of: (a) the rate which appears on the Bloomberg page BBAM1 (or successor page) for the relevant interest period; plus (b) the applicable margin, being 5.75 per cent. per annum. The Company may elect from time to time to convert "LIBO Rate Loans" into "Base Rate Loans", or vice versa, if certain conditions are met.

During an event of default, however, all obligations (including all amounts outstanding under the Guggenheim Facility) become payable upon demand and interest accrues at a rate which is 2 per cent. higher than the rate that would otherwise be applicable. The Company may make certain optional prepayments under the Guggenheim Facility and may be required to do so upon the occurrence of certain events, including asset sales, debt or stock issuances and casualty events. The Company also paid an equivalent amount to an upfront fee to Guggenheim.

The Company's subsidiaries (from time to time, excluding JZCP Realty Fund, Spruceview Capital LLC (provided that JZCP Bright Spruce shall not be excluded) and investment companies)) jointly and severally, guarantee, as primary obligors, the payment and performance of the Company's secured



obligations under the Guggenheim Facility, including the payment of principal and interest on the same.

The Guggenheim Facility contains a borrowing restriction such that, so long as the Guggenheim Facility remains in effect and until the principal of, and any interest and premium (if any) on, each of the loans available under the Guggenheim Facility and all fees and other expenses and amounts payable have been paid in full, the Company shall not incur, create, assume or permit to exist, directly or indirectly, any Indebtedness other than certain permitted Indebtedness, including (a) up to \$125.0 million of Indebtedness for the refinancing of the 2016 ZDP Shares and (b) other secured Indebtedness in an aggregate principal amount not to exceed \$10.0 million and unsecured Indebtedness not to exceed \$35.0 million minus the amount by which the Indebtedness referred to in (a) of this paragraph exceeds \$90.0 million.

For this purpose. "Indebtedness" of any person includes, *inter alia*, all obligations of such person for borrowed money or advances, all obligations of such person evidenced by bonds, debentures, notes, loan agreements or similar instruments and all Indebtedness secured by any lien on property owned or acquired by such person (including indebtedness arising under conditional sales or other title retention agreements).

The Guggenheim Facility contains customary events of default, which entitle the lenders thereunder, upon the occurrence of certain events or circumstances, to terminate the Guggenheim Facility and demand the repayment of all amounts outstanding under the Guggenheim Facility, as well as exercising any of its other legal rights and remedies. These events of default include, among others, non-payment of principal or interest, misrepresentation, default of other obligations including certain positive and negative covenants and also breaches with respect to other indebtedness (subject to an aggregate materiality threshold), insolvency, insolvency proceedings, payment orders, certain security interests and liens ceasing to have effect or the happening of certain events with respect to the validity or enforceability of the loan documents, the occurrence of a change in control, the delisting from the Specialist Fund Market of the Company's capital stock or certain failures of the Company in relation to the refinancing of the 2016 ZDP Shares.

#### 8.7 *Deutsche Bank Account Agreement*

On 25 October 2010, the Company and Deutsche Bank Securities Inc., acting through its Deutsche Bank Alex Brown division ("**Deutsche Bank**") entered into a New York law governed account agreement (the "**Deutsche Bank Account Agreement**"). The Deutsche Bank Account Agreement provides for a margin account facility ("**Deutsche Bank Facility**") which allows for an aggregate amount outstanding of not in excess of approximately US\$52 million and as at 3 September 2015 (being the latest practicable date prior to the publication of this Prospectus) a margin loan in the amount of US\$40.1 million has been drawn down and is outstanding against securities owned by the Company and held in a margin account with Deutsche Bank including UK treasury gilts and listed corporate bonds. To the extent the Company repays any outstanding borrowings under the facility, such amount shall continue to be available to the Company for further borrowings. This loan bears interest at the London Interbank Offered Rate (LIBOR) plus 75 basis points. The loan is repayable on demand.

#### 8.8 *CULS and CULS Trust Deed*

The CULS are convertible unsecured subordinated loan stock denominated in Pounds Sterling. They were issued on 30 July 2014 and the Company has £38,861,140 in aggregate nominal amount of CULS in issue as at the date of this Prospectus. The CULS are admitted to trading on the Specialist Fund Market.

The CULS bear interest on their nominal amount for the time being outstanding from (and including) their issue date at the rate of 6.00 per cent. per annum payable semi-annually in arrear on 31 March and 30 September in each year to (but excluding) their maturity date of 30 July 2021 (unless previously redeemed, purchased or converted and, in each case, cancelled).

CULS Holders have a right to convert the whole or part (being an integral multiple of £10 in nominal amount) of their CULS into Ordinary Shares. Such Conversion Rights are exercisable at any time during the period from (and including) the forty-first business day in London and Guernsey after the issue date of the CULS to (and including) the tenth business day in London and Guernsey prior to the date of redemption of the CULS on their maturity date.

The number of Ordinary Shares to be issued on exercise of the Conversion Right shall be determined by dividing the nominal value of CULS by the Conversion Price. The Conversion Price of the CULS is subject to adjustment, including in respect of: (a) consolidation or subdivision of the Ordinary Shares; (b) certain dividend payments made by the Company; (c) issues of shares, rights, share-related securities and other securities by the Company; (d) in the event of demergers; and (e) in the event of a change of control of the Company. There will be no adjustment to the Conversion Price as a result of the Placing and Open Offer, as the Offer Price for the New Ordinary Shares is at a discount of less than 5 per cent. to the closing price of an Ordinary Share on 3 September 2015, or any of the other transactions described in this Prospectus.

Ordinary Shareholders will suffer a reduction in their proportionate ownership and voting interest in the share capital of the Company as represented by their holding of Ordinary Shares upon any conversion of the CULS. Also, if NAV per Ordinary Share at the time of exercise of such Conversion Rights exceeds the Conversion Price, the issue of the Ordinary Shares pursuant to such exercise will have a dilutive effect on NAV per Ordinary Share. The extent of such dilution will depend on the number of CULS in respect of which such Conversion Rights are exercised on each occasion and the difference between the Conversion Price and NAV per Ordinary Share prevailing at the time the new Ordinary Shares are issued.

Unless previously redeemed, purchased or converted, the CULS will be redeemed by the Company on 30 July 2021 at their nominal amount, together with any accrued interest up to (but excluding) the date of final redemption of the CULS on their maturity date. The Company may redeem all (but not some only) of the CULS, at its option at their nominal amount, together with accrued but unpaid interest on giving between 30 to 60 days notice, at any time: (a) on or after 30 July 2017, if on each of not less than 20 dealing days during the period of 30 consecutive dealing days the volume weighted average price of the Ordinary Shares exceeds 130 per cent. of the Conversion Price; or (b) if Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85 per cent. or more in aggregate nominal amount of the CULS. Following the occurrence of a change of control of the Company, each CULS Holder has the right to require the Company to convert his or her CULS into Ordinary Shares at an enhanced change of control Conversion Price or redeem his or her CULS at their nominal amount, together with accrued and unpaid interest to the date of redemption.

The CULS constitute direct, unsecured, subordinated, and unconditional obligations of the Company which will, at all times, rank *pari passu* among themselves. The terms and conditions of the CULS are subject in their entirety to the terms of the CULS Subordination Agreement (as further described below).

The CULS contain a borrowing restriction such that, as long as the CULS are outstanding: (a) the Company shall not incur or have outstanding (and shall procure that no Subsidiary incurs or has outstanding) any Financial Indebtedness, if, at the time of such incurrence, the aggregate amount of Financial Indebtedness of the Company and its Subsidiaries then outstanding (taking into account the Financial Indebtedness to be incurred as if it had been incurred) exceeds 50 per cent. of NAV of the Company calculated by the Company in accordance with its normal accounting policies and stated in the latest monthly management accounts; and (b) the aggregate amount of Financial Indebtedness of the Company and its Subsidiaries (excluding indebtedness with an original maturity of less than 270 days for the purpose of meeting investment commitments pending the realisation of the Company's assets) shall not, at any time, exceed 75 per cent. of NAV of the Company calculated by the Company in accordance with its normal accounting policies and stated in the latest monthly management accounts. The incurrence borrowing restriction described in (a) above will not prohibit

indebtedness of a short-term nature incurred to enable the Company to meet investment commitments pending the realisation of assets.

For this purpose, “Financial Indebtedness” includes, *inter alia*, moneys borrowed, any amount raised by acceptance under acceptance credit facilities, any amount raised under any transaction having the commercial effect of a borrowing and any amount raised by the issue of redeemable shares which are redeemable (other than at the option of the Company) before the maturity date of the CULS of 30 July 2021 or are otherwise classified as borrowings under IFRS.

Events of default under the CULS include: (a) non-payment, except as provided by the CULS Subordination Agreement, of principal or interest for 14 days; (b) winding-up or dissolution of the Company; (c) certain events relating to insolvency or insolvency proceedings or creditors’ process involving the Company or its assets; (d) breach of the obligations of the Company under the CULS or the CULS Trust Deed (which breach is not remedied within 30 days); or (e) an alteration, attachment, creation or issue of a new class of equity share capital by the Company. An event of default gives the CULS Trustee a discretion (or an obligation if so directed by CULS Holders of one-quarter in nominal amount of the CULS outstanding or by extraordinary resolution of the CULS Holders) to give notice to the Company that the CULS are immediately due and payable at their nominal amount together with accrued interest.

The CULS may be held in certificated and uncertificated form; they have been accepted for settlement through CREST and have an ISIN of GG00BP46PR08.

As well as remuneration, the Company has agreed to pay and discharge all properly incurred losses, damages, costs, charges, claims, demands, fees, expenses, judgments, actions, proceedings or other liabilities (including any value added tax or similar tax charged or chargeable in respect thereof) of the CULS Trustee in relation to, amongst other matters, the exercise of its powers and the performance of its duties under the CULS or the CULS Trust Deed, except those losses which result from the fraud, negligence or wilful default of the CULS Trustee.

The CULS are constituted by the CULS Trust Deed and the CULS Trustee is The Law Debenture Trust Corporation p.l.c.. The CULS and the CULS Trust Deed (and any non-contractual obligations arising out of the CULS or the CULS Trust Deed) are governed by and construed in accordance with English law.

#### 8.9 ***CULS Subordination Agreement***

The CULS are subject to the terms of the CULS Subordination Agreement entered into by, *inter alios*, the Company and the CULS Trustee.

So long as certain of the Company’s senior indebtedness designated as “Senior Debt” remains outstanding, the CULS Subordination Agreement provides, *inter alia*, for the priority of such Senior Debt over all amounts payable by the Company under the CULS Trust Deed and the CULS (other than certain fees, costs and expenses payable to the CULS Trustee under the CULS Trust Deed).

Any failure by the Company to pay any amount under or in respect of the CULS to the CULS Trustee or any CULS Holder as a result of the provisions of the CULS Subordination Agreement does not give rise to an event of default under or a breach of the CULS or the CULS Trust Deed.

Any amount which is not so paid due to the provisions of the CULS Subordination Agreement will remain a debt owing to the CULS Trustee or the relevant CULS Holder, as the case may be, by the Company until it is paid and shall be payable as specified in the terms and conditions of the CULS.

Any amount which is not so paid due to the provisions of the CULS Subordination Agreement will remain a debt owing to the CULS Trustee or the relevant CULS Holder, as the case may be, by the Company until it is paid and will be payable, in the case of principal, on the third business day after the day on which the relevant provisions of the CULS Subordination Agreement no longer apply (whether or not such a date is otherwise a payment date pursuant to the Conditions of the CULS

Subordination Agreement) and, in the case of interest, on such business day or the next Interest Payment Date (as defined in the CULS Subordination Agreement) (at the Company's election), but no interest will accrue on any amount under or in respect of the CULS which is not paid as a result of the relevant provisions of the CULS Subordination Agreement.

The CULS Subordination Agreement allows the Company to refinance, replace, renew or increase any existing Senior Debt and to borrow or incur any new Liabilities (as defined therein) which will constitute new Senior Debt.

The CULS Subordination Agreement is governed by Guernsey law.

## **9. Related Party Transactions and Interests**

- 9.1 This Prospectus contemplates, subject to Ordinary Shareholder approval, a number of Related Party Transactions which the Company proposed to undertake, being the Placing and Open Offer Related Party Transactions and the Spruceview Related Party Transaction. The Directors also intend to subscribe for New Ordinary Shares in the amounts set out in paragraph 6 of this Part X (*Additional Information*) of this Prospectus.
- 9.2 Related party transactions for the Company undertaken for the three financial years ended 28 February 2015 are set out in the respective independent auditors' reports and audited financial statements (including notes to those financial statements (including accounting policies) for those years which are incorporated by reference into this Prospectus: in Note 26 on page 74 for the year ended 28 February 2013, in Note 27 on page 78 for the year ended 28 February 2014 and in Note 28 on page 78 for the year ended 28 February 2015.
- 9.3 The Company also received Ordinary Shareholder approval on 19 June 2015 to undertake two separate Related Party Transactions being the Company's proposed investment in the JZI Fund III and in one or more business entities formed to make a series of microcap investments, known as the New JI Platform Companies.
- 9.4 Apart from those related party transactions as set out in the independent auditors' reports and audited financial statements (including notes to those financial statements (including accounting policies) incorporated by reference into this Prospectus by paragraph 3 of Part VII (*Historical Financial Information*) of this Prospectus and the Related Party Transactions referred to in paragraphs 9.1, 9.2 and 9.3 of this Part X (*Additional Information*), the Company has not entered into any related party transactions (which for these purposes are those set out in the standards adopted according to Regulation (EC) 1606/2002) between 28 February 2015 (being the end of the last financial period of the Company for which audited financial information has been published) and the date of this Prospectus.

## **10. Working Capital**

The Company is of the opinion that, taking into account the Minimum Net Proceeds receivable by the Company, the working capital available to the Company is sufficient for the Company's present requirements, that is for at least the next 12 months from the date of this Prospectus.

## **11. Significant change**

There has been no significant change in the financial or trading position of the Company since 28 February 2015 (being the end of the last financial period of the Company for which audited financial information has been published).

## **12. Mandatory offers and compulsory acquisition of Ordinary Shares**

- 12.1 The Company is subject to the Takeover Code, which, *inter alia*, provides that if any person, or group of persons acting in concert, acquires Ordinary Shares carrying 30 per cent. or more of the voting rights exercisable in general meetings, that person shall be required to make an offer for all the issued

Ordinary Shares of the Company not already held by him (or persons acting in concert with him) in cash at the highest price paid by that person, or any person acting in concert with him, during the 12 month period prior to the purchase of shares which triggered the obligation. There are certain circumstances where no such offer may be required, such as where a holder of over 50 per cent. of the issued voting shares acquires additional shares.

- 12.2 Under the Companies Law, where an offer to acquire shares has been made by a person (the “offeror”), if within four months after the date of making the offer the offer is approved by shareholders comprising 90 per cent. in value of the shares affected, the offeror may, within two months after the expiration of those four months, give notice to any dissenting shareholder to compulsorily acquire his shares (a “notice to acquire”). Subject to any order of the Court, the offeror is entitled and bound to acquire the shares of any dissenting shareholder on the terms (including as to consideration) on which the shares of the approving shareholders are to be transferred to the offeror. The offeror would do this (on the expiration of one month from the date of the notice to acquire) by paying the consideration required and being registered as the holder of those shares. Any sums paid as consideration would be held on trust for the shareholders entitled to it. A dissenting shareholder who receives a notice to acquire has the right, within one month after the date of the notice, to apply to the Court to cancel the notice. The Court may cancel the notice or make such order as it thinks fit.

### 13. Investment and other restrictions

- 13.1 As the Company is listed on the Specialist Fund Market, the Company is not subject to the Listing Rules, including the restrictions on investments applicable to closed end investment funds in Chapter 15 of the Listing Rules. However, the Company has voluntarily determined to comply with the requirements of Chapter 15 of the Listing Rules and as a matter of policy, the Company has voluntarily adopted the following restrictions, which apply to closed end investment funds that are listed on the premium segment of the Official List:

- (a) it will not invest more than 10 per cent. in aggregate of the value of its gross assets at the time of a new investment in other investment companies or investment trusts which are listed on the Official List (except to the extent that those investment companies or investment trusts have stated policies to invest no more than 15 per cent. of their gross assets in other investment companies or investment trusts which are listed on the Official List);
- (b) it will not conduct any trading activity which is significant in the context of the Company’s activities as a whole; and
- (c) it will, at all times, invest and manage its assets:
  - i. in a way which is consistent with its object of spreading investment risk; and
  - ii. in accordance with its published investment policy.

- 13.2 The Company’s investment policy is set out in Part II (*Information on the Company*) of this Prospectus.

### 14. Enforcement of Foreign Judgments in Guernsey Courts

- 14.1 *For judgments which comply with the requirements of the Judgments (Reciprocal Enforcement) (Guernsey) Law 1957:*

A final and conclusive judgment, capable of execution, obtained in a superior court of a reciprocating country (including but not limited to England and Wales), having jurisdiction over a defendant for a fixed sum (other than for taxes or similar charges) and after hearing of the merits in such court, would be recognised and enforced by the Royal Court of Guernsey without re-examination of the merits of that case, but subject to compliance with procedural and other requirements of Guernsey’s reciprocal enforcement legislation, unless any such judgment:

- (a) is obtained by fraud;
- (b) is in conflict with Guernsey public policy;

- (c) has already been satisfied wholly; or
- (d) could not be enforced by execution in the jurisdiction of origin.

**14.2 *For judgments which do not comply with requirements of the Judgments (Reciprocal Enforcement) (Guernsey) Law 1957:***

A final and conclusive judgment obtained in a superior court of a non-reciprocating country would not be subject to the same legislative regime as would a final and conclusive judgment obtained in a superior court of a reciprocating country pursuant to the provisions of the Judgments (Reciprocal Enforcement) (Guernsey) Law 1957. Instead, a judgment creditor with a final and conclusive judgment from such court, for a fixed or ascertainable sum of money, would be entitled to sue on that foreign judgment itself by commencing an action in Guernsey and, if the matter were placed on the pleading list in Guernsey, by applying for summary judgment. Broadly, a judgment creditor relying on this enforcement procedure would be prevented from suing on its foreign judgment in Guernsey if any of the following grounds applied:

- (a) the foreign court did not have jurisdiction to give the relevant judgment;
- (b) there is fraud on the part of the party in whose favour the judgment was given or on the part of the court pronouncing the foreign judgment;
- (c) where enforcement in the Guernsey court would be contrary to public policy;
- (d) the foreign judgment is obtained in contravention of natural justice.

**15. Miscellaneous**

- 15.1 Where indicated in this Prospectus, information contained in this Prospectus has been sourced from third parties (which can be identified by the word “source” and followed by the source). Such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 15.2 Save as disclosed in paragraphs 6.1 and 7.2 of this Part X (*Additional Information*), no persons involved in the Placing and Open Offer have any interests that are material to the Placing and Open Offer and no persons involved in the issue of 2022 ZDP Shares pursuant to the ZDP Rollover Offer have any interests that are material to the ZDP Rollover Offer.
- 15.3 No application is being made for the New Ordinary Shares or the 2022 ZDP Shares to be listed or dealt in on any stock exchange or investment exchange other than the Specialist Fund Market.
- 15.4 JPMC has given and not withdrawn its written consent to the inclusion in this Prospectus of the references to its name in the form and context in which they appear.

**16. Documents Available for Inspection**

Copies of the following documents are available for inspection at the offices of Ashurst LLP, Broadwalk, House, 5 Appold Street, London EC2A 2HA during normal business hours on any day (Saturdays, Sundays and public holidays excepted) until 30 September 2015 (or if later Admission of the New Ordinary Shares and/or the 2022 ZDP Shares, as applicable):

- (a) the Articles;
- (b) the New Articles;
- (c) the independent auditors’ reports and audited financial statements (including notes to those financial statements (including accounting policies)) of the Company for the three financial years ended 28 February 2015 (as contained in the Company’s annual reports and accounts); and

- (d) the written letter of consent from JPMC referred to in paragraph 15.4 of this Part X (*Additional Information*).

**17. Availability of this Prospectus**

A copy of this Prospectus, together with any supplementary Prospectus will be available for inspection during normal business hours, at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA. Copies of this Prospectus, together with any supplementary Prospectus, may also be collected, free of charge during normal business hours from the Company at the registered office for the time being of the Company, being at the date of publication of this Prospectus, PO Box 255, Trafalgar Court Les Banques, St Peter Port Guernsey, GYJ 3QL.

## PART XI

### TERMS AND CONDITIONS OF APPLICATION UNDER THE PLACING

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE CONDITIONAL PLACING OF NEW ORDINARY SHARES, SUBJECT TO CLAWBACK TO SATISFY VALID APPLICATIONS BY QUALIFYING SHAREHOLDERS UNDER THE OPEN OFFER, (THE “**PLACING**”). THESE TERMS AND CONDITIONS ARE DIRECTED ONLY AT: (A) PERSONS IN THE UNITED KINGDOM WHO ARE (I) QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE EU PROSPECTUS DIRECTIVE (WHICH MEANS DIRECTIVE 2003/71/EC, AS AMENDED FROM TIME TO TIME, INCLUDING DIRECTIVE 2010/73/EC, AND INCLUDES ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE) (THE “**PROSPECTUS DIRECTIVE**”) (“**QUALIFIED INVESTORS**”); (II) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE “**ORDER**”); OR (III) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (“**HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC**”) OF THE ORDER; OR (IV) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED; OR (C) PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”). THE TERMS AND CONDITIONS SET OUT IN THIS PART XI MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THE TERMS AND CONDITIONS SET OUT IN THIS PART XI RELATE IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

THE NEW ORDINARY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “**US SECURITIES ACT**”), OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED, SOLD, RESOLD, TAKEN UP, TRANSFERRED, DELIVERED OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATIONS UNDER THE US SECURITIES ACT (“**REGULATION S**”)). THERE WILL BE NO PUBLIC OFFER OF THE NEW ORDINARY SHARES IN THE UNITED STATES. THE COMPANY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**US INVESTMENT COMPANY ACT**”), AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS OF THAT ACT.

THE NEW ORDINARY SHARES MADE AVAILABLE PURSUANT TO THE PLACING ARE BEING OFFERED AND SOLD: (I) IN THE UNITED STATES ONLY TO QUALIFIED PURCHASERS (EACH A “**QP**” OR “**QUALIFIED PURCHASER**”) AS DEFINED IN SECTION 2(A)(51) OF THE US INVESTMENT COMPANY ACT AND THE RELATED RULES THEREUNDER WHO ARE ALSO EITHER (A) REASONABLY BELIEVED TO BE QUALIFIED INSTITUTIONAL BUYERS (EACH A “**QIB**” OR “**QUALIFIED INSTITUTIONAL BUYER**”) AS DEFINED IN RULE 144A UNDER THE US SECURITIES ACT (“**RULE 144A**”); OR (B) ACCREDITED INVESTORS (EACH AN “**AI**” OR “**ACCREDITED INVESTOR**”) AS DEFINED IN RULE 501(A) OF REGULATION D UNDER THE US SECURITIES ACT (“**REGULATION D**”), PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT; AND (II) OUTSIDE OF THE UNITED STATES TO PERSONS WHO ARE NOT US PERSONS (AS DEFINED IN REGULATIONS) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PLACEES ARE HEREBY NOTIFIED THAT SELLERS OF THE NEW ORDINARY SHARES ARE RELYING ON AN EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE US SECURITIES ACT.



## **1. Introduction**

Persons who are invited to and who choose to participate in the Placing (the “**Placees**”), by making an oral or written offer to acquire New Ordinary Shares pursuant to the terms of the Placing, including any individuals, funds or others on whose behalf a commitment to acquire New Ordinary Shares in the Placing is given, will (i) be deemed to have read and understood this Prospectus (including the terms and conditions set out in this Part XI) and (ii) be making such offer on the terms and conditions of the Placing contained in this Part XI, and the placing letter to be completed and signed by Placees in connection with the Placing (the “**Placing Letter**”), including being deemed to be providing (and shall only be permitted to participate in the Placing on the basis that they have provided) the representations, warranties, acknowledgements and undertakings set out in this Part XI and the Placing Letter.

## **2. Agreement to subscribe for New Ordinary Shares**

Conditional on: (i) Admission of the New Ordinary Shares occurring and becoming effective by 8.00 a.m. (London time) on 30 September 2015 (or such later time or date, not being later than 30 October 2015, as the Company, the Investment Adviser and JPMC may agree, (ii) the Placing Agreement becoming otherwise unconditional in all respects in relation to the Placing and Open Offer and not having been terminated in accordance with its terms, a Placee agrees to become a member of the Company and agrees to subscribe for those New Ordinary Shares, at the Offer Price, allocated to the Placee by JPMC, subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

## **3. Placing procedure and payment for Ordinary Shares**

- 3.1 Each prospective Placee’s allocation will be confirmed to Placees orally by JPMC and JPMC’s oral confirmation to the Placee will constitute an irrevocable and legally binding commitment upon such person (who will at that point become a Placee) in favour JPMC and the Company, to acquire the number of New Ordinary Shares allocated to it (subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer) and to pay the Offer Price on the terms and conditions set out in this Part XI, the Placing Letter and in accordance with the Articles. Each Placee conditionally allocated New Ordinary Shares in the Placing will be sent the Placing Letter as soon as possible after such oral confirmation and each Placee will confirm such irrevocable and legally binding commitment by completing, signing and returning the form of acceptance contained in the Placing Letter in accordance with the instructions therein.
- 3.2 Each Placee will have an immediate, separate, irrevocable and legally binding obligation owed to JPMC, as agent for the Company, to pay JPMC (or as it may direct) in cleared funds an amount equal to the product of the Offer Price and the number of New Ordinary Shares that such Placee has agreed to acquire (subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer).
- 3.3 Upon closing of the Open Offer (and following clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer), the final allocations of New Ordinary Shares to be issued to Placees pursuant to the Placing will be notified by JPMC to Placees in accordance with the terms of the Placing Letter, and JPMC will issue a trade confirmation in respect of such final allocations.
- 3.4 Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the instructions set out in the Placing Letter.
- 3.5 Each Placee is deemed to agree that, if it does not comply with these obligations, JPMC may sell any or all of the New Ordinary Shares allocated to that Placee on such Placee’s behalf and retain from the proceeds, for JPMC’s account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) or other similar taxes imposed in any jurisdiction which may arise upon the sale of such New Ordinary Shares on such Placee’s behalf. By making an oral or

written offer to acquire New Ordinary Shares pursuant to the terms of the Placing, each Placee confers on JPMC all such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which JPMC lawfully takes in pursuance of such sale.

#### **4. Representations and warranties**

By participating in the Placing and by making an oral and legally binding offer to acquire New Ordinary Shares under the Placing, each Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with the Company and JPMC that:

- (a) in agreeing to subscribe for New Ordinary Shares, it is relying solely on this Prospectus and prior to Admission of the New Ordinary Shares and any supplementary prospectus published by the Company subsequent to the date of this Prospectus and not on any other information given, or representation or statement made at any time, by any person concerning the Company or the Placing. It agrees that none of the Company, JPMC, the Investment Adviser or the Registrar, nor any of their respective officers, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- (b) the contents of this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus are exclusively the responsibility of the Company and its Directors (and other persons that accept liability for the whole or part of this Prospectus and any supplementary prospectus) and apart from the responsibilities and liabilities, if any, which may be imposed on JPMC by FSMA or the regulatory regime established thereunder, none of JPMC nor any person acting on its behalf nor any of its or their affiliates accept any responsibility whatsoever for, and makes no representation or warranty, express or implied, as to the contents of this Prospectus or any supplementary prospectus published by the Company subsequent to the date of this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the New Ordinary Shares or the Placing and Open Offer and nothing in this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future. JPMC accordingly disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any supplementary prospectus published by the Company subsequent to the date of this Prospectus or any such statement;
- (c) it has carefully read and understands this Prospectus in its entirety and acknowledges that it is acquiring New Ordinary Shares on the terms and subject to the conditions set out in this Part XI, the Placing Letter and the Articles as in force at the date of Admission of the New Ordinary Shares;
- (d) it may not rely, and it has not relied, on any investigation that JPMC, any of its affiliates or any person acting on its or their behalf may have conducted with respect to the New Ordinary Shares or the Company, and neither JPMC, nor any of its affiliates or any person acting on its or their behalf has made any representation to it, express or implied, with respect to the Company or the New Ordinary Shares or the accuracy, completeness or adequacy of the Prospectus or any other publicly available information;
- (e) it and any person acting on its behalf is entitled to acquire the New Ordinary Shares under the laws of all relevant jurisdictions that apply to it and if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for New Ordinary Shares under the Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, JPMC, the Investment Adviser, or the Registrar or any of their respective officers, agents, employees or affiliates acting in breach of the

regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing;

- (f) unless otherwise agreed by the Company in its sole discretion (after agreement with JPMC), the Placee and any person on whose behalf the Placee is subscribing for the New Ordinary Shares (a) is not located in the United States or any Excluded Territory and is not, and is not acting for the account or benefit of, a US Person or an Excluded Territory Shareholder; (b) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the New Ordinary Shares; (c) is not applying for the account of any person who is located in the United States, unless (1) the instruction to apply was received from a person outside the United States and (2) the person giving such instruction has confirmed that (x) it has the authority to give such instruction and (y) either (A) it has investment discretion over such account or (B) it is an investment adviser or investment company that is acquiring the New Ordinary Shares in an “offshore transaction” within the meaning of Regulation S and, in any event, is not applying for the account or benefit of a US Person; and (d) it is not acquiring the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States, any of the Excluded Territories or any other jurisdiction referred to in sub-paragraph (e) above or to any US Person;
- (g) the New Ordinary Shares have not been and will not be registered and that a prospectus will not be cleared in respect of any of the New Ordinary Shares under the securities laws or legislation of any Excluded Territory and, subject to certain exceptions, may not be offered, sold, or delivered or transferred, directly or indirectly, in or into those jurisdictions;
- (h) the New Ordinary Shares are being subscribed for investment purposes, and not with a view to, or for resale in connection with, any distribution of the New Ordinary Shares within the meaning of the United States securities laws;
- (i) where it is acquiring the New Ordinary Shares for one or more managed accounts, it is authorised in writing by each managed account to acquire the New Ordinary Shares for each managed account;
- (j) neither it, nor the person specified by it for registration as holder of the New Ordinary Shares is, or is acting a nominee(s) or agent(s) for, and that the New Ordinary Shares will not be allotted to, a person/person(s) whose business either is or includes issuing depository receipts or the provision of clearance services and, therefore, the issue to that Placee, or the person specified by it for registration as holder of the New Ordinary Shares, will not give rise to a liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that the New Ordinary Shares are not being acquired in connection with arrangements to issue depository receipts or to issue or transfer New Ordinary Shares into a clearance service;
- (k) it has complied with its obligations under the Criminal Justice Act 1993, section 118 of the Financial Services and Markets Act 2000 (the “**FSMA**”) and in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000, the Terrorism Act 2006, the Money Laundering Regulations 2007 and the Criminal Justice (Money Laundering and Terrorism Financing) Act 2010 and any related or similar rules, regulations or guidelines issued, administered or enforced by any government agency having jurisdiction in respect thereof (the “**Regulations**”) and the Money Laundering Sourcebook of the FCA and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
- (l) its commitment to acquire New Ordinary Shares on the terms and conditions set out in this Part XI and the Placing Letter will continue notwithstanding any amendment that may in future be made to these terms, and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company’s or JPMC’s conduct of the Placing;
- (m) it is acting as principal only in respect of the Placing or, if it is acting for any other person (i) it is duly authorised to do so and has full power to make the acknowledgments, representations and agreements herein on behalf of each such person; and (ii) it is and will remain liable to the Company and/or JPMC

for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person);

- (n) it has not offered or sold and will not offer or sell any New Ordinary Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the FSMA;
- (o) it has not offered or sold and will not offer or sell any New Ordinary Shares to the public in any member state of the EEA except in circumstances falling within Article 3(2) of the Prospectus Directive which do not result in any requirement for the publication of a prospectus pursuant to Article 3 of that Directive;
- (p) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the New Ordinary Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;
- (q) it has complied and will comply with all applicable laws with respect to anything done by it in relation to the New Ordinary Shares (including all relevant provisions of the FSMA in respect of anything done in, from or otherwise involving, the United Kingdom);
- (r) if it has received any confidential price sensitive information about the Company in advance of the publication of this Prospectus, it has not (i) dealt in the securities of the Company; (ii) encouraged or required another person to deal in the securities of the Company; or (iii) disclosed such information to any person, prior to the information being made publicly available;
- (s) if it is a resident in the EEA (other than the United Kingdom): (a) it is a qualified investor within the meaning of the law in the relevant Member State implementing Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the relevant Member State)); and (b) if that relevant Member State has implemented the AIFM Directive, that it is a person to whom the New Ordinary Shares may be lawfully marketed under the AIFM Directive or under the applicable implementing legislation (if any) of that relevant Member State;
- (t) if it is in the United Kingdom, that it is a person (i) having professional experience in matters relating to investments who falls within the definition of “investment professionals” in Article 19(5) of the Order; or (ii) who falls within Article 49(2)(a) to (d) (“High Net Worth Companies, Unincorporated Associations, etc.”) of the Order; or (iii) to whom this Announcement may otherwise lawfully be communicated;
- (u) it will acquire, hold, manage or dispose of any New Ordinary Shares that are allocated to it for the purposes of its business;
- (v) no action has been or will be taken by either the Company or JPMC or any person acting on behalf of the Company or JPMC that would, or is intended to, permit a public offer of the New Ordinary Shares in any country or jurisdiction (other than the United Kingdom) where any such action for that purpose is required;
- (w) it has all necessary capacity and has obtained all necessary consents and authorities to enable it to commit to its participation in the Placing and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to these terms and conditions and the Placing Letter) and will honour such obligations;
- (x) it (and any person acting on its behalf) will make payment in respect of the New Ordinary Shares allocated to it in accordance with these terms and conditions and the Placing Letter on the due time

and date set out therein, failing which the relevant New Ordinary Shares may be placed with other acquirers or sold as JPMC may in its sole discretion determine and without liability to such Placee, who will remain liable for any amount by which the net proceeds of such sale falls short of the product of the relevant Offer Price and the number of New Ordinary Shares allocated to it and may be required to bear any stamp duty, stamp duty reserve tax or other similar taxes (together with any interest or penalties) which may arise upon the sale of such Placee's New Ordinary Shares;

- (y) its allocation (if any) of New Ordinary Shares will represent a maximum number of New Ordinary Shares which it will be entitled, and required, to acquire (subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer) and that JPMC or the Company may call upon it to acquire a lower number of New Ordinary Shares (if any), but in no event in aggregate more than the aforementioned maximum;
- (z) the person whom it specifies for registration as holder of the New Ordinary Shares will be (i) itself; or (ii) its nominee, as the case may be. Neither JPMC nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax or other similar taxes (together with interest and penalties) resulting from a failure to observe this requirement ("**Indemnified Taxes**"). Each Placee and any person acting on behalf of such Placee agrees to indemnify the Company and the JPMC on an after-tax basis in respect of any Indemnified Taxes on the basis that the New Ordinary Shares will be allotted to the CREST account of JPMC who will hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions;
- (aa) neither JPMC, nor any of its affiliates, nor any person acting on its or their behalf, is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that its participation in the Placing is on the basis that it is not and will not be a client of JPMC in connection with its participation in the Placing and that JPMC has no duties or responsibilities to it for providing the protections afforded to its clients or customers or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
- (bb) in making any decision to acquire New Ordinary Shares it (i) has such knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for or acquiring the New Ordinary Shares; (ii) will not look to JPMC, any of its affiliates or persons acting on its or their behalf for all or part of any such loss it may suffer; (iii) is experienced in investing in securities of this nature in this sector and is aware that it may be required to bear, and is able to bear, the economic risk of participating in, and is able to sustain a complete loss in connection with, the Placing; and (iv) has no need for liquidity with respect to its investment in the New Ordinary Shares. It further confirms that it has relied on its own examination and due diligence of the Company and its associates (taken as a whole), and the terms of the Placing, including the merits and risks involved, and not upon any view expressed or information provided by or on behalf of JPMC;
- (cc) in connection with the Placing, JPMC and any of its affiliates acting as an investor for its own account may take up New Ordinary Shares in the Company and in that capacity may retain, purchase or sell for its own account such New Ordinary Shares in the Company and any securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the Placing. JPMC does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so;
- (dd) the terms and conditions of the Placing contained in this Part XI and the Placing Letter, together with any agreements entered into by it pursuant to such terms, and all non-contractual or other obligations arising out of or in connection with them, shall be governed by and construed in accordance with the laws of England and Wales, and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract (including any dispute regarding the existence, validity or

termination of such contract or relating to any non-contractual or other obligation arising out of or in connection with such contract), except that enforcement proceedings in respect of the obligation to make payment for the New Ordinary Shares (together with any interest chargeable thereon) may be taken by either the Company or JPMC in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;

- (ee) JPMC, the Company and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, confirmations, acknowledgements, agreements and undertakings which are given to JPMC on its own behalf and on behalf of the Company and are irrevocable and it irrevocably authorises the Company and the JPMC to produce these terms and conditions pursuant to, in connection with, or as may be required by any applicable law or regulation, administrative or legal proceeding or official inquiry with respect to the matters set forth herein;
- (ff) it will indemnify on an after tax basis and hold the Company, JPMC and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in these terms and conditions and in the Placing Letter and further agrees that the provisions of these terms and conditions and the Placing Letter shall survive after completion of the Placing;
- (gg) it confirms that, to the extent it is purchasing New Ordinary Shares for the account of one or more persons, (i) it has been duly authorised to make on their behalf the confirmations, acknowledgements and agreements set forth herein and (ii) these provisions constitute legal, valid and binding obligations of it and any other persons for whose account it is acting;
- (hh) it invests in or purchases securities similar to the New Ordinary Shares in the normal course of business and it has: (a) conducted its own investigation with respect to the Company and the New Ordinary Shares; (b) made its own assessment and has satisfied itself concerning the relevant tax, regulatory, legal, currency and other economic considerations relevant to its investment in the New Ordinary Shares; and (c) sufficient knowledge and experience in financial and business matters and expertise in assessing credit, market and all other relevant risks and is capable of evaluating, and has evaluated, independently the merits, risks and suitability of purchasing the New Ordinary Shares;
- (ii) it is aware that it must bear the economic risk of an investment in the New Ordinary Shares for an indefinite period of time, and it has the ability to bear such economic risk of its investment in the New Ordinary Shares, have adequate means of providing for its current and contingent needs, has no need for liquidity with respect to its investment in the New Ordinary Shares, is able to sustain a complete loss of its investment in the New Ordinary Shares and will not look to JPMC or any of its affiliates for all or part of any such loss or losses it may suffer;
- (jj) it agrees that it (i) has no need for liquidity with respect to its investment in the New Ordinary Shares and (ii) has no reason to anticipate any change in its circumstances, financial or otherwise, which may cause or require its sale or distribution of all or any part of the New Ordinary Shares; and
- (kk) it acknowledges and agrees that information provided by it to the Company, Registrar or Administrator will be stored on the Registrar's and the Administrator's computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection (Bailiwick of Guernsey) Law 2001 (the **Data Protection Law**) and other relevant data protection legislation which may be applicable, the Registrar and the Administrator are required to specify the purposes for which they will hold personal data. The Registrar and the Administrator will only use such information for the purposes set out below (collectively, the **Purposes**), being to:
  - (A) process its personal data (including sensitive personal data) as required by or in connection with its holding of New Ordinary Shares, including processing personal data in connection with credit and money laundering checks on it;
  - (B) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;

- (C) provide personal data to such third parties as the Administrator or Registrar may consider necessary in connection with its affairs and generally in connection with its holding of New Ordinary Shares or as the Data Protection Law may require, including to third parties outside the Bailiwick of Guernsey or the European Economic Area;
  - (D) without limitation, provide such personal data to the Company, JPMC or the Investment Adviser and their respective associates for processing, notwithstanding that any such party may be outside the Bailiwick of Guernsey or the European Economic Area; and
  - (E) process its personal data for the Administrator's internal administration; and
- (II) in providing the Registrar and the Administrator with information, it hereby represents and warrants to the Registrar and the Administrator that it has obtained the consent of any data subjects to the Registrar and the Administrator and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the purpose set out in paragraph (kk) above). For the purposes of this document, "data subject", "personal data" and "sensitive personal data" shall have the meanings attributed to them in the Data Protection Law.

**5. Additional representations, warranties and agreements relating to US law made by purchasers outside the United States who are not US Persons**

Other than persons who are QPs and who are either: (a) reasonably believed to be QIBs; or (b) AIs and who in either case have duly executed a US Investor Letter in the form provided by the Company or JPMC and delivered the same to JPMC, each Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with the Company and JPMC that:

- (a) it is not a US Person and is not acquiring the New Ordinary Shares for the account or benefit of a US Person;
- (b) it is acquiring the New Ordinary Shares in an offshore transaction meeting the requirements of Regulation S;
- (c) it is aware and acknowledges that the New Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons, absent registration or an exemption from, or in a transaction not subject to, registration under the US Securities Act;
- (d) it is aware and acknowledges that the Company has not been and will not be registered under the US Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the US Investment Company Act;
- (e) if in the future it decides to offer, sell, transfer, assign or otherwise dispose of the New Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act and under circumstances that will not require the Company to register under the US Investment Company Act;
- (f) if at any time it is an "affiliate" of the Company (as defined in Rule 405 under the US Securities Act), unless it has received the Company's prior consent, it will, for so long as it is an "affiliate" of the Company, offer, resell, pledge or otherwise transfer its Ordinary Shares only: (i) in an offshore transaction complying with the provisions of Regulation S to a person outside the United States and not known by the transferor to be a US Person, by prearrangement or otherwise; or (ii) to the Company or a subsidiary thereof;
- (g) it is acquiring the New Ordinary Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to

or for sale or other transfer in connection with any distribution of the New Ordinary Shares in any manner that would violate the US Securities Act, the US Investment Company Act or any other applicable securities laws;

- (h) it has received, carefully read and understands this Prospectus, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the New Ordinary Shares to any persons in the United States or to any US Persons, nor will it do any of the foregoing;
- (i) (A) it is not, and it is not acting on behalf of, a Benefit Plan Investor; and  
(B) if it is a Non-ERISA Plan,
  - (1) it is not a Benefit Plan Investor;
  - (2) the decision to commit assets of the Non-ERISA Plan for investment in the Company was made by fiduciaries independent of the Company, the Board, the Investment Adviser and any of their respective agents, representatives or affiliates, which fiduciaries: (a) are duly authorised to make such investment decision and have not relied on any advice or recommendations of the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates; and (b) in consultation with their advisers, have carefully considered the impact of any applicable federal, state or local law on an investment in the Company;
  - (3) none of the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates has exercised any discretionary authority or control with respect to the Non-ERISA Plan's investment in the Company, nor has the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates rendered individualised investment advice to the Non-ERISA Plan based upon the Non-ERISA Plan's investment policies or strategies, overall portfolio composition or diversification with respect to its commitment to invest in the Company and the investment programme thereunder; and
  - (4) it acknowledges and agrees that it is intended that the Company will not hold plan assets of the Non-ERISA Plan and that none of the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates will be acting as a fiduciary to the Non-ERISA Plan under any applicable federal, state or local law governing the Non-ERISA Plan, with respect to either: (a) the Non-ERISA Plan's purchase or retention of its investment in the Company; or (b) the management or operation of the business or assets of the Company. It also confirms that there is no rule, regulation, or requirement applicable to such purchaser or transferee that is inconsistent with the foregoing description of the Company, the Board and the Investment Adviser;
- (j) it is aware and acknowledges that the representations, undertakings and warranties contained in this Prospectus are irrevocable. It acknowledges that the Company, JPMC and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations and agreements; and
- (k) if any of the representations or warranties made or deemed to have been made by its subscription or purchase of the New Ordinary Shares are no longer accurate or have not been complied with, it will immediately notify the Company and JPMC, and if it is acquiring any New Ordinary Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and it has full power to make, and does make, such foregoing representations, warranties and agreements on behalf of each such account.



## **6. Supply and disclosure of information**

If JPMC, the Registrar or the Company or any of their agents request any information in connection with a Placee's agreement to subscribe for Ordinary Shares under the Placing or to comply with any relevant legislation, such Placee must promptly disclose it to them.

## **7. Miscellaneous**

- 7.1 The rights and remedies of the Company and JPMC under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 7.2 On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned.
- 7.3 All documents provided in connection with the Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.
- 7.4 Each Placee agrees to be bound by the Articles (as amended from time to time) once the New Ordinary Shares, which the Placee has agreed to subscribe for pursuant to the Placing, have been acquired by the Placee. The contract to subscribe for New Ordinary Shares under the Placing and the appointments and authorities mentioned in this Prospectus will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of JPMC and the Company, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.
- 7.5 In the case of a joint agreement to subscribe for New Ordinary Shares under the Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.
- 7.6 JPMC and the Company expressly reserve the right to modify the Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined. Any such alteration or waiver will not affect Placees' commitments as set out herein.
- 7.7 The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated in relation to the Placing and Open Offer. For further details of the terms of the Placing Agreement please refer to the section entitled "Material Contracts" in Part XI of this Prospectus.

## PART XII

### TERMS AND CONDITIONS OF THE PLACING AND OPEN OFFER

#### 1. Introduction

As explained in the letter from the Chairman of the Company which is set out in Part 1 (*Letter from the Chairman*) of this Prospectus, the Company is proposing, subject to certain conditions, to issue in aggregate of 23,406,698 New Ordinary Shares through the Placing and Open Offer.

The Placing and Open Offer is expected to raise total gross proceeds of £98,118,537 million (and Net Proceeds receivable by the Company (after the deduction of costs and expenses (exclusive of VAT) of, or incidental to, the Placing and Open Offer payable by the Company) of approximately £95,119,470).

The Placing and Open Offer is conditional on, among other things, Ordinary Shareholder approval of the Placing and Open Offer and the Placing and Open Offer Related Party Transactions, which will be sought at the Extraordinary General Meeting.

The Offer Price of £419.19 pence per New Ordinary Share represents a 2 per cent. discount to the Closing Price of an Existing Ordinary Share of £427.75 on 3 September 2015 (being the latest practicable date prior to the announcement of the Placing and Open Offer).

Upon completion of the Placing and Open Offer, the New Ordinary Shares to be issued pursuant to the Placing and the Open Offer will represent approximately 26.5 per cent. of the Ordinary Shares then in issue and the Existing Ordinary Shares will represent approximately 73.5 per cent. of the Ordinary Shares also then in issue.

The Open Offer is an opportunity for Qualifying Ordinary Shareholders to apply for, in aggregate, 23,406,698 Open Offer Shares *pro rata* to their current holdings at the Offer Price of £419.19 per New Ordinary Share in accordance with the terms of the Open Offer. The Placing Shares have been placed conditionally with certain existing Ordinary Shareholders at the Offer Price, subject to clawback to satisfy valid applications by Qualifying Ordinary Shareholders under the Open Offer.

JPMC has agreed, pursuant to the Placing Agreement, to place conditionally all the Placing Shares at the Offer Price with certain existing Ordinary Shareholders, being the Placees. Each of these Placees has agreed to place their subscription monies in respect of their Open Offer Shares at the Offer Price in full into escrow prior to the scheduled time for Admission of the New Ordinary Shares, to be automatically released to JPMC, on behalf of the Company upon such Admission. The commitments of these Placees are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Ordinary Shareholders pursuant to the Open Offer. Subject to waiver or satisfaction of the conditions and the Placing and Open Offer not being terminated, any Open Offer Shares which are not applied for in respect of the Open Offer will be issued to the Placees with the Net Proceeds retained for the benefit of the Company.

The Placing and Open Offer is not being underwritten by JPMC.

The Placing and Open Offer is conditional, *inter alia*, upon: (a) the passing of each of the Placing and Open Offer Resolution and the Placing and Open Offer Related Party Transaction Resolutions each of which is to be proposed at the Extraordinary General Meeting; (b) Admission of the New Ordinary Shares becoming effective by no later than 8.00 a.m. on 30 September 2015 (or such later time and/or date as the Company and the Investment Adviser may agree with JPMC, not being later than 8.00 a.m. on 30 October 2015); and (c) the Placing Agreement having become unconditional in all respects in relation to the Placing and Open Offer and not having been terminated in accordance with its terms. Admission of the New Ordinary Shares will be conditional upon, amongst other things: (a) Ordinary Shareholders who have provided irrevocable undertakings to the Company to subscribe for New Ordinary Shares remitting their subscription monies in cleared funds either with the UK Transfer and Paying Agent or into an escrow account, in each case at least the Business Day prior to such Admission; and (b) such subscription monies being equal to the Minimum

Net Proceeds. The Placing and Open Offer is not conditional on the ZDP Rollover Offer or the Spruceview Related Party Transaction.

A summary of the principal terms of the Placing Agreement is set out in paragraph 8.1 of Part X (*Additional Information*) of this Prospectus.

The Open Offer Record Date for entitlements under the Open Offer for Qualifying CREST Ordinary Shareholders and Qualifying Non-CREST Ordinary Shareholders was 6.00 p.m. on 2 September 2015. Application Forms for Qualifying Non-CREST Ordinary Shareholders accompany this Prospectus and Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Ordinary Shareholders in CREST by 8.00 a.m. on 7 September 2015. The latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is expected to be 11.00 a.m. on 24 September 2015 with Admission of the New Ordinary Shares and commencement of dealings in New Ordinary Shares expected to take place at 8.00 a.m. on 30 September 2015 (whereupon an RIS announcement will be made by the Company).

This Prospectus and, for Qualifying Non-CREST Ordinary Shareholders only, the Application Form, contain the formal terms and conditions of the Placing and Open Offer. Your attention is drawn to paragraph 5 of this Part XII (*Terms and Conditions of the Placing and Open Offer*) of this Prospectus, which gives details of the procedure for application and payment for the New Ordinary Shares available under the Open Offer. The attention of Overseas Ordinary Shareholders is drawn to paragraph 7 of this Part XII (*Terms and Conditions of the Placing and Open Offer*).

The New Ordinary Shares will, on Admission of the New Ordinary Shares, rank in full for all dividends and other distributions declared, made or paid on the Existing Ordinary Shares by reference to a record date on or after Admission of the New Ordinary Shares, and will otherwise rank *pari passu* with the Existing Ordinary Shares. The New Ordinary Shares will not be eligible to receive the first interim dividend for the year ended 29 February 2016 if the dividend is declared and paid. No temporary documents of title will be issued.

Subject to Ordinary Shareholder approval of the Placing and Open Offer and the Placing and Open Offer Related Party Transactions at the Extraordinary General Meeting, application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its Specialist Fund Market. The Existing Ordinary Shares are, and the New Ordinary Shares will be, in registered form and may be held in certificated or uncertificated form in CREST. It is expected that Admission of the New Ordinary Shares will become effective and that dealings will commence in the New Ordinary Shares at 8.00 a.m. on 30 September 2015.

Any Qualifying Ordinary Shareholder who has sold or transferred all or part of his or her registered holding(s) of Existing Ordinary Shares prior to 8.00 a.m. on 4 September 2015 is advised to consult his or her stockbroker, bank or other agent through whom the sale or transfer was effected as soon as possible since the invitation to apply for New Ordinary Shares under the Open Offer may be a benefit which may be claimed from him/her by the transferee.

Subject to the conditions referred to above being satisfied (as described in more detail in paragraph 4 of this Part XII (*Terms and Conditions of the Placing and Open Offer*)) and save as provided in paragraph 7 of this Part XII (*Terms and Conditions of the Placing and Open Offer*) (in respect of Overseas Ordinary Shareholders), it is intended that:

- (i) Application Forms in respect of the New Ordinary Shares to be offered under the Open Offer will be received by Qualifying Non-CREST Ordinary Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders and Ordinary Shareholders with registered addresses in the United States or who are otherwise located in the United States) at their own risk on 4 September 2015;
- (ii) the UK Transfer and Paying Agent will instruct Euroclear to credit the appropriate stock accounts of Qualifying CREST Ordinary Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders and Ordinary Shareholders with registered addresses in the United States or

who are otherwise located in the United States) with their entitlements to the Open Offer Entitlements with effect from 8.00 a.m. on 7 September 2015;

- (iii) the relevant New Ordinary Shares will be credited to the stock accounts in CREST of relevant Qualifying CREST Ordinary Shareholders who validly apply for Open Offer Shares as soon as practicable after 8.00 a.m. on 30 September 2015; and
- (iv) share certificates for the New Ordinary Shares to be held in certificated form will be despatched to relevant Qualifying Non-CREST Ordinary Shareholders, who validly take up their Open Offer Entitlements by no later than 7 October 2015 at their own risk.

Other than persons who are QPs and who are either: (a) reasonably believed to be QIBs; or (b) AIs who have duly executed a US investor letter in the form provided by the Company or JPMC and delivered the same to JPMC, all Qualifying Ordinary Shareholders taking up their Open Offer Entitlements will be deemed to have given the representations and warranties set out in paragraph 8 of this Part XII (*Terms and Conditions of the Placing and Open Offer*).

JPMC and any of its affiliates may engage in trading activity in connection with their roles under the Placing Agreement, and, in that capacity, may retain, purchase, sell offer to sell or otherwise deal for its or their own account(s) in relation to the New Ordinary Shares and/or related instruments in connection with the Placing and Open Offer or otherwise. JPMC does not propose to make any public disclosure in relation to such transactions. In addition JPMC and its affiliates may enter into financing arrangements (including swaps or contracts for difference) with investors in connection with which JPMC (or its affiliates) may from time to time acquire, hold or dispose of New Ordinary Shares.

## **2. The Open Offer**

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Ordinary Shareholders, in the Application Form), each Qualifying Ordinary Shareholder is being given the opportunity to apply for any number of Open Offer Shares at the Offer Price (payable in full on application and free of all expenses) up to a maximum of their *pro rata* entitlement which shall be calculated on the basis of:

### **9 Open Offer Shares for every 25 Existing Ordinary Shares**

registered in the name of the Qualifying Ordinary Shareholder on the Open Offer Record Date and so in proportion to any other number of Existing Ordinary Shares then registered.

Fractions of New Ordinary Shares will not be allotted and each Qualifying Ordinary Shareholder's entitlement under the Open Offer will be rounded down to the nearest whole number of New Ordinary Shares. Fractional entitlements will be aggregated and will be placed pursuant to the Placing for the benefit of the Company.

Valid applications by Qualifying Ordinary Shareholders will be satisfied in full up to the maximum amount of their individual Open Offer Entitlement.

**Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.**

If you are a Qualifying Non-CREST Ordinary Shareholder, the Application Form shows the number of Existing Ordinary Shares registered in your name on the Open Offer Record Date (in Box 1) and also shows the maximum number of Open Offer Shares for which you are entitled to apply if you apply for your Open Offer Entitlement in full (Box 2).

Qualifying CREST Ordinary Shareholders will have Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraph 5.2 of this Part XII (*Terms and Conditions of the Placing and Open Offer*) and also to the CREST Manual for further information on the relevant CREST procedures.

Qualifying Ordinary Shareholders may apply for any number of Open Offer Shares up to the maximum to which they are entitled under the Open Offer.

**The attention of Overseas Ordinary Shareholders or any person (including, without limitation, a custodian, nominee or trustee) who has a contractual or other legal obligation to forward this Prospectus or the Application Form into a jurisdiction other than the UK is drawn to paragraph 7 of this Part XII (*Terms and Conditions of the Placing and Open Offer*). The Placing and Open Offer will not be made into certain territories. Subject to the provisions of paragraph 7, Excluded Territory Shareholders and Ordinary Shareholders with registered addresses in the United States or who are otherwise located in the United States are not being sent this Prospectus and will not be sent an Application Form or have their CREST accounts credited with Open Offer Entitlements.**

A Qualifying Ordinary Shareholder (or an Ordinary Shareholder in the United States or an Excluded Territory who is not eligible to participate in the Open Offer) that:

- does not take up its Open Offer Entitlements in full will experience a dilution in its interests in the Company; and
- does not take up any Open Offer Shares under the Open Offer will experience a dilution of approximately 36.0 per cent. to its interest in the Company as a result of the Placing and Open Offer.

**Qualifying Ordinary Shareholders should be aware that the Open Offer is not a rights issue. Qualifying Non-CREST Ordinary Shareholders should also note that their Application Form is not a negotiable document and cannot be traded. Qualifying CREST Ordinary Shareholders should note that, although the Open Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Ordinary Shareholder originally entitled to the Open Offer Entitlements or by a person entitled to such Open Offer Entitlements by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Ordinary Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer. Any Open Offer Shares which are not applied for in respect of the Open Offer will be issued to the Places with the net proceeds retained for the benefit of the Company.**

Application has been made for the Open Offer Entitlements to be credited to Qualifying CREST Ordinary Shareholders' CREST accounts. The Open Offer Entitlements are expected to be credited to CREST accounts on 7 September 2015. The ISIN for the Open Offer Entitlements will be GG00BYNQL092.

The Existing Ordinary Shares are already admitted to CREST. A further application for admission to CREST is however required and has been made for the New Ordinary Shares. This is as a result of the New Ordinary Shares not being eligible to receive the first interim dividend for the year ended 29 February 2016 if the dividend is declared and paid. When admitted to trading the ISIN of the New Ordinary Shares will be GG00BZORYZ1. Following a record date on or after Admission of the New Ordinary Shares by reference to which holders of the New Ordinary Shares, will be entitled to receive dividends, the ISIN of the New Ordinary Shares will become the same as that of the Existing Ordinary Shares, being GG00B403HK58. All New Ordinary Shares, if issued and fully paid, may be held and transferred by means of CREST.

The Open Offer Shares will, on Admission of the New Ordinary Shares, rank in full for all dividends and other distributions declared, made or paid on the Existing Ordinary Shares by reference to a record date on or after Admission of the New Ordinary Shares, and will otherwise rank *pari passu* with the Existing Ordinary Shares. The New Ordinary Shares will not be eligible to receive the first interim dividend for the year ended 29 February 2016 if the dividend is declared and paid. The Open Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

### **3. The Placing**

JPMC has agreed, pursuant to the Placing Agreement, to place conditionally 4,725,794 New Ordinary Shares at the Offer Price with certain existing Ordinary Shareholders, being the Placees. Each of these Placees has agreed to place their subscription monies in respect of their Open Offer Shares at the Offer Price in full into escrow prior to the scheduled time for Admission of the New Ordinary Shares, to be automatically released to JPMC, on behalf of the Company upon such Admission. The commitments of these Placees are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Ordinary Shareholders pursuant to the Open Offer. Subject to waiver or satisfaction of the conditions and the Placing and Open Offer not being terminated, any Open Offer Shares which are not applied for in respect of the Open Offer will be issued to the Placees with the Net Proceeds retained for the benefit of the Company.

The Placing and Open Offer is not being underwritten by JPMC.

For information on the Placing Agreement see paragraph 8.1 of Part X (*Additional Information*) of this Prospectus.

### **4. Conditions and further terms of the Placing and Open Offer**

The Placing and Open Offer is conditional, *inter alia*, upon:

- (i) the passing of each of the Placing and Open Offer Resolution and the Placing and Open Offer Related Party Transaction Resolutions each of which is to be proposed at the Extraordinary General Meeting;
- (ii) Admission of the New Ordinary Shares becoming effective by no later than 8.00 a.m. on 30 September 2015 (or such later time and/or date as the Company and the Investment Adviser may agree with JPMC, not being later than 8.00 a.m. on 30 October 2015); and
- (iii) the Placing Agreement having become unconditional in all respects in relation to the Placing and Open Offer and not having been terminated in accordance with its terms.

Admission of the New Ordinary Shares will be conditional upon, amongst other things: (a) Ordinary Shareholders who have provided irrevocable undertakings to the Company to subscribe for New Ordinary Shares remitting their subscription monies in cleared funds either with the UK Transfer and Paying Agent or into an escrow account, in each case at least the Business Day prior to such Admission; and (b) such subscription monies being equal to the Minimum Net Proceeds.

The Placing and Open Offer is not conditional on the ZDP Rollover Offer or the Spruceview Related Party Transaction.

If any of the conditions referred to above are not satisfied or waived (where capable of waiver) or the Placing and Open Offer is terminated, the Placing and Open Offer will not proceed and any applications made by Qualifying Ordinary Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter.

No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Qualifying Ordinary Shareholders who have validly elected to hold their Open Offer Shares in certificated form by 7 October 2015. In respect of those Qualifying Ordinary Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST by 30 September 2015. Subject to Ordinary Shareholder approval of the Placing and Open Offer and the Placing and Open Offer Related Party Transactions at the Extraordinary General Meeting, application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its Specialist Fund Market. It is expected that Admission of the New Ordinary Shares will become effective and that dealings will commence in the New Ordinary Shares at 8.00 a.m. on 30 September 2015. All monies received by the UK Transfer and Paying Agent in respect of Open Offer Shares will be placed on deposit in an interest bearing account by the UK Transfer and Paying Agent or a trustee with any interest being retained for the Company until all conditions are met.

If for any reason it becomes necessary to adjust the expected timetable as set out in this Prospectus, the Company will make an appropriate announcement to an RIS giving details of the revised dates.

The Company reserves the right to decide not to proceed with the Placing and Open Offer at any time prior to Admission of the New Ordinary Shares. Following Admission of the New Ordinary Shares, the Company will not be entitled to revoke any offers made in connection with the Placing and Open Offer. Any decision not to proceed will be notified by means of an announcement through an RIS.

## **5. Procedure for application and payment**

**If you are in any doubt as to what action you should take, or the contents of this Prospectus, you should consult your accountant, legal or professional adviser, financial adviser or a person authorised for the purposes of the FSMA who specialises in advising on the acquisition of shares and other securities if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.**

The action to be taken by Qualifying Ordinary Shareholders in respect of the Open Offer depends on whether, at the relevant time, such Qualifying Ordinary Shareholder has received an Application Form in respect of his or her entitlement under the Open Offer or has had Open Offer Entitlements credited to his or her CREST stock account in respect of such entitlement. Qualifying Ordinary Shareholders who hold their Existing Ordinary Shares in certificated form will be allotted Open Offer Shares in certificated form. Qualifying Ordinary Shareholders who hold part of their Existing Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Ordinary Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 5.2 of this Part XII (*Terms and Conditions of the Placing and Open Offer*).

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

**Qualifying Ordinary Shareholders who do not want to apply for, or are not eligible to apply for, the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form.**

Should you require further assistance please call the UK Transfer and Paying Agent, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK by telephone on 0871-384-2124, if calling from within the UK, or on +44 121-415-0839, if calling from outside the UK. Calls to the 0871-384-2124 number from within the UK cost 8 pence per minute excluding VAT, plus network extras. Other network providers' or network costs may vary. Calls to the +44 121-415-0839 number from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Lines are open 8.30 a.m. to 5.00 p.m. (London time) Monday to Friday (excluding UK public holidays). Calls may be recorded and randomly monitored for security and training purposes. Equiniti Limited cannot provide advice on the merits of the Placing and Open Offer nor give any financial, legal, business, tax or investment advice.

### **5.1 If you have an Application Form in respect of your entitlement under the Open Offer**

#### **(a) General**

Subject as provided in paragraph 7 of this Part XII (*Terms and Conditions of the Placing and Open Offer*) in relation to Overseas Ordinary Shareholders, Qualifying Non-CREST Ordinary Shareholders will be sent an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in their name on the Open Offer Record Date in Box 1. It also shows the maximum number of Open Offer Shares for which they are entitled to apply under the Open Offer, as shown by the total number of Open Offer Entitlements allocated to

them set out in Box 2. Box 3 shows how much they would need to pay if they wish to take up their Open Offer Entitlements in full. Qualifying Non-CREST Ordinary Shareholders may apply for less than their entitlement should they wish to do so. Qualifying Non-CREST Ordinary Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim.

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer in relation to Qualifying Non-CREST Ordinary Shareholders.

The latest time and date for acceptance of the Application Forms and payment in full will be 11.00 a.m. on 24 September 2015. The New Ordinary Shares are expected to be issued on 30 September 2015. After such date the New Ordinary Shares will be in registered form, freely transferable by written instrument of transfer in the usual common form, or if they have been issued in or converted into uncertificated form, in electronic form under the CREST system.

(b) *Bona fide market claims*

Applications to subscribe for Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Ordinary Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer. Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 22 September 2015. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Ordinary Shareholder who has sold or otherwise transferred all or part of his or her holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer, should consult his or her stockbroker, bank or other agent through whom the sale or transfer was effected as soon as possible, as the invitation to subscribe for Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee.

Qualifying Non-CREST Ordinary Shareholders who have sold or otherwise transferred all of their registered holdings prior to 8.00 a.m. on 7 September 2015 should, if the market claim is to be settled outside CREST, complete Box 6 on the Application Form and immediately send it (together with this Prospectus) to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee in accordance with the instructions set out in the Application Form, or directly to the purchaser or transferee, if known. Qualifying Non-CREST Ordinary Shareholders who have sold or otherwise transferred some only of the Existing Ordinary Shares shown in Box 1 on the Application Form prior to 8.00 a.m. on 7 September 2015, should contact the stockbroker, bank or other agent through whom the sale or transfer was effected to arrange for split Application Forms to be obtained. The Application Form should not, however be forwarded to or transmitted in or into the United States or any other Excluded Territory or to any US Person. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 5.2 below.

(c) *Application procedures*

Qualifying Non-CREST Ordinary Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders or Ordinary Shareholders with registered addresses in the United States or who are otherwise located in the United States or who are US Persons) wishing to apply to subscribe for all or any of the Open Offer Shares in respect of their Open Offer Entitlement should complete the Application Form in accordance with the instructions printed on it.



Completed Application Forms should be posted in the accompanying pre-paid envelope to the UK Transfer and Paying Agent, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK, so as to be received by no later than 11.00 a.m. on 24 September 2015, after which time Application Forms will not be valid. Qualifying Non-CREST Ordinary Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by post in the United Kingdom, Qualifying Ordinary Shareholders are recommended to allow at least four Business Days for delivery. Although, should there be any postal delays or disruptions as a result of industrial action or otherwise, Qualifying Ordinary Shareholders should act promptly and may need to make alternative delivery arrangements if they wish to participate in the Open Offer.

All payments must be in Pounds Sterling and made by cheque or banker's draft made payable to "Equiniti Limited – re JZ CAPITAL PARTNERS LIMITED Open Offer" and crossed "A/C payee only". Cheques or bankers' drafts must be drawn on a bank in the UK which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and bankers' drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner and must be for the full amount payable for the application. Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has inserted details of the full name of the building society or bank account holder and have added the building society or bank branch stamp. The name of the building society or bank account holder must be the same as the name of the shareholder. Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or bankers' drafts where the building society or bank has confirmed that the relevant Qualifying Ordinary Shareholder has title to the underlying funds) will be subject to compliance with Money Laundering Legislation which would delay shareholders receiving their Open Offer Shares. The consequences of any failure to comply with Money Laundering Legislation are set-out in paragraph 6 of this Part XII (*Terms and Conditions of the Placing and Open Offer*).

Cheques or bankers' drafts will be presented for payment upon receipt. The Company reserves the right to instruct the UK Transfer and Paying Agent to seek special clearance of cheques and bankers' drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and bankers' drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted. If cheques or bankers' drafts are presented for payment before all of the conditions of the Open Offer are fulfilled, the application monies will be kept in a separate bank account with any interest being retained for the Company until all conditions are met. If the Open Offer does not become unconditional, no Open Offer Shares will be issued (nor will any New Ordinary Shares be issued pursuant to the Placing) and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Open Offer.

The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with these terms and conditions of the Placing and Open Offer. The Company may treat as valid Application Forms from which pages 2 and 3 have been removed. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Application Forms received after 11.00 a.m. on 24 September 2015 but not later than 11.00 a.m. on the dealing day next following 25 September 2015; and/or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 24 September 2015 from authorised persons (being in the case of shareholders in the United Kingdom, an authorised person as defined in the FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

If Open Offer Shares have already been allotted to a Qualifying Non-CREST Ordinary Shareholder and such Qualifying Non-CREST Ordinary Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Non-CREST Ordinary Shareholder's application is subsequently otherwise deemed to be invalid, the UK Transfer and Paying Agent shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Qualifying Non-CREST Ordinary Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the UK Transfer and Paying Agent, JPMC or the Company, nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Ordinary Shareholder as a result thereof.

If an Application Form is accompanied by a payment for an incorrect sum, the Company reserves the right:

- (iii) to reject the application in full and return the cheque or banker's draft or refund the payment to the Qualifying Non-CREST Ordinary Shareholder in question (without interest); or
- (iv) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum, without interest, to the Qualifying Non-CREST Ordinary Shareholder in question (without interest), save that any sums of less than £5.00 will be retained for the benefit of the Company; or
- (v) in the case that an excess sum is paid, to treat the application as a valid application for all of the Open Offer Shares referred to in the Application Form, refunding any unutilised sums, without interest, to the Qualifying Non-CREST Ordinary Shareholder in question (without interest), save that any sums of less than £5.00 will be retained for the benefit of the Company.

(d) *Effect of application*

By completing and delivering an Application Form, the applicant:

- (i) represents and warrants to the Company and JPMC that he or she has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his or her rights, and perform his or her obligations under any contracts resulting therefrom and that he or she is not prevented by legal or regulatory restrictions from applying for Open Offer Shares and/or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company and JPMC that all applications under the Open Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by and construed in accordance with the laws of England and Wales;

- (iii) confirms to the Company and JPMC that in making the application he or she is not relying on any information or representation in relation to the Company other than that contained in this Prospectus and any supplementary prospectus published prior to Admission of the New Ordinary Shares, and he or she accordingly agrees that no person responsible solely or jointly for this Prospectus, any such supplementary prospectus or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this Prospectus, he or she will be deemed to have had notice of all the information in relation to the Company contained in this Prospectus;
- (iv) confirms to the Company and JPMC that no person has been authorised to give any information or to make any representation concerning the Company or the New Ordinary Shares (other than as contained in this Prospectus and any supplementary prospectus published prior to Admission of the New Ordinary Shares) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or JPMC;
- (v) represents and warrants to the Company and JPMC that he or she is the Qualifying Ordinary Shareholder originally entitled to the Open Offer Entitlements or that he or she received such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vi) represents and warrants to the Company and JPMC that if he or she has received some or all of his Open Offer Entitlements from a person other than the Company, he or she is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vii) unless otherwise agreed by the Company in its sole discretion (after agreement with JPMC), represents and warrants to the Company, JPMC and the UK Transfer and Paying Agent that such person and any person on whose behalf the applicant is making the application (a) is not located in the United States or any Excluded Territory and is not, and is not acting for the account or benefit of, a US Person or an Excluded Territory Shareholder; (b) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the New Ordinary Shares; (c) is not applying for the account of any person who is located in the United States, unless (1) the instruction to apply was received from a person outside the United States and (2) the person giving such instruction has confirmed that (x) it has the authority to give such instruction and (y) either (A) it has investment discretion over such account or (B) it is an investment adviser or investment company that is acquiring the New Ordinary Shares in an “offshore transaction” within the meaning of Regulation S and, in any event, is not applying for the account or benefit of a US Person; and (d) it is not acquiring the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States, any of the Excluded Territories or any other jurisdiction referred to in sub-paragraph (b) above or to any US Person;
- (viii) requests that the New Ordinary Shares, to which he or she will become entitled, be issued to him or her on the terms set out in this Prospectus and the Application Form subject to the Articles;
- (ix) represents and warrants to the Company and JPMC that he or she is not, and nor is he or she applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986; and
- (x) confirms to the Company and JPMC that in making the application, he or she is not relying and has not relied on JPMC or any person affiliated with JPMC in connection

with any investigation of the accuracy of any information contained in this Prospectus or any supplementary prospectus published prior to Admission of the New Ordinary Shares or his or her investment decision.

Other than persons who are QPs and who are either: (a) reasonably believed to be QIBs; or (b) AIs who have duly executed a US investor letter in the form provided by the Company or JPMC and delivered the same to JPMC, Qualifying Ordinary Shareholders who complete and deliver an Application Form must also make the representations and warranties set out in paragraph 8 of this Part XII (*Terms and Conditions of the Placing and Open Offer*).

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to the UK Transfer and Paying Agent, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK by telephone on 0871-384-2124, if calling from within the UK, or on +44 121-415-0839, if calling from outside the UK. Calls to the 0871-384-2124 number from within the UK cost 8 pence per minute excluding VAT, plus network extras. Other network providers' or network costs may vary. Calls to the +44 121-415-0839 number from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Lines are open 8.30 a.m. to 5.00 p.m. (London time) Monday to Friday (excluding UK public holidays). Calls may be recorded and randomly monitored for security and training purposes. Equiniti Limited cannot provide advice on the merits of the Placing and Open Offer nor give any financial, legal, business, tax or investment advice.

**Qualifying Non-CREST Ordinary Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form.**

**5.2 *If you have Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer***

**(a) *General***

Subject as provided in paragraph 7 of this Part XII (*Terms and Conditions of the Placing and Open Offer*) in relation to certain Overseas Ordinary Shareholders, each Qualifying CREST Ordinary Shareholder will receive a credit to his stock account in CREST of his or her Open Offer Entitlements equal to the maximum number of Open Offer Shares for which he or she is entitled to apply to subscribe for under the Open Offer by virtue of his/her holding of Ordinary Shares in uncertificated form.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Open Offer Record Date by the Qualifying CREST Ordinary Shareholder in respect of which the Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Ordinary Shareholders cannot be credited on 7 September 2015, or such later time and/or date as the Company and JPMC may decide, an Application Form will, unless the Company agrees otherwise, be sent to each Qualifying CREST Ordinary Shareholder in substitution for the Open Offer Entitlements which should have been credited to his or her stock account in CREST. In these circumstances the expected timetable as set out in this Prospectus will be adjusted as appropriate and the provisions of this Prospectus applicable to Qualifying Non-CREST Ordinary Shareholders with Application Forms will apply to Qualifying CREST Ordinary Shareholders who receive such Application Forms. The Company will make an appropriate RIS announcement giving details of the revised dates but Qualifying CREST Ordinary Shareholders may not receive any further written communication. CREST members who wish to apply to subscribe for some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please

contact the UK Transfer and Paying Agent, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK by telephone on 0871-384-2124, if calling from within the UK, or on +44 121-415-0839, if calling from outside the UK. Calls to the 0871-384-2124 number from within the UK cost 8 pence per minute excluding VAT, plus network extras. Other network providers' or network costs may vary. Calls to the +44 121-415-0839 number from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Lines are open 8.30 a.m. to 5.00 p.m. (London time) Monday to Friday (excluding UK public holidays). Calls may be recorded and randomly monitored for security and training purposes. Equiniti Limited cannot provide advice on the merits of the Placing and Open Offer nor give any financial, legal, business, tax or investment advice, including financial advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

(b) *Bona fide market claims*

The Open Offer Entitlements will constitute a separate security for the purposes of CREST and will have a separate ISIN. Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying Ordinary Shareholder originally entitled to the Open Offer Entitlements or by a person entitled to such Open Offer Entitlements by virtue of a *bona fide* market claim transaction. Transactions identified by the Euroclear's Claims Processing Unit as "cum" the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) will thereafter be transferred accordingly.

(c) *USE instructions*

Qualifying CREST Ordinary Shareholders who are CREST members and who want to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an Unmatched Stock Event ("**USE**") instruction ("**USE Instruction**") to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the UK Transfer and Paying Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of Open Offer Shares applied for;
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the UK Transfer and Paying Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph (i) above; and
- (iii) the ISIN of the New Ordinary Shares resulting from the Open Offer is GG00BZ0RXZ12 as they do not rank for the first interim dividend for the year ended 29 February 2016. Following a record date on or after Admission of the New Ordinary Shares by reference to which holders of the New Ordinary Shares will be entitled to receive dividends, the ISIN of the New Ordinary Shares will become GG00B403HK58.

(d) *Content of USE instruction in respect of Open Offer Entitlements*

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the UK Transfer and Paying Agent);
- (ii) the ISIN of the Open Offer Entitlement. This is GG00BYNQL092;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the Participant ID of the UK Transfer and Paying Agent in its capacity as a CREST receiving agent. This is 2RA05;
- (vi) the member account ID of the UK Transfer and Paying Agent in its capacity as a CREST receiving agent. This is RA210201;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 24 September 2015; and
- (ix) the corporate action number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 24 September 2015.

In order to assist prompt settlement of the USE Instruction, CREST members (or their CREST sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 24 September 2015 in order to be valid is 11.00 a.m. on that day.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 30 September 2015 or such later date and/or time as the Company and the Investment Adviser may agree with JPMC not being later than 30 October 2015, the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the UK Transfer and Paying Agent will refund the amount paid by a Qualifying CREST Ordinary Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies (if any) will be retained for the benefit of the Company.

(e) *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Ordinary Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his or her Application Form may be deposited into CREST (either into the account of the Qualifying Ordinary Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST

procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST (in accordance with the instructions contained in the Application Form) is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 24 September 2015.

In particular, having regard to normal processing times in CREST and on the part of the UK Transfer and Paying Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, is 3.00 p.m. on 21 September 2015 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4.30 p.m. on 18 September 2015, in either case so as to enable the person subscribing for or (as appropriate) holding the Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements prior to 11.00 a.m. on 24 September 2015. CREST holders inputting the withdrawal of their Open Offer Entitlements from their CREST account must ensure that they withdraw their Open Offer Entitlements.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Ordinary Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the UK Transfer and Paying Agent by the relevant CREST member that it/they is/are not in breach of the provisions of the notes under the section entitled “CREST Deposit Form” on page 4 of the Application Form, and a declaration to the Company and the UK Transfer and Paying Agent from the relevant CREST member(s) that it/they is/are not in the United States or any Excluded Territory or citizen(s) or resident(s) of the United States or any Excluded Territory or any jurisdiction in which the application for New Ordinary Shares is prevented by law and is/are not a US Person and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(f) *Validity of application*

A USE Instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 24 September 2015 will constitute a valid application under the Open Offer.

(g) *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE Instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 24 September 2015. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(h) *Incorrect sums*

If a USE Instruction includes a CREST payment for an incorrect sum, the Company, through the UK Transfer and Paying Agent, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question (without interest);
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the CREST member in question (without interest) save than any sum less than £5.00 will be retained for the benefit of the Company; or
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest) save than any sum less than £5.00 will be retained for the benefit of the Company.

(i) *Effect of valid application through CREST*

A CREST member or CREST sponsored member who makes or is treated as making a valid application in accordance with the above procedures thereby will be deemed to have:

- (i) represented and warranted to the Company and JPMC that he/she has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his or her rights, and perform his or her obligations, under any contracts resulting therefrom and that he/she is not prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agreed with the Company to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the UK Transfer and Paying Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (iii) agreed with the Company and JPMC that all applications and any contracts or non-contractual obligations resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England and Wales;
- (iv) confirmed to the Company and JPMC that in making the application he/she is not relying on any information or representation other than that contained in this Prospectus and any supplementary prospectus published prior to Admission of the New Ordinary Shares, and he/she accordingly agrees that no person responsible solely or jointly for this Prospectus, any such supplementary prospectus or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this Prospectus, he/she will be deemed to have had notice of all the information in relation to the Company contained in this Prospectus;
- (v) confirmed to the Company and JPMC that no person has been authorised to give any information or to make any representation concerning the Company or the New Ordinary Shares (other than as contained in this Prospectus and any supplementary prospectus published prior to Admission of the New Ordinary Shares) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or JPMC;



- (vi) represented and warranted to the Company and JPMC that he/she is the Qualifying Ordinary Shareholder originally entitled to the Open Offer Entitlements or that he/she has received such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vii) represented and warranted to the Company and JPMC that if he/she has received some or all of his Open Offer Entitlements from a person other than the Company, he/she is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (viii) unless otherwise agreed by the Company in its sole discretion (after agreement with JPMC), represents and warrants to the Company, JPMC and the UK Transfer and Paying Agent that such person and any person on whose behalf the applicant is making the application (a) is not located in the United States or any Excluded Territory and is not, and is not acting for the account or benefit of, a US Person or an Excluded Territory Shareholder; (b) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the New Ordinary Shares; (c) is not applying for the account of any person who is located in the United States, unless (1) the instruction to apply was received from a person outside the United States and (2) the person giving such instruction has confirmed that (x) it has the authority to give such instruction and (y) either (A) it has investment discretion over such account or (B) it is an investment adviser or investment company that is acquiring the New Ordinary Shares in an “offshore transaction” within the meaning of Regulation S and, in any event, is not applying for the account or benefit of a US Person; and (d) it is not acquiring the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States, any of the Excluded Territories or any other jurisdiction referred to in sub-paragraph (b) above or to any US Person;
- (ix) requested that the New Ordinary Shares to which he/she will become entitled be issued to him/her on the terms set out in this Prospectus, subject to the Memorandum of Association and Articles;
- (x) represented and warranted to the Company and JPMC that he/she is not, and nor is he/she applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986; and
- (xi) confirmed to the Company and JPMC that in making the application he/she is not relying and has not relied on any of JPMC or any person affiliated with JPMC in connection with any investigation of the accuracy of any information contained in this Prospectus or any supplementary prospectus published prior to Admission of the New Ordinary Shares or his or her investment decision.

Other than persons who are QPs and who are either: (a) reasonably believed to be QIBs or (b) AIs and who in either case have duly executed a US investor letter in the form provided by the Company or JPMC and delivered the same to JPMC, any CREST member or CREST sponsored member who makes, or is treated as making, a valid application in accordance with the above procedures will also be deemed to have made the representations and warranties set out in paragraph 8 of this Part XII (*Terms and Conditions of the Placing and Open Offer*).

(j) *Company’s discretion as to the rejection and validity of applications*

The Company may in its sole discretion:

- (i) reject any acceptance constituted by a USE Instruction, which is otherwise valid, in the event of a breach of any of the representations, warranties and undertakings set out or referred to in paragraph 8 of this Part XII (*Terms and Conditions of the Placing and*

*Open Offer*). Where an acceptance is made as described in this paragraph 5.2(j) which is otherwise valid, and the USE Instruction concerned fails to settle by 11.00 a.m. on 24 September 2015 (or by such later time and/or date as the Company and the Investment Adviser may agree with JPMC), the Company shall be entitled to assume, for the purposes of their right to reject an acceptance as described in this paragraph 5.2(j), that there has been a breach of the representations, warranties and undertakings set out or referred to in this paragraph 5.2(j) above unless the Company is aware of any reason outside the control of the Qualifying CREST Ordinary Shareholder or CREST sponsor (as appropriate) concerned for the failure of the USE Instruction to settle;

- (ii) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this paragraph 5.2 of this Part XII (*Terms and Conditions of the Placing and Open Offer*);
- (iii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE Instruction and subject to such further terms and conditions as the Company may determine;
- (iv) treat a properly authenticated dematerialised instruction (in this sub-paragraph the “first instruction”) as not constituting a valid application if, at the time at which the UK Transfer and Paying Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the UK Transfer and Paying Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (v) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE Instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the UK Transfer and Paying Agent in connection with CREST.

(k) *Lapse of the Open Offer*

In the event that the Placing and Open Offer does not become unconditional by 8.00 a.m. on 30 September 2015 (being no later than 8.00 a.m. on 30 October 2015 or such later time and/or date as the Company and JPMC may agree), the Placing and Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the UK Transfer and Paying Agent will refund the amount paid by a Qualifying CREST Ordinary Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies, if any, will be retained for the benefit of the Company.

## **6. Money Laundering Legislation**

### **6.1 Holders of Application Forms**

To ensure compliance with the Money Laundering Legislation, the UK Transfer and Paying Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the “**verification of identity requirements**”). If the Application Form is submitted by a UK regulated

broker or intermediary acting as agent and which is itself subject to the Money Laundering Legislation, any verification of identity requirements are the responsibility of such broker or intermediary and not of the UK Transfer and Paying Agent. In such case, the lodging agent's stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the “**acceptor**”), including any person who appears to the UK Transfer and Paying Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of this paragraph 6.1 of this Part XII (*Terms and Conditions of the Placing and Open Offer*) only, the “**relevant Open Offer Shares**”) and shall thereby be deemed to agree to promptly provide the UK Transfer and Paying Agent with such information and other evidence as the UK Transfer and Paying Agent may require to satisfy the verification of identity requirements and to do all other acts and things as may reasonably be required as to comply with the Money Laundering Legislation.

If the UK Transfer and Paying Agent determines that the verification of identity requirements apply to any acceptor or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The UK Transfer and Paying Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the UK Transfer and Paying Agent nor the Company nor JPMC will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the UK Transfer and Paying Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

**Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company, the UK Transfer and Paying Agent and JPMC from the applicant that the Money Laundering Legislation will not be breached by application of such remittance and an undertaking by the applicant to provide promptly to the UK Transfer and Paying Agent such information as may be specified by the UK Transfer and Paying Agent as being required for the purpose of the Money Laundering Legislation. If the verification of identity requirements apply, failure to provide the necessary evidence of identity may result in delays in the despatch of share certificates or in crediting CREST accounts.**

The verification of identity requirements will not usually apply:

- (i) if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) (the “**EU Money Laundering Directive**”); or
- (ii) if the acceptor is a company whose securities are listed on a regulated market subject to specified disclosure obligations; or
- (iii) the acceptor (not being an acceptor who delivers his application in person) makes payment through an account in the name of such acceptor with a credit institution that is subject to the EU Money Laundering Directive or with a credit institution situated in a non-EEA state that imposes requirements equivalent to those laid down in the EU Money Laundering Directive; or

- (iv) if the acceptor is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Legislation; or
- (v) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- (vi) if the aggregate subscription price for the Open Offer Shares is less than €15,000 (approximately £10,924 as at 3 September 2015).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (a) if payment is made by cheque or banker's draft in Pounds Sterling drawn on a branch in the UK of a bank or building society which bears an appropriate bank sort code number in the top right hand corner the following applies: Cheques should be made payable to "Equiniti Limited – re JZ CAPITAL PARTNERS LIMITED Open Offer" in respect of an application by a Qualifying Ordinary Shareholder and crossed "A/C Payee Only". Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has inserted details of the full name of the building society or bank account holder and have added the building society or bank branch stamp. The name of the building society or bank account holder must be the same as the name of the shareholder. Post-dated cheques will not be accepted. However, third party cheques (other than building society cheques or bankers' drafts where the building society or bank has confirmed that the relevant Qualifying Ordinary Shareholder has title to the underlying funds) will be subject to compliance with Money Laundering Legislation which would delay shareholders receiving their Open Offer Shares; or
- (b) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in paragraph (i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, India, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the United States and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the UK Transfer and Paying Agent. If the agent is not such an organisation, it should contact the UK Transfer and Paying Agent, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK.

To confirm the acceptability of any written assurance referred to in paragraph (b) above, or in any other case, the acceptor should contact the UK Transfer and Paying Agent, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK by telephone on 0871-384-2124, if calling from within the UK, or on +44 121-415-0839, if calling from outside the UK. Calls to the 0871-384-2124 number from within the UK cost 8 pence per minute excluding VAT, plus network extras. Other network providers' or network costs may vary. Calls to the +44 121-415-0839 number from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Lines are open 8.30 a.m. to 5.00 p.m. (London time) Monday to Friday (excluding UK public holidays). Calls may be recorded and randomly monitored for security and training purposes. Equiniti Limited cannot provide advice on the merits of the Placing and Open Offer nor give any financial, legal, business, tax or investment advice.

If the Application Form(s) is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of Open Offer Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he or she should ensure that he or she has with him or her

evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 24 September 2015, the UK Transfer and Paying Agent has not received evidence satisfactory to it as aforesaid, the UK Transfer and Paying Agent may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

## **6.2 *Open Offer Entitlements in CREST***

If you hold your Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Open Offer Entitlements in CREST as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the UK Transfer and Paying Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the UK Transfer and Paying Agent before sending any USE Instruction or other instruction so that appropriate measures may be taken.

Submission of a USE Instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the UK Transfer and Paying Agent such information as may be specified by the UK Transfer and Paying Agent as being required for the purposes of the Money Laundering Legislation. Pending the provision of evidence satisfactory to the UK Transfer and Paying Agent as to identity, the UK Transfer and Paying Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE Instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

## **7. *Overseas Ordinary Shareholders***

This Prospectus has been approved by the FCA as a prospectus which may be used to offer securities to the public for the purposes of section 85 of the FSMA and of the Prospectus Directive. Arrangements may also be made with the competent authority in certain member states of the EEA that have implemented the Prospectus Directive for the use of this Prospectus as an approved prospectus in such jurisdictions to make a public offer in such jurisdictions. Issue or circulation of this Prospectus may be prohibited in countries other than those in relation to which notices are given below.

No action has been or will be taken in any jurisdiction (other than the United Kingdom) that would permit a public offer of the New Ordinary Shares, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Accordingly, the New Ordinary Shares may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the offer of New Ordinary Shares contained in this Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The comments set out in this paragraph 7 are intended as a general guide only and any Overseas Ordinary Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

## 7.1 *General*

This Prospectus comprises a Prospectus relating to the New Ordinary Shares. Under no circumstance does this Prospectus generally constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for Open Offer Entitlements or New Ordinary Shares (whether Placing Shares, Open Offer Shares or otherwise) in the United States or any Excluded Territories or to the account or benefit of US Persons.

The distribution of this Prospectus and the Application Form and the making of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of, countries other than the United Kingdom or to persons who are nominees of, or custodians, trustees or guardians for, persons who are citizens or nationals of, or resident in, countries other than the United Kingdom may be restricted by the laws or regulatory requirements of the relevant jurisdictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer.

No action has been or will be taken by the Company, JPMC or any other person, to permit a public offering in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

Receipt of this Prospectus and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this Prospectus and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

Application Forms will not be sent to, and Open Offer Entitlements will not be credited to stock accounts in CREST of, persons with registered addresses in the United States or any Excluded Territory or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this Prospectus and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this Prospectus and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company, JPMC, nor any of their respective representatives, is making any representation to any offeree or purchaser of the New Ordinary Shares regarding the legality of an investment in the New Ordinary Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this Prospectus and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations including without limitation under the AIFM Directive and/or any applicable implementing legislation (if any) in any Relevant Member State. If a copy of this Prospectus and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Open Offer Shares in respect of the Open Offer unless the Company and JPMC determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this Prospectus and/or an Application Form and/or transfers Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part XII (*Terms and Conditions of the Placing and Open Offer*) and specifically the contents of this paragraph 7.

The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched from the United States or any Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates for Open Offer Shares or in the case of a credit of Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in the United States or an Excluded Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Ordinary Shareholders is drawn to paragraphs 5.1(d)(vii), 5.1(d)(viii) and 7.2 to 7.12 below.

Notwithstanding any other provision of this Prospectus or the Application Form, the Company reserves the right (after agreement with JPMC) to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Ordinary Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in Pounds Sterling denominated cheques or bankers' drafts or, where such Overseas Ordinary Shareholder is a Qualifying CREST Ordinary Shareholder, through CREST.

Due to restrictions under the securities laws of the United States and the Excluded Territories, and subject to certain exceptions, Qualifying Ordinary Shareholders located in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Excluded Territory will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements.

No public offer of New Ordinary Shares is being made by virtue of this Prospectus or the Application Form into the United States or any Excluded Territory. Receipt of this Prospectus and/or an Application Form and/or a credit of an Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this Prospectus and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

## 7.2 *United States*

None of the New Ordinary Shares (whether Placing Shares, Open Offer Shares or otherwise) or the Open Offer Entitlements have been or will be registered under the US Securities Act or under the securities laws of any state or other jurisdiction of the United States and they may not be offered, sold, resold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States and under circumstances that will not require the Company to register under the US Investment Company Act. There will be no public offer of the New Ordinary Shares or the Open Offer Entitlements in the United States.

The Company has not been and will not be registered under the US Investment Company Act and investors will not be entitled to the benefits of that Act.

The New Ordinary Shares made available pursuant to the Placing and Open Offer are being offered and sold (i) in the United States only to QPs who are also either: (a) reasonable believed to be QIBs; or (b) AIs, who in either case have duly executed a US Investor Letter in the form provided by the Company or JPMC and delivered the same to JPMC pursuant to an exemption from the registration requirements of the US Securities Act; and (ii) outside the United States to persons who are not, and are not acting for the account or benefit of, US Persons in offshore transactions in reliance on Regulation S.

Accordingly, the Company is not extending the Placing and Open Offer into the United States or to, or for the account or benefit of, US Persons unless an exemption from the registration requirements of the US Securities Act is available and, subject to certain exceptions set out below, none of this Prospectus, the Application Form nor the crediting of Open Offer Entitlements to a stock account in CREST constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any New Ordinary Shares in the United States. Subject to certain exceptions, neither this Prospectus nor the Application Form will be sent to, and neither Open Offer Entitlements nor New Ordinary Shares will be credited to a stock account in CREST of, any Qualifying Ordinary Shareholder with a registered address in the United States. Subject to certain exceptions, Application Forms sent from or postmarked in the United States, or including a United States registered address, will be deemed to be invalid and all persons acquiring Open Offer Shares and wishing to hold such Open Offer Shares in registered form must provide an address outside the United States for registration of the Open Offer Shares.

The Company reserves the right to treat as invalid any Application Form that appears to the Company or its agents to have been executed in, or despatched from, the United States, or that provides an address in the United States for the receipt of New Ordinary Shares, or which does not make the warranties set out in the Application Form or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements. In addition, except as set out below, any person exercising Open Offer Entitlements must make the representations and warranties set out in paragraph 5 and paragraph 8 of this Part XII (*Terms and Conditions of the Placing and Open Offer*), as appropriate. Accordingly, except as set out below, the Company reserves the right to treat as invalid (i) any Application Form which does not make the representations and warranties set out in paragraph 8 of this Part XII (*Terms and Conditions of the Placing and Open Offer*) and (ii) any USE Instruction which does not make the representations and warranties set out in paragraph 8 of this Part XII (*Terms and Conditions of the Placing and Open Offer*). The attention of persons holding for the account of persons located in the United States or for the account or benefit of US Persons is directed to such paragraphs. In addition, the Company and/or JPMC reserve the right to reject any USE instruction sent by or on behalf of any CREST member with a registered address in the United States or that appears to the Company to have been despatched from the United States or any Excluded Territory, or that was sent in a manner which they or their agents believe may violate any applicable legal or regulatory requirement, or which does not make the representations and



warranties set out in paragraph 5 or paragraph 8 of this Part XII (*Terms and Conditions of the Placing and Open Offer*).

Notwithstanding the foregoing, New Ordinary Shares may be made available pursuant to the Placing and Open Offer to a limited number of Qualifying Ordinary Shareholders in the United States or who are US Persons who are QPs and who are also either: (a) reasonably believed to be QIBs or (b) AIs, in the sole discretion of or as otherwise agreed by the Company, in consultation with JPMC, and in a manner designed not to require registration of the New Ordinary Shares under the US Securities Act or registration of the Company under the US Investment Company Act.

Any person in the United States or any US Person into whose possession this Prospectus comes should inform himself about and observe any applicable legal restrictions; any such person in the United States or US Person who is not a QP and either: (a) a QIB; or (b) an AI is required to disregard this Prospectus.

No representation has been, or will be, made by the Company or JPMC as to the availability of Rule 144 under the US Securities Act or any other exemption under the US Securities Act or any state securities laws for the reoffer, pledge or transfer of the New Ordinary Shares.

### 7.3 *Excluded Territories*

Due to restrictions under the securities laws of the United States and the Excluded Territories and subject to certain exemptions (in particular as described in the sub-paragraphs below), Ordinary Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of any Excluded Territories (except as otherwise agreed and permitted by the laws of the Excluded Territory) will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements.

The New Ordinary Shares have not been and will not be registered under the relevant laws of any Excluded Territory or any state, province or territory thereof and no disclosure document has been prepared under the relevant laws of any Excluded Territory or any state, province or territory thereof and the New Ordinary Shares may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Excluded Territory or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of any Excluded Territory except pursuant to an applicable exemption.

Subject to certain exceptions, no offer of New Ordinary Shares is being made by virtue of this Prospectus or the Application Form into any Excluded Territory.

### 7.4 *Notice to Ordinary Shareholders in the EEA (other than UK)*

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) except for the United Kingdom, with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the “**Relevant Implementation Date**”), no New Ordinary Shares have been offered or will be offered pursuant to the Open Offer to the public in that Relevant Member State prior to the publication of a prospectus in relation to the New Ordinary Shares which has been approved by the competent authority in that Relevant Member State, or where appropriate approved in another Relevant Member State and notified to the competent authority in that Relevant Member State all in accordance with the Prospectus Directive, except that, subject to separate restrictions imposed by the AIFM Directive (in relation to which see below), an offer to the public in that Relevant Member State of any New Ordinary Shares may be made at any time with effect from and including the Relevant Implementation Date under the following exemptions under the Prospectus Directive if they have been implemented in the Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;

- (b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of New Ordinary Shares shall result in a requirement for the publication by the Company or JPMC of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any New Ordinary Shares or to whom any offer is made on the basis of paragraphs (a), (b) or (c) above will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive.

In those Relevant Member States which have implemented the AIFM Directive, the New Ordinary Shares may only be offered in that Relevant Member State to the extent that shares in the Company may be marketed in the Relevant Member State pursuant to Article 42 or Article 61 of the AIFM Directive or can otherwise be lawfully marketed in that Relevant Member State in accordance with the AIFM Directive or under applicable implementing legislation (if any) of that Relevant Member State. As described below, the Investment Adviser, as the Company's AIFM has submitted all required notifications and obtained all necessary approvals to enable it to market the New Ordinary Shares in the United Kingdom but no other applications have been made to permit the marketing of the New Ordinary Shares into any other Relevant Member State in accordance with the AIFM Directive or under applicable implementing legislation (if any) of any other Relevant Member State.

The expression “offer of any New Ordinary Shares to the public” in relation to any New Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the New Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for any New Ordinary Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any New Ordinary Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the New Ordinary Shares acquired by it in the Open Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any New Ordinary Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of JPMC has been obtained to each such proposed offer or resale. The Company and JPMC will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

## 7.5 *AIFM Directive*

The Company is an AIF and the Investment Adviser is the AIFM, as such terms are defined, for the purposes of the AIFM Directive and both the Company and the Investment Adviser are located outside the EEA. Accordingly, the Investment Adviser is seeking to market the New Ordinary Shares into the United Kingdom in reliance on Article 42 of the AIFM Directive, as implemented in the national laws. To this end the Investment Adviser, as the Company's AIFM has submitted all required notifications and obtained all necessary approvals to enable it to market its New Ordinary Shares in the United Kingdom.

As no other marketing application will be made to market the New Ordinary Shares into other EEA countries, marketing of the New Ordinary Shares can only occur in the United Kingdom pursuant to the AIFM Directive and Ordinary Shareholders who are resident in EEA countries (other than the UK) will not be able to participate in the Open Offer.

Further the New Ordinary Shares may only be marketed (as that term is used in the AIFM Directive) in the United Kingdom to professional investors (as that term is used in the AIFM Directive).

## 7.6 *Waiver*

The provisions of this paragraph 7 and of any other terms of the Open Offer relating to Overseas Ordinary Shareholders may be waived, varied or modified as regards specific Ordinary Shareholders or on a general basis by the Company and JPMC in their absolute discretion. Subject to this, the provisions of this paragraph 7 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 7 to Ordinary Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 7 shall apply to them jointly and to each of them.

## 8. **Additional representations, warranties and agreements relating to US law made by purchasers outside the United States who are not US Persons**

Each purchaser to whom the New Ordinary Shares (whether Placing Shares or Open Offer Shares) are distributed, offered or sold outside the United States (other than US Persons) will (on behalf of itself and on behalf of each investment account for which it is acting as fiduciary or agent) be deemed by its subscription for New Ordinary Shares to have represented, warranted and agreed as follows:

- (a) it is not a US Person and is not acquiring the New Ordinary Shares for the account or benefit of a US Person;
- (b) it is acquiring the New Ordinary Shares in an offshore transaction meeting the requirements of Regulation S;
- (c) it is aware and acknowledges that the New Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons, absent registration or an exemption from, or in a transaction not subject to, registration under the US Securities Act;
- (d) it is aware and acknowledges that the Company has not been and will not be registered under the US Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the US Investment Company Act;
- (e) if in the future it decides to offer, sell, transfer, assign or otherwise dispose of the New Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act and under circumstances that will not require the Company to register under the US Investment Company Act;
- (f) if at any time it is an “affiliate” of the Company (as defined in Rule 405 under the US Securities Act), unless it has received the Company’s prior consent, it will, for so long as it is an “affiliate” of the Company, offer, resell, pledge or otherwise transfer its Ordinary Shares only: (i) in an offshore transaction complying with the provisions of Regulation S to a person outside the United States and not known by the transferor to be a US Person, by prearrangement or otherwise; or (ii) to the Company or a subsidiary thereof;
- (g) it is acquiring the New Ordinary Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the New Ordinary Shares in any manner that would violate the US Securities Act, the US Investment Company Act or any other applicable securities laws;
- (h) it has received, carefully read and understands this Prospectus, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the New Ordinary Shares to any persons in the United States or to any US Persons, nor will it do any of the foregoing;
- (i) (A) it is not, and it is not acting on behalf of, a Benefit Plan Investor; and

- (B) if it is a Non-ERISA Plan,
- (1) it is not a Benefit Plan Investor;
  - (2) the decision to commit assets of the Non-ERISA Plan for investment in the Company was made by fiduciaries independent of the Company, the Board, the Investment Adviser and any of their respective agents, representatives or affiliates, which fiduciaries: (a) are duly authorised to make such investment decision and have not relied on any advice or recommendations of the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates; and (b) in consultation with their advisers, have carefully considered the impact of any applicable federal, state or local law on an investment in the Company;
  - (3) none of the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates has exercised any discretionary authority or control with respect to the Non-ERISA Plan's investment in the Company, nor has the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates rendered individualised investment advice to the Non-ERISA Plan based upon the Non-ERISA Plan's investment policies or strategies, overall portfolio composition or diversification with respect to its commitment to invest in the Company and the investment programme thereunder; and
  - (4) it acknowledges and agrees that it is intended that the Company will not hold plan assets of the Non-ERISA Plan and that none of the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates will be acting as a fiduciary to the Non-ERISA Plan under any applicable federal, state or local law governing the Non-ERISA Plan, with respect to either: (a) the Non-ERISA Plan's purchase or retention of its investment in the Company; or (b) the management or operation of the business or assets of the Company. It also confirms that there is no rule, regulation, or requirement applicable to such purchaser or transferee that is inconsistent with the foregoing description of the Company, the Board and the Investment Adviser;
- (j) it is aware and acknowledges that the representations, undertakings and warranties contained in this Prospectus are irrevocable. It acknowledges that the Company, JPMC and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations and agreements; and
- (k) if any of the representations or warranties made or deemed to have been made by its subscription or purchase of the New Ordinary Shares are no longer accurate or have not been complied with, it will immediately notify the Company and JPMC, and if it is acquiring any New Ordinary Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and it has full power to make, and does make, such foregoing representations, warranties and agreements on behalf of each such account.

## 9. Withdrawal rights

Persons wishing to exercise or direct the exercise of statutory withdrawal rights pursuant to section 87Q(4) of FSMA after the issue by the Company of a prospectus supplementing this Prospectus must do so by lodging a written notice of withdrawal within two Business Days commencing on the Business Day after the date on which the supplementary prospectus is published (the "**Withdrawal Period**"). The withdrawal notice must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the participant ID and the member account ID of such CREST member. The notice of withdrawal must be delivered by hand (during normal business hours only) to the UK Transfer and Paying Agent, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK so as to be received before the end of the Withdrawal Period. Notice of withdrawal given by any other means or which is delivered to the UK Transfer and Paying Agent after expiry of such Withdrawal Period will not constitute a valid withdrawal.

The Company will not permit the exercise of withdrawal rights after payment by the relevant person for the Open Offer Shares applied for in full and the allotment of such Open Offer Shares to such person becoming unconditional save to the extent required by statute. In such event, Ordinary Shareholders are advised to seek independent legal advice.

Should you require further assistance please call the UK Transfer and Paying Agent, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK by telephone on 0871-384-2124, if calling from within the UK, or on +44 121-415-0839, if calling from outside the UK. Calls to the 0871-384-2124 number from within the UK cost 8 pence per minute excluding VAT, plus network extras. Other network providers' or network costs may vary. Calls to the +44 121-415-0839 number from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Lines are open 8.30 a.m. to 5.00 p.m. (London time) Monday to Friday (excluding UK public holidays). Calls may be recorded and randomly monitored for security and training purposes. Equiniti Limited cannot provide advice on the merits of the Placing and Open Offer nor give any financial, legal, business, tax or investment advice.

#### **10. Admission, settlement and dealings**

The result of the Open Offer is expected to be announced on or around 25 September 2015. Subject to Ordinary Shareholder approval of the Placing and Open Offer and the Placing and Open Offer Related Party Transactions at the Extraordinary General Meeting, application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its Specialist Fund Market. Subject to certain conditions being satisfied, as set out in this paragraph 10 of this Part XII (*Terms and Conditions of the Placing and Open Offer*), it is expected that Admission of the New Ordinary Shares will become effective and that dealings will commence in the New Ordinary Shares at 8.00 a.m. on 30 September 2015.

The Existing Ordinary Shares are already admitted to CREST. A further application for admission to CREST is however required and has been made for the New Ordinary Shares. This is as a result of the New Ordinary Shares not being eligible to receive the first interim dividend for the year ended 29 February 2016 if the dividend is declared and paid. All New Ordinary Shares, if issued and fully paid, may be held and transferred by means of CREST. Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 24 September 2015 (the latest date for applications under the Open Offer). If the condition(s) to the Open Offer described above are satisfied, New Ordinary Shares will be issued in uncertificated form to those persons who submitted a valid application for New Ordinary Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. On 26 September 2015, the UK Transfer and Paying Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission of the New Ordinary Shares (expected to be 30 September 2015). The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE Instruction was given.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to send Qualifying CREST Ordinary Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the UK Transfer and Paying Agent in connection with CREST.

For Qualifying Non-CREST Ordinary Shareholders who have applied by using an Application Form, share certificates in respect of the New Ordinary Shares validly applied for are expected to be despatched by post by 7 October 2015. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the Register of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Ordinary Shareholders are referred to paragraph 5 above and their respective Application Form.

## **11. Times and dates**

The Company shall, in agreement with JPMC and after consultation with its legal advisers, be entitled to amend the dates that Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this Prospectus and in such circumstances shall notify the UK Listing Authority and the London Stock Exchange and, where appropriate, Shareholders by way of announcement issued via an RIS. Shareholders may not receive any further written communication. In this regard the attention of Shareholders is drawn to paragraph 9 of Part XII (*Additional Information*) of this Prospectus.

## **12. Taxation**

Information concerning the tax status of the Company and the taxation of Shareholders is set out in Part VIII (*Taxation*) of this Prospectus and is for information purposes only and is not intended to be exhaustive. If you are in any doubt about the tax consequences of acquiring, holding, transferring or disposing of the New Ordinary Shares, or you are subject to tax in a jurisdiction other than Guernsey, the United Kingdom or the United States, you should consult your own independent tax adviser without delay.

## **13. Further information**

Your attention is drawn to the further information set out in this Prospectus and also, in the case of Qualifying Non-CREST Ordinary Shareholders and other Qualifying Ordinary Shareholders to whom the Company has sent an Application Form, to the terms, conditions and other information printed on the Application Form.

## **14. Governing law and jurisdiction**

The terms and conditions of the Placing and Open Offer as set out in this Prospectus, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, the laws of England and Wales. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this Prospectus and/or the Application Form including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this Prospectus and/or the Application Form. By taking up Open Offer Shares in accordance with the instructions set out in this Prospectus and, where applicable, the Application Form, Qualifying Ordinary Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

## PART XIII

### DETAILS OF THE 2022 ZDP SHARES

#### 1. Summary of the 2022 ZDP Shares

The 2022 ZDP Shares, if issued and fully paid pursuant to the ZDP Rollover Offer, will have substantially the same rights as those attaching to the 2016 ZDP Shares save for a different final capital entitlement and repayment date. The 2022 ZDP Share Final Capital Entitlement will be the Accrued Capital Entitlement of a 2022 ZDP Share on the 2022 ZDP Share Repayment Date as determined by the terms and conditions of the ZDP Rollover Offer and the 2022 ZDP Share Repayment Date will be 1 October 2022. The 2022 ZDP Shares will be denominated in Pounds Sterling.

The 2022 ZDP Shares will rank behind the Company's creditors and prior ranking securities including the CULS but in priority to the final capital entitlements of the Ordinary Shares. The 2022 ZDP Shares will rank *pari passu* with the 2016 ZDP Shares for the period when both classes of Shares are in issue until the 2016 ZDP Shares are redeemed on the 2016 ZDP Share Repayment Date. The 2022 ZDP Shares, the same as the 2016 ZDP Shares, carry no entitlement to income and the whole of their return will therefore take the form of capital.

The 2022 ZDP Shares, the same again as the 2016 ZDP Shares, will not have the right to vote at any general meetings of the Company except in certain circumstances as detailed in the New Articles. Holders of 2022 ZDP Shares will have the right to vote upon any resolution to alter, modify or abrogate the special rights or privileges attached to the 2022 ZDP Shares, and if the Company is unable to redeem all of the 2022 ZDP Shares on the date of their repayment then, also upon a resolution to wind up the Company voluntarily or upon a resolution the effect of which would be that holders of 2022 ZDP Shares would be repaid in respect of their 2022 ZDP Shares an amount not less than they would otherwise have been entitled on a winding-up.

Subject to the New Articles (and the restrictions on transfer contained therein) and the terms of issue of 2022 ZDP Shares, all or any of the 2022 ZDP Shares may be transferred in any manner which is permitted by Guernsey law. The 2022 ZDP Shares will however be subject to certain United States ownership and transfer restrictions. The Directors may decline to register a person as a holder of 2022 ZDP Shares or to require the transfer of those 2022 ZDP Shares (including by way of a disposal effected by the Company itself) if in certain circumstances they believe that the person: (a) is a US Person and not a qualified purchaser; (b) is a Benefit Plan Investor; or (c) is, or is related to, a citizen or resident of the United States, a US partnership, a US corporation or a certain type of estate or trust and that ownership of those 2022 ZDP Shares by the person would materially increase the risk that the Company could be or become a Controlled Foreign Corporation. Investment in the Company by Benefit Plan Investors is prohibited and the fiduciary provisions of Non-ERISA Plans may impose limitations on investment in the Company.

Further details of the rights attaching to the 2016 ZDP Shares and the 2022 ZDP Shares and a summary of the Articles and the proposed amendments to the same as contained in the New Articles are included in paragraph 5.3 of Part X (*Additional Information*) of this Prospectus. These sections of this Prospectus describe any alteration, modification, abrogation or variation of or to the rights or privileges attaching to the Ordinary Shares and the 2016 ZDP Shares that may be brought about by the issue of the 2022 ZDP Shares pursuant to the ZDP Rollover Offer.

#### 2. ZDP Rollover Offer

The Company is proposing to issue 2022 ZDP Shares pursuant to the ZDP Rollover Offer and to seek Admission of the 2022 ZDP Shares to trading on the London Stock Exchange's Specialist Fund Market. Pursuant to the ZDP Rollover Offer, the Company will offer Qualifying ZDP Shareholders the option of: (a) exchanging a proportion of their 2016 ZDP Shares for 2022 ZDP Shares on 1 October 2015; (b) repayment of the 2016 ZDP Share Final Capital Entitlement in respect of their 2016 ZDP Shares plus a further 3.7 pence per 2016 ZDP Share held to be paid on the 2016 ZDP Share Repayment Date, being 22 June 2016, in accordance with the terms and conditions of the 2016 ZDP Shares; or (c) a combination of (a) and (b) above.

The rollover value attributed to a 2016 ZDP Share will be equal to its Accrued Capital Entitlement as at the ZDP Rollover Offer Date, being 349.6 pence. The 2022 ZDP Shares arising on the exchange of 2016 ZDP Shares pursuant to the ZDP Rollover Offer will be deemed to be issued at the 2022 ZDP Share Issue Price. The ZDP Rollover Offer will be effected by the exchange of those 2016 ZDP Shares that are validly elected and accepted to participate in the ZDP Rollover Offer for 2022 ZDP Shares issued pursuant to the ZDP Rollover Offer on the terms set out in the Company's New Articles. Subject to the ZDP Rollover Offer becoming unconditional and completed in accordance with its terms, each 2016 ZDP Share validly elected to be rolled over will be exchanged into one 2022 ZDP Share to be issued pursuant to the ZDP Rollover Offer.

The ZDP Rollover Offer is conditional on, among other things, Ordinary Shareholder and ZDP Shareholder approval of the ZDP Rollover Offer at the Separate Class Meetings, Shareholder approval of the ZDP Rollover Offer and the amendments to the Articles at the Extraordinary General Meeting and the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms.

The ZDP Rollover Offer will, subject to certain exceptions, only be available to Qualifying ZDP Shareholders. All Overseas ZDP Shareholders should refer to and read the Separate ZDP Circular.

The ZDP Rollover Offer is not being and will not be made, and the ZDP 2022 Shares will not be offered or sold, to any person with a registered address in, or who is resident or located in, the United States or to any US Person.

The holders of 2022 ZDP Shares will be entitled to receive a capital sum, being the 2022 ZDP Share Final Capital Entitlement, on the 2022 ZDP Share Repayment Date. The 2022 ZDP Share Final Capital Entitlement will be 349.6 pence increased at an equivalent annual rate equal to the 2022 ZDP Share GRY from the date of issue compounding daily until (but excluding) the 2022 ZDP Share Repayment Date.

The 2022 ZDP Share Gross Redemption Yield has not been set at the date of this Prospectus but will be determined by way of a book-build reflecting orders received pursuant to the ZDP Rollover Offer. The 2022 ZDP Share GRY will be announced by the Company, on or around 25 September 2015, by way of an announcement through an RIS.

Qualifying ZDP Shareholders wishing to make an election for 2022 ZDP Shares pursuant to the ZDP Rollover Offer will be required to indicate the number of 2016 ZDP Shares they wish to exchange for 2022 ZDP Shares pursuant to the ZDP Rollover Offer at different 2022 ZDP Share Gross Redemption Yields ranging from 3.50 per cent to 5.00 per cent or at the Strike GRY. These orders will be aggregated by Equiniti Limited indicating the amount of demand at each 2022 ZDP Share Gross Redemption Yield.

The 2022 ZDP Share GRY will be set at the lowest 2022 ZDP Share Gross Redemption Yield at which valid elections under the ZDP Rollover Offer have been received in respect of 2022 ZDP Shares with an aggregate value, at the 2022 ZDP Share Issue Price, of at least £20 million and, of not more than £50 million. Valid elections will therefore be subject to scaling back in the event of excess demand; the details of which are included in the Separate Circular. All valid elections under the ZDP Rollover Offer that are accepted will be exchanged at the 2022 ZDP Share GRY.

**A Separate ZDP Circular and a Separate ZDP Election Form containing, among other things, the terms and conditions of the ZDP Rollover Offer and the process for electing to exchange 2016 ZDP Shares for 2022 ZDP Shares should Qualifying ZDP Shareholders wish to do so, will be sent to such Qualifying ZDP Shareholders.**



Qualifying ZDP Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders and ZDP Shareholders with registered addresses in the United States or who are otherwise located in the United States) holding 2016 ZDP Shares in certificated form and who wish to make an election for 2022 ZDP Shares pursuant to the ZDP Rollover Offer should complete and return the Separate ZDP Election Form together with their valid 2016 ZDP Share certificate(s) and/or other documents of title to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to be received by not later than 11.00 a.m. on 24 September 2015. Qualifying ZDP Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders and ZDP Shareholders with registered addresses in the United States or who are otherwise located in the United States) holding 2016 ZDP Shares in uncertificated form (that is, through CREST), none of whom will receive a Separate ZDP Election Form, and who wish to make an election for 2022 ZDP Shares pursuant to the ZDP Rollover Offer should send the TTE instruction through CREST so as to settle by no later than 11.00 a.m. on 24 September 2015.

**The latest time and date for election pursuant to the ZDP Rollover Offer is 11.00 a.m. on 24 September 2015. The procedures for election and the action to be taken by Qualifying ZDP Shareholders is set out in the Separate ZDP Circular and, where relevant in the Separate ZDP Election Form.**

Qualifying ZDP Shareholders who do not make a valid election to exchange all or some of their 2016 ZDP Shares for 2022 ZDP Shares pursuant to the ZDP Rollover Offer will be deemed to have elected to be repaid the 2016 ZDP Share Final Capital Entitlement in respect of their 2016 ZDP Shares not validly elected plus a further 3.7 pence per 2016 ZDP Share not the subject of a valid election, to be paid on the 2016 ZDP Share Repayment Date.

The ZDP Rollover Offer is conditional, *inter alia*, upon:

- (a) the passing of each of the Resolutions to be proposed at the Separate Class Meetings;
- (b) the passing of each of the ZDP Rollover Offer Resolution and the Articles Amendment Resolution each of which is to be proposed at the Extraordinary General Meeting;
- (c) Admission of the 2022 ZDP Shares becoming effective by not later than 8.00 a.m. on 1 October 2015 (or such later time and/or date as the Company and the Investment Adviser may agree with JPMC (as defined below), not being later than 8.00 a.m. on 30 October 2015);
- (d) the Placing Agreement becoming unconditional in all respects in relation to the ZDP Rollover Offer and not having been terminated in accordance with its terms; and
- (e) the ZDP Rollover Offer becoming unconditional and completed in accordance with its terms (including valid elections under the ZDP Rollover Offer being received in respect of 2022 ZDP Shares with an aggregate value, at the 2022 ZDP Share Issue Price, of at least £20 million).

The ZDP Rollover Offer is not conditional on the Placing and Open Offer or the proposed investment in Spruceview Capital Partners.

Subject to Ordinary Shareholder and ZDP Shareholder approval of the ZDP Rollover Offer at the Separate Class Meetings and Shareholder approval of the ZDP Rollover Offer and the amendments to the Articles at the Extraordinary General Meeting, application will also be made to the London Stock Exchange for the 2022 ZDP Shares to be admitted to trading on its Specialist Fund Market. It is expected that Admission of the 2022 ZDP Shares will become effective and that dealings will commence in the 2022 ZDP Shares at 8.00 a.m. on 1 October 2015.

### **3. Rights attaching to the 2022 ZDP Shares**

The Company is proposing to amend the Articles at the Extraordinary General Meeting. Paragraph 5.3 of Part X (*Additional Information*) of this Prospectus describes the rights attaching to the 2016 ZDP Shares and the 2022 ZDP Shares as set out in the New Articles and any alteration, modification, abrogation or variation of or to the rights or privileges attaching to the Ordinary Shares and the 2016 ZDP Shares that may be effected by the issue of the 2022 ZDP Shares pursuant to the ZDP Rollover Offer. The rights attaching to the 2022 ZDP Shares as set out in the New Articles are described in this paragraph 3 of this Part XII (*Details of*

*the 2022 ZDP Shares*). Terms defined in this paragraph are for the purposes of this paragraph 3 of this Part XII (*Details of the 2022 ZDP Shares*) only.

#### ***Income***

- (i) The 2022 ZDP Shares carry no right to receive dividends out of revenue or any other profits of the Company.

#### ***Capital***

- (ii) On a return of capital, on a winding up or otherwise other than a redemption of the 2016 ZDP Shares in accordance with the New Articles or otherwise than a redemption of the 2022 ZDP Shares in accordance with paragraph 3(viii), the assets of the Company available for distribution to Members in accordance with the Law shall be applied as follows:

- (A) first, there shall be paid to holders of:

- (1) the 2016 ZDP Shares (for so long as the 2016 ZDP Shares are in issue) an amount calculated at the time of the relevant return of capital which is equal to 215.80p per 2016 ZDP Share as increased on the twenty-fourth day of each month at such rate compounded each month as will give an entitlement to 369.84p plus 3.7p at 22 June 2016, the first such increase to be deemed to have occurred on 22 July 2009 and the last to occur on 22 June 2016; and
- (2) the 2022 ZDP Shares an amount calculated at the time of the relevant return of capital which is equal to the 2022 ZDP Share Issue Price as increased on the twenty-fourth day of each month at such rate compounded each month as will give the entitlement specified in the regulatory information service announcement released by the Company on completion of the ZDP Rollover Offer, the first such increase to be deemed to have occurred on 1 October 2015 and the last to occur on 1 October 2022,

provided that the 2016 ZDP Shares and the 2022 ZDP Shares shall rank equally in the return of capital such that in the event that, upon a return of capital, on a winding up or otherwise, the assets of the Company are insufficient fully to discharge the payment obligations set out in this sub-clause (A), such amount as represents the assets of the Company available for distribution shall be paid to the holders of 2016 ZDP Shares and the holders of 2022 ZDP Shares pro rata to the amounts accrued pursuant to the calculations set out in Articles 3(ii)(A)(1) and 3(ii)(A)(2) respectively; and

- (B) second, there shall be paid to the holders of the Ordinary Shares the balance (if any) of the assets of the Company available for distribution in accordance with the Law and the Articles.

#### ***Voting rights***

- (iii) The holders of the 2022 ZDP Shares shall have the right to receive notice of, but shall not have the right to attend or vote at, any general meeting of the Company except:

- (A) upon any resolution to alter, modify or abrogate the special rights or privileges attached to the 2022 ZDP Shares; and
- (B) upon any 2022 ZDP Liquidation Resolution, 2022 ZDP Recommended Resolution, or 2022 ZDP Reconstruction Resolution,

and, save as otherwise provided in paragraph 3(iv) or 3(v), on a show of hands each holder of 2022 ZDP Shares present in person and entitled to vote shall have one vote and upon a poll each such holder who is present in person or by proxy and entitled to vote shall have one vote in respect of every 2022 ZDP Share held by him.

- (iv) Notwithstanding any other provision of the Articles, on any vote on a 2022 ZDP Liquidation Resolution, each holder of 2022 ZDP Shares present in person or by proxy who votes in favour of

such resolution shall, on a poll, have such number of votes in respect of each 2022 ZDP Share held by him (including fractions of a vote) that the aggregate number of votes cast in favour of the resolution is four times the aggregate number of such Shares in respect of which votes are cast against the resolution and each member present in person or by proxy and entitled to vote who votes against such resolution shall on a poll have one vote for each Share held by him. Any vote on any 2022 ZDP Liquidation Resolution shall be by means of a poll.

- (v) Notwithstanding any other provision of the Articles, on any vote on a 2022 ZDP Recommended Resolution or 2022 ZDP Reconstruction Resolution, each holder of 2022 ZDP Shares present in person or by proxy shall, on a poll, have such number of votes in respect of each 2022 ZDP Share held by him (including fractions of a vote) that the aggregate number of votes cast in favour of the resolution is four times the aggregate number of votes cast against the resolution and each member present in person or by proxy and entitled to vote who votes against such resolution shall on a poll have one vote for each Share held by him; provided that, if any term of any offer referred to in paragraph 3(xiii) or any arrangement referred to in paragraph 3(xi) or 3(xv) (as the case may be) shall (as regards any one or more members) have been breached in any material respect of which the chairman of the relevant meeting has written notice prior to the commencement of such meeting then, notwithstanding anything in the Articles to the contrary, each member shall, at any such meeting at which such shareholder is present in person or by proxy, and entitled to vote, on a poll have one vote for every such Share held by him. Any vote on any 2022 ZDP Reconstruction Resolution or 2022 ZDP Recommended Resolution shall be by means of a poll.

#### *Class rights*

- (vi) The Company shall not without the previous sanction of an extraordinary resolution of the holders of the 2022 ZDP Shares passed at a separate meeting of such holders convened and held in accordance with the provisions of the Articles:
- (A) issue any further Shares or rights to subscribe or convert any securities into Shares or reclassify issued share capital into Shares of a particular class where such Shares rank, or would on issue, conversion or reclassification rank, as to capital in priority to or *pari passu* with the 2022 ZDP Shares (taking account for this purpose of any intra-group liabilities corresponding to and supporting such Shares or securities), save that the Company may, subject to the provisions of the Articles, issue further Shares, rights or securities provided that the directors shall have calculated and the auditors of the Company shall have reported to the directors on such calculations within 60 days prior to the proposed issue or reclassification that, were the further Shares to be issued or the Shares to be reclassified or rights of subscription or conversion to be issued and immediately exercised at the date of the report, those 2022 ZDP Shares in issue immediately thereafter would have a cover of not less than 2.1 times. For this purpose, the cover of the 2022 ZDP Shares shall represent a fraction where the numerator is equal to the total net assets of the Company at the end of the immediately preceding financial year and the denominator is equal to the amount which would be paid on the 2022 ZDP Shares as a class (and on all Shares ranking as to capital in priority thereto or *pari passu* therewith, save to the extent already taken into account in the calculation of the total of share capital and reserves) in a winding up of the Company on the 2022 ZDP Repayment Date. In calculating such cover, the directors shall:
- (1) use the figures set out in the most recently filed audited accounts of the Company;
  - (2) assume that the share capital or rights proposed to be issued or arising on reclassification had been issued and/or exercised and/or reclassified at the end of the financial period dealt with in such accounts;
  - (3) adjust the total net assets of the Company at the end of the said financial period by adding the minimum gross consideration (if any) which would be received upon such issue, reclassification or exercise;

- (4) take account of the entitlements to be attached to the new Shares or securities or rights to be issued;
  - (5) aggregate the final capital entitlements of the existing 2022 ZDP Shares derived from the said accounts and the capital entitlements of the new Shares or securities or rights to be issued as aforesaid;
  - (6) make such other adjustments as they consider appropriate; or
- (B) pass any resolution, other than any 2022 ZDP Recommended Resolution or 2022 ZDP Reconstruction Resolution, releasing the directors from their obligations to convene an extraordinary general meeting at which the 2022 ZDP Liquidation Resolution is to be proposed or otherwise vary the effect of paragraphs 3(iv) and 3(v) or 3(viii) to 3(xvi) inclusive; or
  - (C) pass a resolution to reduce the capital of the Company (including undistributable reserves and uncalled capital) in any manner, or any resolution authorising the directors to purchase Shares in the Company, other than the 2016 ZDP Liquidation Resolution, the 2016 ZDP Reconstruction Resolution or a 2016 ZDP Recommended Resolution or other than the 2022 ZDP Liquidation Resolution, the 2022 ZDP Reconstruction Resolution or a 2022 ZDP Recommended Resolution; or
  - (D) pass any resolution to wind up the Company, other than the 2016 ZDP Liquidation Resolution, the 2016 ZDP Reconstruction Resolution or a 2016 ZDP Recommended Resolution or other than the 2022 ZDP Liquidation Resolution, the 2022 ZDP Reconstruction Resolution or a 2022 ZDP Recommended Resolution; or
  - (E) alter any object set out in the Memorandum; or
  - (F) pass any resolution which authorises the directors to pay a dividend out of the Capital Reserve; or
  - (G) pass any resolution authorising or permitting any increase in the borrowing limit referred to in the New Articles.
- (vii) Notwithstanding anything in the Articles to the contrary, one of the rights attaching to:
- (A) the Ordinary Shares, the 2016 ZDP Shares and the 2022 ZDP Shares shall be that the passing and implementation of any 2016 ZDP Liquidation Resolution, 2016 ZDP Reconstruction Resolution or 2016 ZDP Recommended Resolution shall be in accordance with the rights attached to the Ordinary Shares, the 2016 ZDP Shares and the 2022 ZDP Shares; and
  - (B) the Ordinary Shares and the 2022 ZDP Shares shall be that the passing and implementation of any 2022 ZDP Liquidation Resolution, 2022 ZDP Reconstruction Resolution or 2022 ZDP Recommended Resolution shall be in accordance with the rights attached to the Ordinary Shares and the 2022 ZDP Shares,

with the result that neither the passing nor the implementation of any such resolution shall be treated as varying, modifying or abrogating such rights and so that the consent or sanction of any such class of Shares as a separate class shall not be required thereto.

#### *Redemption*

- (viii) On the 2022 ZDP Repayment Date, the Company shall redeem all, and not some only, of the 2022 ZDP Shares which remain in issue on such date at an amount specified in the regulatory information service announcement released by the Company on completion of the ZDP Rollover Offer. The 2022 ZDP Shares shall not be redeemed otherwise than in accordance with this paragraph 3(viii). For the avoidance of doubt, the Company shall, subject to complying with applicable law, be permitted to remove any reference in these Articles to the 2022 ZDP Shares (including but not limited to the rights

attached to the 2022 ZDP Shares) upon the redemption of all of the 2022 ZDP Shares in accordance with this paragraph 3(viii).

- (ix) Redemption of the 2022 ZDP Shares is subject to any restrictions imposed by law.
- (x) If the Company is unable to redeem all of the 2022 ZDP Shares on 1 October 2022 in accordance with paragraph 3(viii) then, subject to paragraphs 3(xi), 3(xiii) and 3(xv), the directors shall convene an extraordinary general meeting of the Company to be held as soon as reasonably practicable following the 2022 ZDP Repayment Date at which a special resolution (the “2022 ZDP Liquidation Resolution”) shall be proposed requiring the Company to be forthwith wound up voluntarily pursuant to section 391 of the Law.

*Recommended resolutions, offers and reconstruction resolutions*

- (xi) Notwithstanding the provisions of paragraph 3(x), in the event that at any general meeting(s) held after 30 July 2022 but on or prior to the twenty-first day following the 2022 ZDP Repayment Date (and before the passing of the 2022 ZDP Liquidation Resolution) there is proposed any resolution or resolutions recommended by the directors and complying with the provisions of paragraph 3(xii) (a “**2022 ZDP Recommended Resolution**”) the effect of which would be that the holders of the 2022 ZDP Shares would, in consideration or in consequence of the repurchase or other repayment in respect of their 2022 ZDP Shares, receive by not later than 21 days after the 2022 ZDP Repayment Date an amount in cash equal to not less than such holders would otherwise have been entitled on the winding-up of the Company as a result of the passing of the 2022 ZDP Liquidation Resolution (ignoring any option any holders of 2022 ZDP Shares may be given to elect to receive their entitlement otherwise than in cash), then paragraph 3(x) shall not apply.
- (xii) Any 2022 ZDP Recommended Resolution shall not involve the winding-up of the Company or other return of capital in respect of the Ordinary Shares nor any variation, modification or abrogation of any of the rights or privileges attaching to the Ordinary Shares.
- (xiii) Notwithstanding the provisions of paragraph 3(x), if all the holders of the 2022 ZDP Shares receive an offer recommended by the directors and complying with the provisions of paragraph 3(xiv) (whether from the Company or any other person) which becomes or is declared unconditional after 30 July 2022 but on or prior to the twenty-first day following the 2022 ZDP Repayment Date (and before the passing of the 2022 ZDP Liquidation Resolution), under which such holders (or holders other than the offeror and/or persons acting in concert with the offeror) would receive not later than 21 days after the 2022 ZDP Repayment Date an amount in cash equal to not less than such holders would otherwise have been entitled on the winding-up of the Company as a result of the passing of the 2022 ZDP Liquidation Resolution (ignoring any option any holders of 2022 ZDP Shares may be given to elect to receive alternative consideration pursuant to the offer), then paragraph 3(x) shall not apply.
- (xiv) Any such offer as is referred to in paragraph 3(xiii) must be stated to be, in the opinion of a financial adviser appointed by the directors, fair and reasonable and in the interests of the Members as a whole.
- (xv) Notwithstanding the provisions of paragraph 3(x), in the event that at any general meeting(s) held after 30 July 2022 but on or prior to the twenty-first day following the 2022 ZDP Repayment Date (and before the passing of the 2022 ZDP Liquidation Resolution) there is proposed any resolution or resolutions recommended by the directors and complying with the provisions of paragraph 3(xvi) (a “**2022 ZDP Reconstruction Resolution**”) to (aa) wind up the Company voluntarily or any other arrangement which the directors consider to be of substantially similar effect or (bb) effect any other arrangement by means of a reduction of capital, distribution in specie or any other lawful procedure or arrangement whatsoever whether or not involving the winding-up of the Company in either case such that the holders of the Ordinary Shares and the 2022 ZDP Shares shall receive not later than 21 days after the 2022 ZDP Repayment Date an amount in cash estimated by the directors to be not less than that to which the directors estimate that such holders would respectively otherwise be entitled on a winding-up as a result of the passing of the 2022 ZDP Liquidation Resolution on the 2022 ZDP

Repayment Date in accordance with paragraph 3(x) (ignoring any option any of them may be given to elect to receive their entitlements otherwise than in cash pursuant to the arrangement), then paragraph 3(x) shall not apply.

- (xvi) Any 2022 ZDP Reconstruction Resolution must be stated to be, in the opinion of a financial adviser appointed by the directors, fair and reasonable and in the interests of the Members as a whole.

#### **4. AIFM Directive**

The Company is an AIF and the Investment Adviser is the AIFM, as such terms are defined, for the purposes of the AIFM Directive and both the Company and the Investment Adviser are located outside the EEA. Accordingly, the Investment Adviser is seeking to market the 2022 ZDP Shares into the United Kingdom in reliance on Article 42 of the AIFM Directive, as implemented in the national laws. To this end the Investment Adviser, as the Company's AIFM has submitted all required notifications and obtained all necessary approvals to enable it to market its 2022 ZDP Shares in the United Kingdom.

As no other marketing application will be made to market the 2022 ZDP Shares into other EEA countries, marketing of the 2022 ZDP Shares can only occur in the United Kingdom pursuant to the AIFM Directive and Ordinary Shareholders who are resident in EEA countries (other than the UK) will not be able to participate in the Open Offer.

Further the 2022 ZDP Shares may only be marketed (as that term is used in the AIFM Directive) in the United Kingdom to professional investors (as that term is used in the AIFM Directive).

**Please note that a Separate ZDP Circular and a Separate ZDP Election Form containing, among other things, the terms and conditions of the ZDP Rollover Offer and the process for electing to exchange 2016 ZDP Shares for 2022 ZDP Shares should Qualifying ZDP Shareholders wish to do so, will be sent to such Qualifying ZDP Shareholders. Qualifying ZDP Shareholders in addition to reading this Prospectus in its entirety should also read the Separate ZDP Circular in its entirety as well.**

## PART XIV

### DEFINITIONS AND GLOSSARY

The following definitions will apply throughout this Prospectus, the Notices of the Separate Class Meetings and the Notice of Extraordinary General Meeting and the Forms of Proxy unless the context otherwise requires.

“€” or “Euro”	the single currency of Participating Member States;
“£” or “Pounds Sterling” or “pence” (including the abbreviation “p”)	the lawful currency of the United Kingdom;
“US\$” or US Dollars” or “cents”	the lawful currency of the United States;
“2016 ZDP Shares”	zero dividend redeemable preference shares of no par value in the capital of the Company issued on or around 22 June 2009;
“2016 ZDP Share Final Capital Entitlement”	the Accrued Capital Entitlement of a 2016 ZDP Share on the 2016 ZDP Share Repayment Date, being 369.84 pence;
“2016 ZDP Share Repayment Date”	22 June 2016;
“2022 ZDP Shares”	zero dividend redeemable preference shares of no par value in the capital of the Company which the Company is proposing to issue pursuant to the ZDP Rollover Offer;
“2022 ZDP Share Cumulative Final Cover”	has the meaning set out in the ZDP Rollover Assumptions;
“2022 ZDP Share Final Capital Entitlement”	the accrued capital entitlement of a 2022 ZDP Share on the 2022 ZDP Share Repayment Date;
“2022 ZDP Share GRY”	the 2022 ZDP Share Gross Redemption Yield to be announced by the Company, on or around 25 September 2015, by way of an announcement through an RIS;
“2022 ZDP Share Hurdle Rate”	has the meaning set out in the ZDP Rollover Assumptions;
“2022 ZDP Share Issue Price”	349.6 pence per 2022 ZDP Share;
“2022 ZDP Share Repayment Date”	1 October 2022;
“Accredited Investor” or “AI”	an accredited investor within the meaning of Rule 501(a) of Regulation D under the US Securities Act;
“Accrued Capital Entitlement”	means the entitlement of a 2016 ZDP Share or a 2022 ZDP Share (as the context may require) on any particular date reflecting the issue price plus the amount accrued at the relevant gross redemption yield;
“Administration Agreement”	the administration agreement dated 3 September 2012 between the Administrator and the Company, a summary of which is set out in paragraph 8.3 of Part X ( <i>Additional Information</i> ) of this Prospectus;
“Administrator” or “Registrar” or “Secretary”	Northern Trust International Fund Administration Services (Guernsey) Limited;

<b>“Admission of the 2022 ZDP Shares”</b>	admission of the 2022 ZDP Shares to be issued pursuant to the ZDP Rollover Offer to trading on the London Stock Exchange’s Specialist Fund Market;
<b>“Admission of the New Ordinary Shares”</b>	admission of the New Ordinary Shares pursuant to the Placing and Open Offer to trading on the London Stock Exchange’s Specialist Fund Market;
<b>“AIC”</b>	the Association of Investment Companies;
<b>“AIC Code”</b>	the AIC Code of Corporate Governance, as amended from time to time;
<b>“AIC Guide”</b>	the AIC Corporate Governance Guide (incorporating the UK Corporate Governance Code and the AIC Code), as amended from time to time;
<b>“AIF”</b>	an alternative investment fund within the meaning of AIFMD;
<b>“AIFM”</b>	an alternative investment fund manager within the meaning of AIFMD;
<b>“AIFMD” or “AIFM Directive”</b>	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers, as amended;
<b>“Application Form”</b>	the application form sent to Qualifying Non-CREST Ordinary Shareholders for use in connection with the Open Offer;
<b>“Articles”</b>	the articles of incorporation of the Company, as amended from time to time;
<b>“Articles Amendment Resolution”</b>	the resolution 6 to be proposed at the Extraordinary General Meeting as set out in the Notice of Extraordinary General Meeting;
<b>“Audit Committee”</b>	the audit committee of the Company as described in Part V ( <i>Directors, Corporate Governance and Administration</i> ) of this Prospectus;
<b>“Auditors” or “Reporting Accountant”</b>	the auditors of the Company from time to time, being (at the date of this Prospectus) Ernst & Young LLP;
<b>“Benefit Plan Investor”</b>	has the meaning contained in section 3(42) of ERISA, and includes: (a) an “employee benefit plan” as defined in section 3(3) of ERISA that is subject to Part 4 of Title I of ERISA; (b) a “plan” described in section 4975(e)(1) of the US Code that is subject to section 4975 of the US Code; and (c) an entity whose underlying assets include “plan assets” by reason of an employee benefit plan’s or a plan’s investment in such entity. For purposes of the foregoing, a “Benefit Plan Investor” does not include a governmental plan (as defined in section 3(32) of ERISA), a non-US plan (as defined in section 4(b)(4) of ERISA) or a church plan (as defined in section 3(33) of ERISA) that has not elected to be subject to ERISA;
<b>“Board”</b>	the board of directors of the Company (or any duly authorised committee thereof) from time to time;
<b>“Business Day”</b>	a day on which the London Stock Exchange and banks in Guernsey and London are normally open for business;



<b>“certificated” or “certificated form”</b>	not in uncertificated form;
<b>“Class Meeting of Ordinary Shareholders”</b>	the class meeting of Ordinary Shareholders to be held at 11.00 a.m. on 29 September 2015 at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands, including any adjournment thereof, notice of which is set out at the end of this Prospectus;
<b>“Class Meeting of ZDP Shareholders”</b>	the class meeting of ZDP Shareholders to be held at 11.05 a.m. on 29 September 2015 (or as soon thereafter as the Class Meeting of Ordinary Shareholders has been concluded or adjourned) at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands, including any adjournment thereof, notice of which is set out at the end of this Prospectus;
<b>“Closing Price”</b>	the closing middle market quotation of an Existing Ordinary Share as derived from the daily official list published by the London Stock Exchange;
<b>“Companies Law”</b>	the Companies (Guernsey) Law 2008 (as amended);
<b>“Company”</b>	JZ Capital Partners Limited (with registration no. 48761);
<b>“Controlled Foreign Corporation”</b>	has the meaning given to it under Section 957 of the US Code;
<b>“Conversion Price”</b>	the conversion price of the CULS per Ordinary Share as may be adjusted from time to time in accordance with the terms of the CULS. Upon conversion of CULS, each CULS Holder will receive a number of Ordinary Shares calculated by dividing the nominal amount of CULS being converted by the applicable Conversion Price at the relevant time in accordance with the terms of the CULS Trust Deed;
<b>“Conversion Rights”</b>	the right of each CULS Holder to convert the whole or such part (being an integral multiple of £10 in nominal amount) of their CULS as they may specify into fully paid Ordinary Shares in accordance with the terms of the CULS;
<b>“CREST”</b>	the paperless settlement system operated by Euroclear governed by the CREST Regulations and any successor system or operator for the purposes of the CREST Regulations;
<b>“CREST Manual”</b>	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedures and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since that date);
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (S.I. 2001, No. 3755);
<b>“CULS”</b>	the 6.00 per cent. convertible unsecured subordinated loan stock due 2021 of the Company in an aggregate nominal amount of £38,861,140 in issue as at the date of this Prospectus;

<b>“CULS Holder”</b>	a holder of CULS;
<b>“CULS Trust Deed”</b>	the trust deed dated 30 July 2014 between the Company and the CULS Trustee, a summary of which is set out in paragraph 8.8 of Part X ( <i>Additional Information</i> ) of this Prospectus;
<b>“CULS Trustee”</b>	the trustee of the CULS from time to time, being (at the date of this Prospectus) The Law Debenture Trust Corporation p.l.c.;
<b>“CULS Subordination Agreement”</b>	the subordination agreement dated 30 July 2014 between, <i>inter alios</i> , the Company and the CULS Trustee, a summary of which is set out in paragraph 8.9 of Part X ( <i>Additional Information</i> ) of this Prospectus;
<b>“Custodian”</b>	HSBC Bank (USA) NA;
<b>“Custodian Agreement”</b>	the custodian agreement dated in or around May 2008 between the Company and the Custodian, comprising a relationship application, deposit account application and agreement and custody account application and agreement, a summary of which is set out in paragraph 8.4 of Part X ( <i>Additional Information</i> ) of this Prospectus;
<b>“Deutsche Bank”</b>	Deutsche Bank Securities Inc., acting through its Deutsche Bank Alex. Brown division;
<b>“Deutsche Bank Account Agreement”</b>	the bank account agreement dated 25 October 2010 between the Company and Deutsche Bank, a summary of which is set out in paragraph 8.7 of Part X ( <i>Additional Information</i> ) of this Prospectus;
<b>“Deutsche Bank Facility”</b>	the margin account facility provided under the Deutsche Bank Account Agreement;
<b>“Directors”</b>	the directors of the Company from time to time;
<b>“Disclosure and Transparency Rules”</b>	the disclosure rules and the transparency rules of the FCA made pursuant to section 73A of the FSMA;
<b>“DWZ Related Party Transaction”</b>	the Related Party Transaction relating to the approval of the transaction described in paragraph 7 of Part I ( <i>Letter from the Chairman</i> ) of this Prospectus;
<b>“EBITDA”</b>	earnings before interest, tax, depreciation and amortisation;
<b>“ECOFIN”</b>	the European Union Economic and Financial Affairs Council;
<b>“Edgewater”</b>	Edgewater Growth Capital Partners;
<b>“Edgewater Related Party Transaction”</b>	the Related Party Transaction relating to the approval of the transaction described in paragraph 7 of Part I ( <i>Letter from the Chairman</i> ) of this Prospectus;
<b>“EEA”</b>	the European Economic Area;
<b>“ERISA”</b>	the US Employee Retirement Income Security Act of 1974, as amended;
<b>“EUCCG”</b>	the European Union Code of Conduct Group;
<b>“Euroclear”</b>	Euroclear UK and Ireland Limited, the operator of CREST;
<b>“EuroMicrocap Fund”</b>	EuroMicrocap Fund 2010, L.P.;

<b>“Excluded Territories”</b> and each an <b>“Excluded Territory”</b>	Australia, Canada, Japan and the Republic of South Africa and any other jurisdiction where the extension or availability of the Placing and Open Offer and/or the ZDP Rollover Offer would breach any applicable law, as the context may require;
<b>“Excluded Territory Shareholder”</b>	an Ordinary Shareholder and/or ZDP Shareholder whose registered address is in an Excluded Territory, as the context may require;
<b>“Existing Ordinary Shares”</b>	Ordinary Shares currently in issue;
<b>“Extraordinary General Meeting”</b>	the extraordinary general meeting of the Company to be held at 11.10 a.m. on 29 September 2015 (or as soon thereafter as the Class Meeting of ZDP Shareholders has been concluded or adjourned) at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands, including any adjournment thereof, notice of which is set out at the end of this Prospectus;
<b>“Extraordinary Resolution”</b>	the extraordinary resolutions to be proposed at the Separate Class Meetings which to be passed will require a vote in favour by a majority of not less than 75 per cent. of the votes cast by Shareholders entitled to vote, whether voted by Shareholders entitled to vote in person, by proxy or by a duly authorised representative at the Separate Class Meetings;
<b>“FATCA”</b>	Sections 1471 through 1474 of the US Code and the Treasury Regulations promulgated thereunder, together with any revenue rulings, notices or other official guidance applicable to such US Code provisions or Treasury Regulations;
<b>“FCA”</b>	the Financial Conduct Authority;
<b>“Forms of Proxy”</b>	the forms of proxy accompanying this Prospectus for use in connection with the Separate Class Meetings and the Extraordinary General Meeting;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended;
<b>“Guernsey Code”</b>	the Guernsey Financial Services Commission’s “Finance Sector Code of Corporate Governance”, as amended from time to time;
<b>“Guggenheim”</b>	Guggenheim Partners Europe Limited;
<b>“Guggenheim Credit Agreement”</b>	the credit agreement dated 12 June 2015 between the Company together with, among others, Guggenheim, a summary of which is set out in paragraph 8.6 of Part X ( <i>Additional Information</i> ) of this Prospectus;
<b>“Guggenheim Facility”</b>	the term loan facility provided under the Guggenheim Credit Agreement;
<b>“HMRC”</b>	HM Revenue & Customs;
<b>“IFRS”</b>	International Financial Reporting Standards as adopted by the European Union and described in paragraph 2.2 of Part VII ( <i>Historical Financial Information</i> ) of this Prospectus;
<b>“IGA”</b>	intergovernmental agreement;

<b>“Investment Adviser”</b>	Jordan/Zalaznick Advisers, Inc. and its affiliated parties, as the context may require;
<b>“Investment Advisory Agreement”</b>	the investment advisory and management agreement dated 23 December 2010 between the Company and the Investment Adviser, as amended, a summary of which is set out in paragraph 8.2 of Part X ( <i>Additional Information</i> ) of this Prospectus;
<b>“IPEVCA”</b>	the International Private Equity and Venture Capital Associate guidelines;
<b>“IRS”</b>	the US Internal Revenue Service;
<b>“ISIN”</b>	an International Securities Identification Number;
<b>“Jefferies Finance”</b>	Jefferies Finance LLC;
<b>“Jefferies Finance Credit Agreement”</b>	the credit agreement dated 16 June 2014 between the Company together with, among others, Jefferies Finance;
<b>“JPMC” or “Sole Bookrunner”</b>	J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove);
<b>“JWJ Related Party Transaction”</b>	the Related Party Transaction relating to the approval of the transaction described in paragraph 7 of Part I ( <i>Letter from the Chairman</i> ) of this Prospectus;
<b>“JZCP Bright Spruce”</b>	JZCP Bright Spruce, Ltd;
<b>“JZEP”</b>	JZ Equity Partners Plc;
<b>“JZ Partners”</b>	JZ Partners, LLC;
<b>“JZCP Realty Fund”</b>	JZCP Realty Fund, Ltd;
<b>“JZI Fund III”</b>	JZI Fund III, L.P;
<b>“Limited Voting Ordinary Shares”</b>	limited voting ordinary shares of no par value in the capital of the Company (all of which have been converted to Existing Ordinary Shares);
<b>“Listing Rules”</b>	the listing rules made by the FCA pursuant to section 73A of FSMA;
<b>“London Stock Exchange”</b>	the London Stock Exchange plc;
<b>“Main Market”</b>	the London Stock Exchange’s market for larger and established companies, being a regulated market for the purposes of MiFID;
<b>“MiFID”</b>	the Markets in Financial Instruments Directive 2004/39/EC, as amended;
<b>“Minimum Net Proceeds”</b>	£60.25 million;
<b>“Money Laundering Legislation”</b>	the Criminal Justice (Money Laundering and Terrorism Financing) Act 2010 and the Money Laundering Regulations 2007 of the UK, as applicable;
<b>“NAV” or “Net Asset Value”</b>	the net asset value of the Company as calculated by the Company in accordance with the Company’s normal accounting policies or, as the context so requires, the net asset value per Ordinary Share being calculated by dividing the net asset value of the Company by the number of Ordinary Shares in issue on the relevant date;

<b>“Net Proceeds”</b>	the proceeds of the Placing and Open Offer after deducting the costs payable by the Company in connection with the Placing and Open Offer;
<b>“New Articles”</b>	the proposed articles of incorporation of the Company details of which are set out in paragraph 5.3 of Part X ( <i>Additional Information</i> ) of this Prospectus;
<b>“New Ordinary Shares”</b>	the 23,406,698 new ordinary shares of no par value in the capital of the Company which the Company is proposing to issue pursuant to the Placing and Open Offer;
<b>“Nomination Committee”</b>	the nomination committee of the Company as described in Part V ( <i>Directors, Corporate Governance and Administration</i> ) of this Prospectus;
<b>“Non-ERISA Plan”</b>	collectively, any governmental plan (as defined in section 3(32) of ERISA), non-US plan (as defined in section 4(b)(4) of ERISA), church plan (as defined in section 3(33) of ERISA) that has not elected to be subject to ERISA or any other plan subject to any federal, state, local or non-US law that is similar to the prohibited transaction provisions of section 406 of ERISA and/or section 4975 of the US Code;
<b>“Notice of Class Meeting of Ordinary Shareholders”</b>	the notice of Class Meeting of Ordinary Shareholders set out at the end of this Prospectus;
<b>“Notice of Class Meeting of ZDP Shareholders”</b>	the notice of Class Meeting of ZDP Shareholders set out at the end of this Prospectus;
<b>“Notice of Extraordinary General Meeting”</b>	the notice of Extraordinary General Meeting set out at the end of this Prospectus;
<b>“Notices of the Separate Class Meetings”</b>	the Notice of Class Meeting of Ordinary Shareholders and the Notice of Class Meeting of ZDP Shareholders;
<b>“OCIO”</b>	Outsourced Chief Investment Officer;
<b>“OECD”</b>	the Organisation for Economic Co-operation and Development;
<b>“Offer Price”</b>	419.19 pence per New Ordinary Share;
<b>“Official List”</b>	the list maintained by the UK Listing Authority pursuant to Part VI of FSMA;
<b>“Offshore Funds Rules”</b>	the rules included in the provisions of Part 8 of the TIOPA;
<b>“Open Offer”</b>	the offer to Qualifying Ordinary Shareholders constituting an invitation to apply for the Open Offer Shares on the terms and subject to the conditions set out in this Prospectus, and in the case of Qualifying Non-CREST Ordinary Shareholders, the Application Form;
<b>“Open Offer Entitlements”</b>	an entitlement of a Qualifying Ordinary Shareholder to apply for 9 Open Offer Shares for every 25 Existing Ordinary Shares held by him or her on the Open Offer Record Date pursuant to the Open Offer;
<b>“Open Offer Record Date”</b>	the date on which the entitlement of Qualifying Ordinary Shareholders to subscribe for Open Offer Shares will be determined by reference to the Register at 6.00 p.m. on 2 September 2015;

<b>“Open Offer Shares”</b>	the 23,406,698 New Ordinary Shares to be offered to Qualifying Ordinary Shareholders pursuant to the Open Offer;
<b>“Ordinary Shares”</b>	ordinary shares of no par value in the capital of the Company (which include the Existing Ordinary Shares and the New Ordinary Shares);
<b>“Ordinary Shareholders”</b>	holders of Ordinary Shares;
<b>“Ordinary Resolution”</b>	the ordinary resolutions to be proposed at the Extraordinary General Meeting which to be passed will require a vote in favour by a majority of more than 50 per cent of the votes cast by Shareholders entitled to vote, whether voted by Shareholders entitled to vote in person, by proxy or by a duly authorised representative at the Extraordinary General Meeting;
<b>“Overseas Ordinary Shareholders”</b>	Ordinary Shareholders who are resident in, or citizens of, or who have registered addresses in, territories other than the United Kingdom;
<b>“Overseas ZDP Shareholders”</b>	ZDP Shareholders who are resident in, or citizens of, or who have registered addresses in, territories other than the United Kingdom;
<b>“participant ID”</b>	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
<b>“Participating Member States”</b>	any member state of the European Union that has the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union;
<b>“PIK”</b>	payment in kind;
<b>“Placees”</b>	certain Existing Ordinary Shareholders who have agreed or shall agree to irrevocably subscribe for Open Offer Shares pursuant to the Placing subject to clawback to satisfy valid applications by Qualifying Ordinary Shareholders pursuant to the Open Offer;
<b>“Placing”</b>	the conditional placing of the Placing Shares with Placees in accordance with the Placing Agreement;
<b>“Placing Agreement”</b>	the placing agreement between the Company, the Investment Adviser and JPMC, a summary of which is set out in paragraph 8.1 of Part X ( <i>Additional Information</i> ) of this Prospectus;
<b>“Placing and Open Offer”</b>	the issue of New Ordinary Shares pursuant to the Placing and the Open Offer, as further described in this Prospectus;
<b>“Placing and Open Offer Related Party Transactions”</b>	the Edgewater Related Party Transaction, the DWZ Related Party Transaction and the JWJ Related Party Transaction;
<b>“Placing and Open Offer Related Party Transaction Resolutions”</b>	the resolutions 2 to 4 (inclusive) to be proposed at the Extraordinary General Meeting as set out in the Notice of Extraordinary General Meeting;
<b>“Placing and Open Offer Resolution”</b>	the resolution 1 to be proposed at the Extraordinary General Meeting as set out in the Notice of Extraordinary General Meeting;
<b>“Placing Shares”</b>	the New Ordinary Shares which are the subject of the Placing;
<b>“Plan Asset Regulations”</b>	US Department of Labor regulation 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA);

<b>“Prospectus”</b>	this Prospectus, including the information incorporated by reference into this Prospectus by paragraph 3 of Part VII ( <i>Historical Financial Information</i> ) of this document;
<b>“Prospectus Directive”</b>	Directive 2003/71/EC of the European Parliament and Council on the prospectus to be published when transferable securities are offered to the public or admitted to trading, as amended;
<b>“Prospectus Rules”</b>	the prospectus rules made by the FCA pursuant to section 73A of the FSMA;
<b>“qualified institutional buyer” or “QIB”</b>	a qualified institutional buyer within the meaning of Rule 144A under the US Securities Act;
<b>“qualified purchaser” or “QP”</b>	a qualified purchaser within the meaning of section 2(a)(51) of the US Investment Company Act and the related rules thereunder;
<b>“Qualifying CREST Ordinary Shareholders”</b>	Qualifying Ordinary Shareholders whose Ordinary Shares are in uncertificated form in CREST on the Open Offer Record Date (save as otherwise provided in paragraph 1 of Part XII ( <i>Terms and Conditions of the Placing and Open Offer</i> ) of this Prospectus);
<b>“Qualifying Non-CREST Ordinary Shareholder”</b>	Qualifying Ordinary Shareholders whose Ordinary Shares are in certificated form on the Open Offer Record Date;
<b>“Qualifying Ordinary Shareholder”</b>	holders of Existing Ordinary Shares on the Register on the Open Offer Record Date, with the exception of certain Overseas Ordinary Shareholders;
<b>“Qualifying ZDP Shareholder”</b>	holders of 2016 ZDP Shares on the Register on the ZDP Rollover Offer Record Date, with the exception of certain Overseas ZDP Shareholders;
<b>“Register”</b>	the register of members of the Company;
<b>“Regulation D”</b>	Regulation D under the US Securities Act;
<b>“Regulation S”</b>	Regulation S under the US Securities Act;
<b>“Related Party”</b>	a “related party” as defined in Chapter 11 of the Listing Rules and, where there is more than one Related Party, the “Related Parties”;
<b>“Related Party Transaction”</b>	has the meaning given to it in the Listing Rules read as if the Listing Rules applied to the Company;
<b>“Resolutions”</b>	the resolutions to be proposed at the Separate Class Meetings as set out in the Notices of the Separate Class Meetings and the resolutions 1 to 7 (inclusive) to be proposed at the Extraordinary General Meeting as set out in the Notice of Extraordinary General Meeting;
<b>“RIS”</b>	a regulatory information service that is on the list of regulatory information services maintained by the FCA;
<b>“RIS provider”</b>	a regulatory information services provider;
<b>“Rule 144A”</b>	Rule 144A under the US Securities Act;
<b>“SDRT”</b>	UK stamp duty and stamp duty reserve tax;
<b>“SEC”</b>	the US Securities and Exchange Commission;

<b>“SEDOL”</b>	a Stock Exchange Daily Official List;
<b>“Separate Class Meetings”</b>	the Class Meeting of Ordinary Shareholders and the Class Meeting of ZDP Shareholders;
<b>“Separate ZDP Circular”</b>	the separate circular in respect of the ZDP Rollover Offer sent to Qualifying ZDP Shareholders;
<b>“Separate ZDP Election Form”</b>	the separate election form accompanying the Separate ZDP Circular in respect of the ZDP Rollover Offer sent to Qualifying ZDP Shareholders for use in connection with the ZDP Rollover Offer;
<b>“Shareholders”</b>	holders of Ordinary Shares and/or 2016 ZDP Shares, as the context may require;
<b>“Shares”</b>	Ordinary Shares and/or 2016 ZDP Shares, as the context may require;
<b>“Similar Law”</b>	any federal, state, local or non-US law that is similar to the prohibited transaction provisions of section 406 of ERISA and/or section 4975 of the US Code;
<b>“Specialist Fund Market”</b>	Specialist Fund Market of the London Stock Exchange;
<b>“Special Resolution”</b>	the special resolution to be proposed at the Extraordinary General Meeting which to be passed will require a vote in favour by a majority of more than 75 per cent. of the votes cast by Shareholders entitled to vote whether voted by Shareholders entitled to vote in person, by proxy or duly authorised representative at the Extraordinary General Meeting;
<b>“Spruceview Capital Partners”</b>	Spruceview Capital Partners, LLC;
<b>“Spruceview Related Party Transaction”</b>	the Related Party Transaction relating to the approval of the transaction described in paragraph 18 of Part I ( <i>Letter from the Chairman</i> ) of this Prospectus;
<b>“Spruceview Related Party Transaction Resolution”</b>	the resolution 7 to be proposed at the Extraordinary General Meeting as set out in the Notice of Extraordinary General Meeting;
<b>“Strike GRY”</b>	the gross redemption yield at which elections pursuant to the ZDP Rollover Offer can be made reflecting an order at the clearing 2022 ZDP Share Gross Redemption Yield following the book-build to set the 2022 ZDP Share GRY;
<b>“Subsidiary”</b>	a subsidiary of the Company within the meaning given to such term in section 531 of the Companies (Guernsey) Law 2008 (as amended), excluding the provision of section 531(6) so that overseas companies shall be included and excluding any body corporate (in this definition, an “ <b>entity</b> ”) whose accounts are not included in the then latest published audited consolidated accounts of the Company or, in the case of an entity which has first become a subsidiary of the Company since the date as at which any such audited accounts were prepared, would not have been so included or consolidated if it had become so on or before that date;
<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers, as amended from time to time;



“TIDM”	an Tradeable Instrument Display Mnemonic;
“TIOPA”	Taxation (International and Other Provisions) Act 2010;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UK Corporate Governance Code”	the UK Code on Corporate Governance issued by the Financial Reporting Council, as amended from time to time;
“UK Listing Authority”	the FCA acting in its capacity as competent authority for the purposes of Part VI of the FSMA;
“UK Transfer Agent Agreement”	the transfer agent agreement dated in or around December 2008 between the Company and the UK Transfer and Paying Agent, a summary of which is set out in paragraph 8.5 of Part X ( <i>Additional Information</i> ) of this Prospectus;
“UK Transfer and Paying Agent”	Equiniti Limited;
“uncertificated” or “in uncertificated form”	recorded on the Register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST;
“US” or “USA” or “United States”	the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
“US Code”	the US Internal Revenue Code of 1986, as amended;
“US Exchange Act”	the US Securities Exchange Act of 1934, as amended;
“US Investment Company Act”	the US Investment Company Act of 1940, as amended;
“US Person”	has the meaning given in Regulation S;
“US Securities Act”	the US Securities Act of 1933, as amended;
“VAT”	value added tax;
“ZDP Rollover Offer”	the exchange of 2016 ZDP Shares for 2022 ZDP Shares pursuant to which the Company will offer Qualifying ZDP Shareholders the option of: (a) exchanging a proportion of their 2016 ZDP Shares for 2022 ZDP Shares on 1 October 2015; (b) repayment of the 2016 ZDP Share Final Capital Entitlement in respect of their 2016 ZDP Shares plus a further 3.7 pence per 2016 ZDP Share held to be paid on the 2016 ZDP Share Repayment Date, being 22 June 2016, in accordance with the terms and conditions of the 2016 ZDP Shares; or (c) a combination of (a) and (b) above;
“ZDP Rollover Offer Assumptions”	the assumptions set out in the section of this Prospectus entitled “ <i>Statistics Relating to the ZDP Rollover Offer Only and the ZDP Rollover Offer Assumptions</i> ”;
“ZDP Rollover Offer Date”	the date on which 2016 ZDP Shares validly elected and accepted to participate under the ZDP Rollover Offer will be exchanged into 2022 ZDP Shares, expected to be 1 October 2015;
“ZDP Rollover Offer Record Date”	the date on which the entitlement of Qualifying ZDP Shareholders to make an election for 2022 ZDP Shares will be determined by reference to the Register, expected to be 6.00 p.m. on 2 September 2015;

**“ZDP Rollover Offer Resolution”** the resolution 5 to be proposed at the Extraordinary General Meeting as set out in the Notice of Extraordinary General Meeting; and

**“ZDP Shareholders”** holders of 2016 ZDP Shares.

# NOTICE OF CLASS MEETING OF ORDINARY SHAREHOLDERS

## Notice of Class Meeting of Ordinary Shareholders

### **JZ Capital Partners Limited (the “Company”) (registered number 48761)**

Notice is hereby given that a Class Meeting of Ordinary Shareholders of the Company will be held at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands at 11.00 a.m. on 29 September 2015 to consider and, if thought fit, pass the following Resolution. The Resolution will be proposed as an Extraordinary Resolution. Ordinary Shareholders only will be entitled to vote on the Resolution and, for the avoidance of doubt, ZDP Shareholders will not be entitled to vote on the Resolution. The Resolution will be proposed as follows:

THAT:

- (a) the Resolutions to be proposed at the Extraordinary General Meeting of the Company to be convened for the same day that relate to the ZDP Rollover Offer (being Extraordinary General Meeting Resolutions 5 and 6 (inclusive)) (the “**EGM Resolutions**”) be approved and any effect on or any alteration, modification, abrogation or variation of or to the rights or privileges attaching to the Ordinary Shares which may result from the passing of the EGM Resolutions or the implementation of the ZDP Rollover Offer be sanctioned; and
- (b) with effect from the adoption by the Company of new articles of incorporation (the “**New Articles**”) in terms set out in the Prospectus of the Company dated 4 September 2015 (the “**Prospectus**”) of which this notice forms part, the proposals:
  - (i) for the creation of the 2022 ZDP Shares in the capital of the Company having the rights and entitlements set out in the New Articles;
  - (ii) for the attaching to each existing 2016 ZDP Share of a right of exchange, by way of redemption, exercisable by a valid election, of a 2016 ZDP Share for a 2022 ZDP Share on the basis of each 2016 ZDP Share the subject of such election being redeemed in exchange for the issue of one 2022 ZDP Share;
  - (iii) for the issue of the 2022 ZDP Shares; and
  - (iv) for the ZDP Rollover Offer,

pursuant to the arrangements described in the Prospectus (as defined below) be approved.

Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning in this Notice of Class Meeting of Ordinary Shareholders.

By order of the Board  
Northern Trust International Fund Administration Services (Guernsey) Limited  
Trafalgar Court  
Les Banques  
St Peter Port  
Guernsey  
GY1 3QL

#### **Notes re your BLUE Form of Proxy and voting at the Class Meeting of Ordinary Shareholders:**

##### **Rights to attend and vote**

Subject as provided in the immediately following paragraph, Ordinary Shareholders only have the right to attend and vote on all matters at the Class Meeting of Ordinary Shareholders in respect of which they are entitled.

The Company specifies that, in order to have the right to attend and vote at the Class Meeting of Ordinary Shareholders (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register

of members of the Company by no later than 6.00 p.m. on 2 September 2015, or in the event that the meeting is adjourned, by no later than 6.00 p.m. on the date two days before the date of the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the Class Meeting of Ordinary Shareholders.

### **Proxies**

A member entitled to attend and vote may appoint a proxy or proxies who need not be a member of the Company to attend and to vote instead of him or her. A member may appoint more than one proxy in relation to the Class Meeting of Ordinary Shareholders, provided that each proxy is appointed to exercise the rights attached to different Ordinary Shares held by him or her.

If it is desired to appoint a proxy or proxies, the name(s) of the proxy or proxies desired must be inserted in the space provided on the BLUE Form of Proxy. If no name(s) is entered, the return of the BLUE Form of Proxy duly signed will authorise the Chairman of the Class Meeting of Ordinary Shareholders or the Company Secretary to act as your proxy.

Please indicate with an "X" in the appropriate box on the BLUE Form of Proxy how you wish your vote to be cast in respect of the Resolution at the Class Meeting of Ordinary Shareholders. If you do not insert an "X" in the appropriate box on the BLUE Form of Proxy your proxy will vote or abstain at his or her discretion.

If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the appropriate box on the BLUE Form of Proxy the number of Ordinary Shares in relation to which they are authorised to act as your proxy. If the box is left blank, your proxy will be deemed to be authorised in respect of your full voting entitlement (or if the BLUE Form of Proxy has been issued in respect of a designated account for a member, the full voting entitlement for that designated account). To appoint more than one proxy (an) additional proxy form(s) may be obtained by contacting Equiniti Limited by telephone on 0871-384-2124, if calling from within the UK, or on +44 121-415-0839, if calling from outside the UK or you may photocopy the BLUE Form of Proxy. Calls to the 0871-384-2124 number from within the UK cost 8 pence per minute excluding VAT, plus network extras. Other network providers' or network costs may vary. Calls to the +44 121-415-0839 number from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Lines are open 8.30 a.m. to 5.00 p.m. (London time) Monday to Friday (excluding public holidays). Please insert in the space provided and in the appropriate box on the BLUE Form of Proxy (see above) the proxy holder's name and the number of Ordinary Shares in relation to which they are authorised to act as your proxy. Please also indicate with an "X" in the appropriate box on the BLUE Form of Proxy if the proxy instruction is one of the multiple instructions being given. All BLUE Forms of Proxy must be signed and should be returned together in the same envelope.

The instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation under its common seal or under the hand of an officer or attorney duly authorised.

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be deposited with Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK not less than 48 hours before the time for holding the Class Meeting of Ordinary Shareholders (excluding any part of a day which is non-working), or in the event that the meeting is adjourned, not less than 48 hours before the time for holding the adjourned meeting (excluding any part of a day which is non-working) and in default unless the Board directs otherwise the instrument of proxy shall not be treated as valid.

The BLUE Form of Proxy may be sent by post or transmitted to Equiniti Limited. "By post" means by registered post, recorded delivery service or ordinary letter post and "transmitted" means transmitted by electronic communication. Accordingly, you may send the BLUE Form of Proxy by post to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK or transmit it by email to proxy.votes@equiniti.com (and in the case of email with the original to follow by post to Equiniti Limited). In the case of email, should the original BLUE Form of Proxy not be received by post the electronic version shall still be treated as valid (provided it is returned before the proxy cut off as detailed above).

If you are sending the BLUE Form of Proxy by post from outside the UK, you will need to place the BLUE Form of Proxy in a reply paid envelope and post the envelope to Equiniti Limited. In order to ensure that the BLUE Form of Proxy is received before the proxy cut off date as detailed above, you should also transmit the BLUE Form of Proxy by email.

To change your proxy instructions, simply submit a new proxy appointment using the method set out above. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. Please note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

The appointment of a proxy, by instrument in writing or electronically, will not preclude a member so entitled from attending the Class Meeting of Ordinary Shareholders and voting in person should they wish to do so.

### **Joint holders**

All joint holders of Ordinary Shares should be named but the signature of any one is sufficient. In all cases, names must be entered as they appear on the register of members of the Company.

Where there are joint registered holders of any Ordinary Share such persons shall not have the right of voting individually in respect of such Ordinary Share but shall elect one of their number to represent them and to vote whether in person or by proxy in their name. In default of such election the person whose name stands first on the register of members shall alone be entitled to vote.

## **CREST**

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual, which can be viewed at [www.euroclear.com](http://www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or the amendment to the instructions given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer’s agent (ID RA19) 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.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST person member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the CREST Regulations.

## **Corporate representatives**

Any corporation which is an Ordinary Shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Class Meeting of Ordinary Shareholders and the person so authorised shall be entitled to exercise on behalf of the corporation he or she represents the same powers (other than to appoint a proxy) as that corporation could exercise if it were an individual member.

Representatives of Ordinary Shareholders that are corporations will have to produce evidence of their proper appointment when attending the Class Meeting of Ordinary Shareholders. Please contact Equiniti Limited if you need any further guidance on this.

## **Limitations of electronic addresses**

You may not use any electronic address provided in either this Notice of Class Meeting of Ordinary Shareholders or any related documents (including the BLUE Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

## **The address of the website where certain Class Meeting of Ordinary Shareholders information is available**

A copy of this Notice of Class Meeting of Ordinary Shareholders can be found on the Company’s website at [www.jzcp.com](http://www.jzcp.com).

# NOTICE OF CLASS MEETING OF ZDP SHAREHOLDERS

## Notice of Class Meeting of ZDP Shareholders

### **JZ Capital Partners Limited (the “Company”) (registered number 48761)**

Notice is hereby given that a Class Meeting of ZDP Shareholders of the Company will be held at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands at 11.05 a.m. (or as soon thereafter as the Class Meeting of Ordinary Shareholders has been concluded or adjourned) on 29 September 2015 to consider and, if thought fit, pass the following Resolution. The Resolution will be proposed as an Extraordinary Resolution. ZDP Shareholders only will be entitled to vote on the Resolution and, for the avoidance of doubt, Ordinary Shareholders will not be entitled to vote on the Resolution. The Resolution will be proposed as follows:

THAT:

- (a) the Resolutions to be proposed at the Extraordinary General Meeting of the Company to be convened for the same day that relate to the ZDP Rollover Offer (being Extraordinary General Meeting Resolutions 5 and 6 (inclusive)) (the “**EGM Resolutions**”) be approved and any effect on or any alteration, modification, abrogation or variation of or to the rights or privileges attaching to the 2016 ZDP Shares which may result from the passing of the EGM Resolutions or the implementation of the ZDP Rollover Offer be sanctioned; and
- (b) with effect from the adoption by the Company of new articles of incorporation (the “**New Articles**”) in the terms set out in the Prospectus of the Company dated 4 September 2015 (the “**Prospectus**”) of which this notice forms part, the proposals:
  - (i) for the creation of the 2022 Shares in the capital of the Company having the rights and entitlement set out in the New Articles;
  - (ii) for the attaching to each existing 2016 ZDP Share of a right of exchange, by way of redemption, exercisable by a valid election, of a 2016 ZDP Share for a 2022 ZDP Share on the basis of each 2016 ZDP Share the subject of such election being redeemed in exchange for the issue of one 2022 ZDP Share;
  - (iii) for the issue of the 2022 ZDP Shares; and
  - (iv) for the ZDP Rollover Offer,

pursuant to the arrangements described in the Prospectus (as defined below) be approved.

Words and expressions defined in the prospectus dated 4 September 2015 and published by the Company (the “**Prospectus**”) shall, unless the context otherwise requires, have the same meaning in this Notice of Class Meeting of ZDP Shareholders.

By order of the Board  
Northern Trust International Fund Administration Services (Guernsey) Limited  
Trafalgar Court  
Les Banques  
St Peter Port  
Guernsey  
GY1 3QL

**Notes re your PINK Form of Proxy and voting at the Class Meeting of ZDP Shareholders:**

#### **Rights to attend and vote**

Subject as provided in the immediately following paragraph, ZDP Shareholders only have the right to attend and vote on all matters at the Class Meeting of ZDP Shareholders in respect of which they are entitled.

The Company specifies that, in order to have the right to attend and vote at the Class Meeting of ZDP Shareholders (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company by no later than 6.00 p.m. on 2 September 2015, or in the event that the meeting is adjourned, by no later than 6.00 p.m. on the date two days before the date of the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the Class Meeting of ZDP Shareholders.

### **Proxies**

A member entitled to attend and vote may appoint a proxy or proxies who need not be a member of the Company to attend and to vote instead of him or her. A member may appoint more than one proxy in relation to the Class Meeting of ZDP Shareholders, provided that each proxy is appointed to exercise the rights attached to different 2016 ZDP Shares held by him or her.

If it is desired to appoint a proxy or proxies, the name(s) of the proxy or proxies desired must be inserted in the space provided on the PINK Form of Proxy. If no name(s) is entered, the return of the PINK Form of Proxy duly signed will authorise the Chairman of the Class Meeting of ZDP Shareholders or the Company Secretary to act as your proxy.

Please indicate with an "X" in the appropriate box on the PINK Form of Proxy how you wish your vote to be cast in respect of the Resolution at the Class Meeting of ZDP Shareholders. If you do not insert an "X" in the appropriate box on the PINK Form of Proxy your proxy will vote or abstain at his or her discretion.

If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the appropriate box on the PINK Form of Proxy the number of 2016 ZDP Shares in relation to which they are authorised to act as your proxy. If the box is left blank, your proxy will be deemed to be authorised in respect of your full voting entitlement (or if the PINK Form of Proxy has been issued in respect of a designated account for a member, the full voting entitlement for that designated account). To appoint more than one proxy (an) additional proxy form(s) may be obtained by contacting Equiniti Limited by telephone on 0871-384-2124, if calling from within the UK, or on +44 121-415-0839, if calling from outside the UK or you may photocopy the PINK Form of Proxy. Calls to the 0871-384-2124 number from within the UK cost 8 pence per minute excluding VAT, plus network extras. Other network providers' or network costs may vary. Calls to the +44 121-415-0839 number from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Lines are open 8.30 a.m. to 5.00 p.m. (London time) Monday to Friday (excluding public holidays). Please insert in the space provided and in the appropriate box on the PINK Form of Proxy (see above) the proxy holder's name and the number of 2016 ZDP Shares in relation to which they are authorised to act as your proxy. Please also indicate with an "X" in the appropriate box on the PINK Form of Proxy if the proxy instruction is one of the multiple instructions being given. All PINK Forms of Proxy must be signed and should be returned together in the same envelope.

The instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation under its common seal or under the hand of an officer or attorney duly authorised.

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be deposited with Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK not less than 48 hours before the time for holding the Class Meeting of ZDP Shareholders, or in the event that the meeting is adjourned, not less than 48 hours before the time for holding the adjourned meeting and in default unless the Board directs otherwise the instrument of proxy shall not be treated as valid.

The PINK Form of Proxy may be sent by post or transmitted to Equiniti Limited. "By post" means by registered post, recorded delivery service or ordinary letter post and "transmitted" means transmitted by electronic communication. Accordingly, you may send the PINK Form of Proxy by post to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK or transmit it by email to proxy.votes@equiniti.com (and in the case of email with the original to follow by post to Equiniti Limited). In the case of email, should the original PINK Form of Proxy not be received by post the electronic version shall still be treated as valid (provided it is returned before the proxy cut off as detailed above).

If you are sending the PINK Form of Proxy by post from outside the UK, you will need to place the PINK Form of Proxy in a reply paid envelope and post the envelope to Equiniti Limited. In order to ensure that the PINK Form of Proxy is received before the proxy cut off date as detailed above, you should also transmit the PINK Form of Proxy by email.

To change your proxy instructions, simply submit a new proxy appointment using the method set out above. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. Please note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

The appointment of a proxy, by instrument in writing or electronically, will not preclude a member so entitled from attending the Class Meeting of ZDP Shareholders and voting in person should they wish to do so.

### **Joint holders**

All joint holders of 2016 ZDP Shares should be named but the signature of any one is sufficient. In all cases, names must be entered as they appear on the register of members of the Company.

Where there are joint registered holders of any 2016 ZDP Share such persons shall not have the right of voting individually in respect of such 2016 ZDP Share but shall elect one of their number to represent them and to vote whether in person or by proxy in their name. In default of such election the person whose name stands first on the register of members shall alone be entitled to vote.

## **CREST**

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual, which can be viewed at [www.euroclear.com](http://www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or the amendment to the instructions given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer’s agent (ID RA19) 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.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST person member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the CREST Regulations.

### **Corporate representatives**

Any corporation which is a ZDP Shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Class Meeting of ZDP Shareholders and the person so authorised shall be entitled to exercise on behalf of the corporation he or she represents the same powers (other than to appoint a proxy) as that corporation could exercise if it were an individual member.

Representatives of ZDP Shareholders that are corporations will have to produce evidence of their proper appointment when attending the Class Meeting of ZDP Shareholders. Please contact Equiniti Limited if you need any further guidance on this.

### **Limitations of electronic addresses**

You may not use any electronic address provided in either this Notice of Class Meeting of ZDP Shareholders or any related documents (including the PINK Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

### **The address of the website where certain Class Meeting of ZDP Shareholders information is available**

A copy of this Notice of Class Meeting of ZDP Shareholders can be found on the Company’s website at [www.jzcp.com](http://www.jzcp.com).



# NOTICE OF EXTRAORDINARY GENERAL MEETING

## Notice of Extraordinary General Meeting

### **JZ Capital Partners Limited (the “Company”) (registered number 48761)**

Notice is hereby given that an Extraordinary General Meeting of the Company will be held at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands at 11.10 a.m. on 29 September 2015 (or as soon thereafter as the Class Meeting of ZDP Shareholders has been concluded or adjourned) to consider and, if thought fit, pass the following Resolutions. Resolutions 1 to 5 (inclusive) and 7 will be proposed as Ordinary Resolutions and Resolution 6 will be proposed as a Special Resolution. All Shareholders (being Ordinary Shareholders and ZDP Shareholders) will be entitled to vote on Resolutions 5 and 6. Ordinary Shareholders only will be entitled to vote on Resolution 1 and, except any person who is a Related Party in respect of the Company for the purposes of each such Resolution, Resolutions 2 to 4 (inclusive) and 7. The Resolutions will be proposed as follows:

THAT:

1. Subject to the passing of Resolutions 2 to 4 (inclusive) below, the Directors be authorised in accordance with Article 4(8) of the Articles to allot equity securities (as defined in the Articles) of the Company for cash, as if Article 4(8) of the Articles did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate amount of 23,406,698 Ordinary Shares, such authority and power to expire at the earlier of two years from the passing of this Resolution and the conclusion of the general meeting of the Company to be held in 2016, save that the Company may before such expiry make any offer or agreement that would or might require equity securities to be allotted, after such expiry and the Directors may allot equity securities, in pursuance of any such offer or agreement, as if the authority and the power conferred hereby had not expired, and such authority and power shall be in addition to any like authority and power previously conferred on the Directors.
2. The Related Party Transaction relating to:
  - (a) the irrevocable undertaking to the Company from Edgewater Growth Capital Partners to subscribe for Open Offer Shares at the Offer Price in excess of their *pro rata* entitlement; and
  - (b) the payment of a commission by the Company totalling £244,352 to Edgewater Growth Capital Partners, being 1.00 per cent. on the value, at the Offer Price, of the total number of New Ordinary Shares the subject of their irrevocable undertaking (being the number of Open Offer Shares up to their *pro rata* entitlement plus any number in excess of such entitlement (if any)),and on the terms summarised in paragraph 7 of Part I (*Letter from the Chairman*) of the Prospectus (as defined below), be approved.
3. The Related Party Transaction relating to:
  - (a) the irrevocable undertaking to the Company from David W. Zalaznick to subscribe for Open Offer Shares at the Offer Price in excess of his *pro rata* entitlement; and
  - (b) the payment of a commission by the Company totalling £214,538 to David W. Zalaznick, being 1.00 per cent. on the value, at the Offer Price, of the total number of Open Offer Shares the subject of their irrevocable undertaking (being the number of New Ordinary Shares up to their *pro rata* entitlement plus any number in excess of such entitlement (if any)),and on the terms summarised in paragraph 7 of Part I (*Letter from the Chairman*) of the Prospectus (as defined below), be approved.

4. The Related Party Transaction relating to:
- (a) the irrevocable undertaking to the Company from John (Jay) W. Jordan II to subscribe for Open Offer Shares at the Offer Price in excess of his *pro rata* entitlement; and
  - (b) the payment of a commission by the Company totalling £140,598 to John (Jay) W. Jordan II, being 1.00 per cent. on the value, at the Offer Price, of the total number of New Ordinary Shares the subject of their irrevocable undertaking (being the number of Open Offer Shares up to their *pro rata* entitlement plus any number in excess of such entitlement (if any)),
- and on the terms summarised in paragraph 7 of Part I (*Letter from the Chairman*) of the Prospectus (as defined below), be approved.
5. Subject to the passing of the Resolution proposed at the Class Meeting of Ordinary Shareholders of the Company and the passing of the Resolution proposed at the Class Meeting of ZDP Shareholders of the Company and with effect from the adoption by the Company of the new articles of incorporation (the “**New Articles**”) pursuant to Resolution 6 below, the proposals:
- (a) for the creation of the 2022 ZDP Shares in the capital of the Company having the rights and entitlements set out in the New Articles;
  - (b) for the attaching to each existing 2016 ZDP Share of a right of exchange, by way of redemption, exercisable by a valid election, of a 2016 ZDP Share into a 2022 ZDP Share on the basis of each 2016 ZDP Share the subject of such election being redeemed in exchange for the issue of one 2022 ZDP Share;
  - (c) for the issue of the 2022 ZDP Shares; and
  - (d) for the ZDP Rollover Offer,
- pursuant to the arrangements described in the Prospectus (as defined below) be approved.
6. Subject to the passing of the Resolution proposed at the Class Meeting of Ordinary Shareholders of the Company, the passing of the Resolution proposed at the Class Meeting of ZDP Shareholders of the Company, the passing of Resolution 5 above and the Admission of the 2022 ZDP Shares, the New Articles produced to the Extraordinary General Meeting and initialled by the Chairman of the Extraordinary General Meeting for the purpose of identification and as described in paragraph 5.3 of Part X (*Additional Information*) of the Prospectus (as defined below), be approved and adopted as the Articles of Incorporation of the Company in substitution for, and to the exclusion of, the Company’s existing Articles.
7. The Related Party Transaction relating to approval of the investment in Spruceview Capital Partners, LLC on the terms summarised in paragraph 18 of Part I (*Letter from the Chairman*) of the Prospectus (as defined below), be approved.

Words and expressions defined in the prospectus dated 4 September 2015 and published by the Company (the “**Prospectus**”) shall, unless the context otherwise requires, have the same meaning in this Notice of Extraordinary General Meeting.

By order of the Board  
Northern Trust International Fund Administration Services (Guernsey) Limited  
Trafalgar Court  
Les Banques  
St Peter Port  
Guernsey  
GY1 3QL

## **Notes re your WHITE Form of Proxy and voting at the Extraordinary General Meeting:**

### **Rights to attend and vote**

Subject as provided in the immediately following paragraph, all Shareholders (being Ordinary Shareholders and ZDP Shareholders) have the right to attend the Extraordinary General Meeting and, subject as provided in the first paragraph of the Notice of Extraordinary General Meeting, to vote on all matters at the Extraordinary General Meeting in respect of which they are entitled.

The Company specifies that, in order to have the right to attend and vote at the Extraordinary General Meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company by no later than 6.00 p.m. on 2 September 2015, or in the event that the meeting is adjourned, by no later than 6.00 p.m. on the date two days before the date of the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the Extraordinary General Meeting.

### **Proxies**

A member entitled to attend and vote may appoint a proxy or proxies who need not be a member of the Company to attend and to vote instead of him or her. A member may appoint more than one proxy in relation to the Extraordinary General Meeting, provided that each proxy is appointed to exercise the rights attached to different Shares held by him or her.

If it is desired to appoint a proxy or proxies, the name(s) of the proxy or proxies desired must be inserted in the space provided on the WHITE Form of Proxy. If no name(s) is entered, the return of the WHITE Form of Proxy duly signed will authorise the Chairman of the Extraordinary General Meeting or the Company Secretary to act as your proxy.

Please indicate with an "X" in the appropriate box on the WHITE Form of Proxy how you wish your vote to be cast in respect of each Resolution on which you are entitled to vote at the Extraordinary General Meeting. If you do not insert an "X" in the appropriate box on the WHITE Form of Proxy your proxy will vote or abstain at his or her discretion.

If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the appropriate box on the WHITE Form of Proxy the number of Shares in relation to which they are authorised to act as your proxy. If the box is left blank, your proxy will be deemed to be authorised in respect of your full voting entitlement (or if the WHITE Form of Proxy has been issued in respect of a designated account for a member, the full voting entitlement for that designated account). To appoint more than one proxy (an additional proxy form(s) may be obtained by contacting Equiniti Limited by telephone on 0871-384-2124, if calling from within the UK, or on +44 121-415-0839, if calling from outside the UK or you may photocopy the WHITE Form of Proxy. Calls to the 0871-384-2124 number from within the UK cost 8 pence per minute excluding VAT, plus network extras. Other network providers' or network costs may vary. Calls to the +44 121-415-0839 number from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Lines are open 8.30 a.m. to 5.00 p.m. (London time) Monday to Friday (excluding public holidays). Please insert in the space provided and in the appropriate box on the WHITE Form of Proxy (see above) the proxy holder's name and the number of Shares in relation to which they are authorised to act as your proxy. Please also indicate with an "X" in the appropriate box on the WHITE Form of Proxy if the proxy instruction is one of the multiple instructions being given. All WHITE Forms of Proxy must be signed and should be returned together in the same envelope.

The instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation under its common seal or under the hand of an officer or attorney duly authorised.

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be deposited with Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK not less than 48 hours before the time for holding the Extraordinary General Meeting (excluding any part of a day which is non-working), or in the event that the meeting is adjourned, not less than 48 hours before the time for holding the adjourned meeting (excluding any part of a day which is non-working) and in default unless the Board directs otherwise the instrument of proxy shall not be treated as valid.

The WHITE Form of Proxy may be sent by post or transmitted to Equiniti Limited. "By post" means by registered post, recorded delivery service or ordinary letter post and "transmitted" means transmitted by electronic communication. Accordingly, you may send the WHITE Form of Proxy by post to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK or transmit it by email to proxy.votes@equiniti.com (and in the case of email with the original to follow by post to Equiniti Limited). In the case of email, should the original WHITE Form of Proxy not be received by post the electronic version shall still be treated as valid (provided it is returned before the proxy cut off as detailed above).

If you are sending the WHITE Form of Proxy by post from outside the UK, you will need to place the WHITE Form of Proxy in a reply paid envelope and post the envelope to Equiniti Limited. In order to ensure that the WHITE Form of Proxy is received before the proxy cut off date as detailed above, you should also transmit the WHITE Form of Proxy by email.

To change your proxy instructions, simply submit a new proxy appointment using the method set out above. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. Please note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

The appointment of a proxy, by instrument in writing or electronically, will not preclude a member so entitled from attending the Extraordinary General Meeting and voting in person should they wish to do so.

### **Joint holders**

All joint holders of Shares should be named but the signature of any one is sufficient. In all cases, names must be entered as they appear on the register of members of the Company.

Where there are joint registered holders of any Share such persons shall not have the right of voting individually in respect of such Share but shall elect one of their number to represent them and to vote whether in person or by proxy in their name. In default of such election the person whose name stands first on the register of members shall alone be entitled to vote.

### **CREST**

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual, which can be viewed at [www.euroclear.com](http://www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or the amendment to the instructions given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer’s agent (ID RA19) 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.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST person member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the CREST Regulations.

### **Corporate representatives**

Any corporation which is a Shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Extraordinary General Meeting and the person so authorised shall be entitled to exercise on behalf of the corporation he or she represents the same powers (other than to appoint a proxy) as that corporation could exercise if it were an individual member.

Representatives of Shareholders that are corporations will have to produce evidence of their proper appointment when attending the Extraordinary General Meeting. Please contact Equiniti Limited if you need any further guidance on this.

### **Limitations of electronic addresses**

You may not use any electronic address provided in either this Notice of Extraordinary General Meeting or any related documents (including the WHITE Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

### **The address of the website where certain Extraordinary General Meeting information is available**

A copy of this Notice of Extraordinary General Meeting can be found on the Company’s website at [www.jzcp.com](http://www.jzcp.com).

