

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES OR OTHERWISE THAN TO PERSONS TO WHOM IT CAN LAWFULLY BE DISTRIBUTED.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached prospectus (the “**Prospectus**”) and you are advised to read this disclaimer carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove) (“**JPMC**”) as a result of such access. The Prospectus is intended for the addressee only.

THIS ELECTRONIC TRANSMISSION DOES NOT CONSTITUTE AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO ACQUIRE OR SUBSCRIBE FOR THE SECURITIES DESCRIBED IN THE PROSPECTUS (BEING THE CULS (AS DEFINED BELOW) OR ANY ORDINARY SHARES (AS DEFINED BELOW) ARISING ON ANY CONVERSION OF THE CULS) IN THE UNITED STATES OR IN ANY OTHER JURISDICTION WHERE SUCH OFFER OR SOLICITATION IS UNLAWFUL OR WOULD IMPOSE ANY UNFULFILLED REGISTRATION, QUALIFICATION, PUBLICATION OR APPROVAL REQUIREMENTS ON THE COMPANY (AS DEFINED BELOW) OR JPMC. NEITHER THE CULS NOR ANY ORDINARY SHARES ARISING ON ANY CONVERSION OF THE CULS HAVE BEEN, OR WILL BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (AS AMENDED) (THE “**US SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THEY MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF US PERSONS (AS DEFINED IN REGULATIONS UNDER THE US SECURITIES ACT). IN ADDITION, THE COMPANY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940 (AS AMENDED) AND THE RECIPIENTS OF THE PROSPECTUS WILL NOT BE ENTITLED TO THE BENEFITS OF THAT ACT. THE PROSPECTUS SHOULD NOT BE DISTRIBUTED INTO THE UNITED STATES OR TO US PERSONS. NEITHER THE CULS NOR ANY ORDINARY SHARES ARISING ON ANY CONVERSION OF THE CULS HAVE BEEN, OR WILL BE, REGISTERED UNDER THE APPLICABLE SECURITIES LAWS OF CANADA, AUSTRALIA, JAPAN, NEW ZEALAND OR THE REPUBLIC OF SOUTH AFRICA (TOGETHER WITH THE UNITED STATES, THE “**EXCLUDED JURISDICTIONS**”) AND SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED OR SOLD WITHIN THE EXCLUDED JURISDICTIONS OR TO ANY NATIONAL, RESIDENT OR CITIZEN OF THE EXCLUDED JURISDICTIONS. IN ADDITION, NO INVITATION OR SOLICITATION WILL BE MADE TO THE PUBLIC IN THE CAYMAN ISLANDS TO SUBSCRIBE FOR THE CULS OR ANY ORDINARY SHARES ARISING ON ANY CONVERSION OF THE CULS.

THE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THE PROSPECTUS 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.

Confirmation of your Representation: In order to be eligible to view the Prospectus or make an investment decision with respect to the CULS or any Ordinary Shares arising on any conversion of the CULS, investors must comply with the following provisions. You have been sent the Prospectus on the basis that you have confirmed to JPMC, being the sender of the Prospectus, that you are a Relevant Person (as defined below). By accepting this e-mail and accessing the Prospectus, you shall be deemed to have made the above representation and shall be deemed to have consented to delivery of such Prospectus by electronic transmission.

The Prospectus is intended for distribution in the United Kingdom only to: (a) persons who (i) are qualified investors (within the meaning of the Prospectus Directive 2003/71/EC); and (ii) who have professional experience in matters relating to investments falling within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**FPO**”); and/or to high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2)(a) to (d) of the FPO or to those persons to whom it may otherwise be lawfully communicated (in each case, referred to as “**Relevant Persons**”) and persons who do not have professional experience in matters relating to investments should not rely on it. Any investment or investment activity to which the Prospectus relates is available in the United Kingdom only to Relevant Persons and will be engaged in only with such persons.

The Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located.

The Prospectus has been sent to 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 or JPMC, or any person who controls them, or any director, officer, employee or agent of any of them, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from JPMC.

Neither this electronic transmission nor the Prospectus constitutes or contains any offer to sell, or the solicitation of an offer to acquire or subscribe for CULS or any Ordinary Shares arising on any conversion of the CULS in the United States or in any jurisdiction where such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company or JPMC, and the Prospectus is subject to correction, completion, modification and amendment in its final form.

THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) or, if outside the United Kingdom, another appropriately authorised financial adviser without delay.

This document comprises a 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**”) in connection with the Issues (as defined below) and the applications for Admission (as defined below) (the “**Prospectus**”) and has been filed with the FCA in accordance with rule 3.2 of the Prospectus Rules.

The directors of the Company, whose names appear on page 46 of this Prospectus, and the Company itself, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the directors and the Company (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 does not omit anything likely to affect the import of such information.

J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove) (“**JPMC**”), which is authorised and regulated in the United Kingdom by the FCA, is acting solely for the Company and for no one else in connection with the Issues and Admission 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 Issues, Admission or any other matter referred to in this Prospectus. This does not exclude or limit any responsibility which JPMC may have under the FSMA or the regulatory regime established thereunder. Apart from the liabilities and responsibilities (if any) which may be imposed on JPMC by the FSMA or the regulatory regime established thereunder, JPMC make no representations, express or implied, nor accept any responsibility whatsoever for the contents of this Prospectus nor for any other statement made or purported to be made by any of them or on their behalf in connection with the Company, Jordan/Zalaznick Advisers, Inc. (the “**Investment Adviser**”), the CULS or the Issues. JPMC and its affiliates accordingly disclaim all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which they might otherwise have in respect of this Prospectus or any such statement.

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)

**ISSUES OF UP TO £77,722,280 IN AGGREGATE NOMINAL AMOUNT OF 6.00 PER CENT.
CONVERTIBLE UNSECURED SUBORDINATED LOAN STOCK DUE 2021**

Investment Adviser

Jordan/Zalaznick Advisers, Inc.

Broker & Placing Agent

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

An initial tranche of £38,861,140 in aggregate nominal amount of 6.00 per cent. convertible unsecured subordinated loan stock due 2021 of the Company (the “**Initial CULS**”) will be issued (the “**Initial Issue**”) at an issue price (the “**Initial Price**”) of £10 per £10 in nominal amount. The Company may, in its absolute discretion (but subject to Shareholder Approval), during the period from the date of this Prospectus to (and including) the date 12 months after the date of this Prospectus, issue a further tranche (the “**Further Issue**” and, together with the Initial Issue, the “**Issues**”) of up to £38,861,140 in aggregate nominal amount of 6.00 per cent. convertible unsecured subordinated loan stock due 2021 of the Company (the “**Further CULS**”) to be consolidated and form a single series with the Initial CULS (the Initial CULS, together with the Further CULS, the “**CULS**”). The aggregate nominal amount and the issue price of the Further CULS (the “**Further Issue Price**”) will be determined following a process of “bookbuilding” by JPMC as Placing Agent and will be published in a supplementary prospectus (the “**Supplementary Prospectus**”) and set forth in an announcement which will be published by the Company (the “**Further Issue Pricing Announcement**”).

Application has been made to the London Stock Exchange for the Initial CULS to be admitted to trading on the London Stock Exchange’s Specialist Fund Market. It is expected that Admission will become effective and that dealings in the Initial CULS to be issued pursuant to the Initial Issue will commence at 8.00 a.m. on 30 July 2014. If the Company elects to issue the Further CULS, the Supplementary Prospectus and Further Issue Pricing Announcement will contain details of when Admission of the Further CULS is expected to occur and when dealings in the Further CULS is expected to commence. The Further CULS, if issued, will be admitted to trading on the Specialist Fund Market within 12 months of the date of this Prospectus.

Neither the CULS nor the Ordinary Shares arising on any conversion of the CULS have been, or will be, registered under the United States Securities Act of 1933 (as amended) (the “**US Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States, and they may not be offered or sold 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) (“**US Persons**”). In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940 (as amended) and the recipients of this Prospectus will not be entitled to the benefits of that Act. This Prospectus should not be distributed into the United States or to US Persons.

None of the CULS, the Ordinary Shares arising on any conversion of the CULS or this Prospectus have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the CULS or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for CULS or any Ordinary Shares arising on any conversion of the CULS in the United States or in any other jurisdiction where such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company or JPMC. The offer and sale of CULS or any Ordinary Shares arising on any conversion of the CULS has not been and will not be registered under the applicable securities laws of the Canada, Australia, Japan, New Zealand or the Republic of South Africa (together with the United States, the “**Excluded Jurisdictions**”). Subject to certain exceptions, the CULS or any Ordinary Shares arising on any conversion of the CULS may not be offered to or sold within the Excluded Jurisdictions or to any national, resident or citizen of the Excluded Jurisdictions. In addition, no invitation or solicitation will be made to the public in the Cayman Islands to subscribe for the CULS or any Ordinary Shares arising on any conversion of the CULS.

In connection with the Issues, JPMC and its affiliates acting as an investor for its or their own account(s), may acquire CULS and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or other related investments in connection with the Issues or otherwise. Accordingly, references in this Prospectus to the CULS being issued, offered, acquired, subscribed or otherwise dealt with, should be read as including any issue or offer to, acquisition of, or subscription or dealing by JPMC and any of its affiliates acting as an investor for its or their own account(s). Neither JPMC nor any of its affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

This Prospectus should be read in its entirety before making any application for CULS. The attention of potential investors is drawn in particular to pages 16 to 39 of this Prospectus, which set out the principal risk factors associated with an investment in the Company, the CULS or the Ordinary Shares arising on any conversion of the CULS.

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SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. 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’.

Section A – Introduction and Warnings		
A.1	Introduction and warnings	This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of 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	Subsequent resale of securities or final placement of securities through financial intermediaries	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.
Section B – Issuer		
B.1	Legal and commercial name	JZ Capital Partners Limited.
B.2	Domicile and legal form	<p>The Company is a Guernsey domiciled closed-ended investment company which was incorporated in Guernsey 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).</p> <p>The Company is a closed-ended investment company with a portfolio of investments in businesses primarily in the United States (and also European micro cap businesses) in the private equity and venture capital space. Its investments include micro cap buyouts, mezzanine loans (sometimes with equity participations) and high-yield securities, senior secured debt and second lien loans, real estate and other debt and equity opportunities, including distressed debt and structured financings, derivatives and opportunistic purchase of publicly traded securities.</p>
B.5	Group description	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>The Company owns 100 per cent. of the shares and voting rights of JZCP Realty Fund, Ltd (a wholly-owned subsidiary of the Company incorporated in Cayman Islands), through which the Company holds its interests in real estate. JZCP Realty Fund, Ltd controls the following Delaware incorporated subsidiaries:</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><i>Entity</i></th> <th style="text-align: right;"><i>% Interest</i></th> </tr> </thead> <tbody> <tr> <td>JZ REIT Fund Metropolitan, LLC</td> <td style="text-align: right;">99%</td> </tr> <tr> <td>JZCP Loan Metropolitan Corp</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>JZ REIT Fund 1, LLC</td> <td style="text-align: right;">99%</td> </tr> <tr> <td>JZCP Loan 1 Corp</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>JZ REIT Fund Flatbush Portfolio, LLC</td> <td style="text-align: right;">99%</td> </tr> <tr> <td>JZCP Loan Flatbush Portfolio Corp</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>JZ REIT Fund Flatbush, LLC</td> <td style="text-align: right;">99%</td> </tr> <tr> <td>JZCP Loan Flatbush Corp</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>JZ REIT Fund Fulton, LLC</td> <td style="text-align: right;">99%</td> </tr> <tr> <td>JZCP Loan Fulton Corp</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>JZCP Loan Greenpoint Corp</td> <td style="text-align: right;">99%</td> </tr> <tr> <td>JZ REIT Fund Greenpoint, LLC</td> <td style="text-align: right;">100%</td> </tr> </tbody> </table> <p>The Company also owns 100 per cent. of the shares and voting rights of JZCP Bright Spruce Ltd (a wholly-owned subsidiary of the Company incorporated in the Cayman Islands), through which the Company holds its interests in collective investment vehicles.</p> <p>The Company has no direct employees. The Company's Investment Adviser is Jordan/Zalaznick Advisers, Inc. (which the Company has no ownership interest in), and the Company is administered by Northern Trust International Fund Administration Services (Guernsey) Limited.</p>	<i>Entity</i>	<i>% Interest</i>	JZ REIT Fund Metropolitan, LLC	99%	JZCP Loan Metropolitan Corp	100%	JZ REIT Fund 1, LLC	99%	JZCP Loan 1 Corp	100%	JZ REIT Fund Flatbush Portfolio, LLC	99%	JZCP Loan Flatbush Portfolio Corp	100%	JZ REIT Fund Flatbush, LLC	99%	JZCP Loan Flatbush Corp	100%	JZ REIT Fund Fulton, LLC	99%	JZCP Loan Fulton Corp	100%	JZCP Loan Greenpoint Corp	99%	JZ REIT Fund Greenpoint, LLC	100%																						
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B.6	Major Shareholders	<p>So far as the Company is aware, as at 18 July 2014 (being the latest practicable date prior to the publication of this Prospectus), the following persons (other than the Directors) had notifiable interests in 3 per cent. or more of the issued share capital of the Company:</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><i>Shareholder</i></th> <th style="text-align: right;"><i>No. of Ordinary Shares</i></th> <th style="text-align: right;"><i>% of Issue Share Capital</i></th> </tr> </thead> <tbody> <tr> <td>Edgewater Growth Capital Partners</td> <td style="text-align: right;">13,494,037</td> <td style="text-align: right;">20.75</td> </tr> <tr> <td>John W. Jordan</td> <td style="text-align: right;">7,719,240</td> <td style="text-align: right;">11.87</td> </tr> <tr> <td>David W Zalaznick</td> <td style="text-align: right;">7,717,377</td> <td style="text-align: right;">11.87</td> </tr> <tr> <td>Rothschild Wealth Management</td> <td style="text-align: right;">5,501,480</td> <td style="text-align: right;">8.46</td> </tr> <tr> <td>Third Avenue Management LLC</td> <td style="text-align: right;">5,076,656</td> <td style="text-align: right;">7.81</td> </tr> <tr> <td>Abrams Capital Management L.P.</td> <td style="text-align: right;">4,914,389</td> <td style="text-align: right;">7.56</td> </tr> <tr> <td>Leucadia Financial Corporation</td> <td style="text-align: right;">4,527,563</td> <td style="text-align: right;">6.96</td> </tr> </tbody> </table> <table border="0"> <thead> <tr> <th style="text-align: left;"><i>Shareholder</i></th> <th style="text-align: right;"><i>No. of ZDP Shares</i></th> <th style="text-align: right;"><i>% of ZDP Share Capital</i></th> </tr> </thead> <tbody> <tr> <td>Investec Wealth & Investment</td> <td style="text-align: right;">3,023,789</td> <td style="text-align: right;">14.6</td> </tr> <tr> <td>Bestinvest</td> <td style="text-align: right;">2,680,896</td> <td style="text-align: right;">12.95</td> </tr> <tr> <td>Brooks Macdonald Asset Management</td> <td style="text-align: right;">2,054,175</td> <td style="text-align: right;">9.92</td> </tr> <tr> <td>Rathbones</td> <td style="text-align: right;">1,492,979</td> <td style="text-align: right;">7.21</td> </tr> <tr> <td>Premier Fund Managers Ltd</td> <td style="text-align: right;">1,476,247</td> <td style="text-align: right;">7.13</td> </tr> <tr> <td>Brewin Dolphin Ltd</td> <td style="text-align: right;">935,428</td> <td style="text-align: right;">4.52</td> </tr> <tr> <td>CG Asset Management Limited</td> <td style="text-align: right;">881,428</td> <td style="text-align: right;">4.26</td> </tr> </tbody> </table> <p>The Company is not aware of any persons who, immediately following the Issues, will or could, directly or indirectly, jointly or severally, exercise control over the Company.</p> <p>There are no different voting rights for any Shareholder (being a holder of Ordinary Shares). However, in respect of a resolution concerning the appointment and removal of one or more Directors, each Shareholder shall</p>	<i>Shareholder</i>	<i>No. of Ordinary Shares</i>	<i>% of Issue Share Capital</i>	Edgewater Growth Capital Partners	13,494,037	20.75	John W. Jordan	7,719,240	11.87	David W Zalaznick	7,717,377	11.87	Rothschild Wealth Management	5,501,480	8.46	Third Avenue Management LLC	5,076,656	7.81	Abrams Capital Management L.P.	4,914,389	7.56	Leucadia Financial Corporation	4,527,563	6.96	<i>Shareholder</i>	<i>No. of ZDP Shares</i>	<i>% of ZDP Share Capital</i>	Investec Wealth & Investment	3,023,789	14.6	Bestinvest	2,680,896	12.95	Brooks Macdonald Asset Management	2,054,175	9.92	Rathbones	1,492,979	7.21	Premier Fund Managers Ltd	1,476,247	7.13	Brewin Dolphin Ltd	935,428	4.52	CG Asset Management Limited	881,428	4.26
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CG Asset Management Limited	881,428	4.26																																																

		<p>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, such person is not a US resident. Those Shareholders that do not certify on those terms would still be able to vote on the resolution, but the aggregate total of the votes that such Shareholders are entitled to cast would be limited to 49 per cent. of the total number of votes that all Shareholders are entitled to cast. The holders of ZDP Shares do not have the right to vote at any general meeting of the Company, but they do have the right to vote upon any resolution to alter, modify or abrogate the special rights or privileges attached to the ZDP Shares, and if the Company is unable to redeem all of the ZDP Shares on the date of their repayment (being 22 June 2016), then also upon a resolution to wind up the Company voluntarily or upon a resolution the effect of which would be that holders of ZDP Shares would be repaid in respect of their ZDP Shares an amount not less than they would otherwise have been entitled on a winding-up.</p>																																				
B.7	Key financial information	<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 2014 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;"><i>As at</i></th> </tr> <tr> <th></th> <th style="text-align: center;"><i>29 February 2012</i></th> <th style="text-align: center;"><i>28 February 2013</i></th> <th style="text-align: center;"><i>28 February 2014</i></th> </tr> </thead> <tbody> <tr> <td colspan="4"><i>Capital</i></td> </tr> <tr> <td>Total assets (US\$'000)</td> <td style="text-align: right;">711,405</td> <td style="text-align: right;">731,574</td> <td style="text-align: right;">804,255</td> </tr> <tr> <td>Net Asset Value (US\$'000)</td> <td style="text-align: right;">615,462</td> <td style="text-align: right;">630,182</td> <td style="text-align: right;">666,456</td> </tr> <tr> <td>NAV per Ordinary Share (basic) (US\$)</td> <td style="text-align: right;">9.47</td> <td style="text-align: right;">9.69</td> <td style="text-align: right;">10.25</td> </tr> <tr> <td colspan="4"><i>Income</i></td> </tr> <tr> <td>Total income (US\$'000)</td> <td style="text-align: right;">75,798</td> <td style="text-align: right;">68,090</td> <td style="text-align: right;">86,898</td> </tr> <tr> <td>Earnings/(loss) per Ordinary Share (cents)⁽¹⁾</td> <td style="text-align: right;">69.28</td> <td style="text-align: right;">55.14</td> <td style="text-align: right;">85.29</td> </tr> </tbody> </table> <p>(1) Basic and diluted profit per Ordinary Share using the weighted average number of Ordinary Shares in issue during the year.</p> <p>During the three financial years to 28 February 2014 and since 28 February 2014 (being the end of the last financial period of the Company for which financial information has been published), there has been no significant change to the Company's financial position or operating results.</p>		<i>As at</i>				<i>29 February 2012</i>	<i>28 February 2013</i>	<i>28 February 2014</i>	<i>Capital</i>				Total assets (US\$'000)	711,405	731,574	804,255	Net Asset Value (US\$'000)	615,462	630,182	666,456	NAV per Ordinary Share (basic) (US\$)	9.47	9.69	10.25	<i>Income</i>				Total income (US\$'000)	75,798	68,090	86,898	Earnings/(loss) per Ordinary Share (cents) ⁽¹⁾	69.28	55.14	85.29
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B.8	Key pro forma financial information	Not applicable. No <i>pro forma</i> financial information is included in this Prospectus.																																				
B.9	Profit forecast	Not applicable. No profit forecast is included in this Prospectus.																																				
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The audit reports on the historical financial information contained within this Prospectus are not qualified.																																				
B.34	Investment policy	<p>Corporate Objective</p> <p>To create a portfolio of investments in businesses primarily in the United States providing a superior overall return comprised of a current yield and significant capital appreciation.</p> <p>Investment Policy</p> <p>The Company's investment strategy is to maintain and build its portfolio by investing primarily in four areas:</p> <ul style="list-style-type: none"> • micro cap buyouts, which historically have been the main driver of the Company's capital growth; 																																				

		<ul style="list-style-type: none"> • mezzanine investments comprising loans and high-yield securities, which are intended to provide current income with the potential for capital appreciation through equity participations; • listed bank debt, including both senior secured debt and second lien loans, which provide income and can provide capital appreciation when purchased below par value; and • other debt and equity opportunities, including distressed debt and structured financings, derivatives and opportunistic purchases of publicly traded securities and investments in such opportunities indirectly through collective investment vehicles. <p>The Company intends to invest approximately 50 per cent. of its gross assets in micro cap buyouts in the form of debt and equity and preferred stock and approximately 50 per cent. of its gross assets in mezzanine investments and high-yield securities, senior secured debt and second lien loans and other debt and equity opportunities. These are non-binding targets, however, and the Company may, although there is no present intention to, invest a maximum of 100 per cent. of its gross assets in either type of investment. As non-core elements of the Company’s investment strategy, it may consider the possibility of making certain real estate or real estate linked investments and natural resources investments, in aggregate not exceeding 20 per cent. of its gross assets (considered at the time the relevant new investment is made). Also, the Company may invest no more than 20 per cent. of its gross assets in distressed debt and structured and off-balance sheet financings, such as total return swaps where the debt is non-recourse to the Company and is not consolidated into the Company’s balance sheet.</p> <p>In addition to these targets, and as a matter of policy the Company has voluntarily adopted the following investment restrictions which apply to closed end investment funds which are listed on the premium segment of the Official List under Chapter 15 of the Listing Rules:</p> <ul style="list-style-type: none"> • 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); • it will not conduct any trading activity which is significant in the context of the Company’s activities as a whole; • it may invest up to 40 per cent. of its gross assets (considered at the time the relevant new investment is made) in businesses outside the United States; and • it will, at all times, invest and manage its assets: <ul style="list-style-type: none"> • in a way which is consistent with its object of spreading investment risk; and • in accordance with its published investment policy. <p>To the extent that the above restrictions are no longer imposed under the Listing Rules, those investment restrictions shall not apply to the Company. In the event of any breach of the foregoing investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company by notice sent to the registered addresses of the Shareholders or otherwise in accordance with the Articles or by an announcement issued through a RIS. The Company has voluntarily agreed that it will not materially alter its investment policy without the prior approval of its Shareholders by ordinary resolution at a general meeting; such an alteration would be announced by the Company through a RIS.</p>
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B.35	Borrowing limits	<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. The CULS will be taken into account in calculating the maximum level of borrowings that is permitted by the Articles.</p> <p>Separately, the Initial CULS will be constituted as an unsecured, subordinated obligation of the Company by a Trust Deed, and if the Company elects to issue the Further CULS, the Further CULS will be constituted as an unsecured, subordinated obligation of the Company by the Supplemental Trust Deed. The CULS will contain restrictions 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 the 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 the 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 the incurrence of any Financial Indebtedness in existence on the Initial Issue Date, the issue of the Initial CULS on the Initial Issue Date or 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” shall include, <i>inter alia</i>, money’s borrowed; any amount raised by acceptance under acceptance credit facilities; any amount raised under any transaction having the commercial effect of and classified as a borrowing under IFRS; and any amount raised by the issue of redeemable shares redeemable (other than at the option of the Company) before the Maturity Date or are otherwise classified as borrowings under IFRS.</p>
B.36	Regulatory status	<p>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.</p>
B.37	Typical investors	<p>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 in businesses primarily in the United States (and also European micro cap businesses) providing a superior overall return comprised of a current yield and significant capital appreciation.</p>
B.38	Investment in 20 per cent. or more in single underlying asset or investment company	<p>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.</p>

B.39	Investment of 40 per cent. or more in another collective investment undertaking	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	Applicant's service providers	<p>Management</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 arrear 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 which are excluded from the calculation of the fee under 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 the NAV of the Company at the end of that quarter (the "hurdle") (8 per cent. annualised). 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. Investments categorised as legacy investments and other assets which are excluded from the calculation of the fee under the Investment Advisory Agreement 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 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. Investments categorised as legacy investments and assets which are excluded from the calculation of the fee under the Investment Advisory Agreement are excluded from the calculation of the fee.</p> <p>Administration</p> <p>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.</p> <p>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 fees are fixed for three years from the 1 September 2012 and thereafter are reviewed annually. All fees are paid quarterly in arrears within 15 days of the end of each quarter.</p>

		<p><i>Custodian</i></p> <p>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.</p> <p>The Custodian is entitled to a minimum annual safekeeping fee of US\$2,500 and US\$5,000 for domestic and global custody respectively.</p> <p><i>UK Transfer and Paying Agent</i></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	Regulatory status of Investment Adviser and Custodian	The Investment Adviser is registered with the US Securities and Exchange Commission. 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	Calculation of Net Asset Value	<p>The 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. The NAV is published monthly through a 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.</p> <p>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:</p> <ul style="list-style-type: none"> • listed equity and debt securities at the quoted market prices or binding dealer price quotations (bid prices for long positions), without any deduction for transaction costs; • real estate investments use the NAV of JZCP Realty Fund, Ltd (the wholly-owned subsidiary through which the Company obtains exposure to real estate). The underlying fair value of the investments is based on the values of the properties themselves and fair value techniques, such as comparable market values, discounted cash flow analysis and enterprise value are used in determining the underlying valuations. Third-party debt is deducted to arrive at fair value for each of these techniques. The valuation of real estate investments will as at the end of each financial year, commencing with the current financial year, be supported by independent professional valuations to the extent determined to be appropriate to the circumstances;

		<ul style="list-style-type: none"> 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; and 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' earnings before interest, tax, depreciation and amortisation.
B.43	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes of investment in another collective undertaking.
B.44	No financial statements have been made up	Not applicable. The Company has commenced operations and historical financial information is included within this Prospectus.
B.45	Portfolio	<p>As at 30 June 2014 (being the most recent valuation of the Company's assets prior to the publication of this Prospectus), the Company's portfolio comprised:</p> <ul style="list-style-type: none"> 57.1 per cent. US micro cap portfolio 29.8 per cent. European microcap portfolio 17.8 per cent. real estate investments 9.2 per cent. listed investments 11.7 per cent. other including cash, mezzanine and bank debt <p>(Note: Percentages are of net assets)</p>
B.46	Net Asset Value	The published unaudited NAV per Ordinary Share as at 30 June 2014 (being the most recent valuation of the Company's assets prior to the publication of this Prospectus) was US\$10.07 per Ordinary Share.
Section C – Securities		
C.1	Type of class of securities	The CULS are convertible unsecured subordinated loan stock, which will be denominated in integral multiples of £10 in nominal amount, and will be in registered, certificated and uncertificated form.
C.2	Currency	The CULS are denominated in Pounds Sterling.
C.3	Number of securities to be issued	<p>An initial tranche of £38,861,140 in aggregate nominal amount of 6.00 per cent. convertible unsecured subordinated loan stock due 2021 of the Company at an issue price of £10 per £10 in nominal amount.</p> <p>The Company may, in its absolute discretion (but subject to Shareholder Approval), during the period from the date of this Prospectus to (and including) the date 12 months after the date of this Prospectus, issue a further tranche of up to £38,861,140 in aggregate nominal amount of 6.00 per cent. convertible unsecured subordinated loan stock due 2021 of the Company to be consolidated and form a single series with the Initial CULS. The aggregate nominal amount and the issue price of the Further CULS will be determined following a process of “bookbuilding” by JPMC as Placing Agent as will be set forth in the Supplementary Prospectus and Further Issue Pricing Announcement. There will be no withdrawal rights under section 87Q of the FSMA in the event that a Supplementary Prospectus is issued as there is no offer of securities to the public within the meaning of the Prospectus Directive.</p> <p>Immediately prior to Admission of the Initial CULS, no CULS will be in issue. The Company will have 65,018,607 Ordinary Shares and 20,707,141 ZDP Shares in issue at that time.</p>

C.5	Restrictions on the rights attaching to the securities	<p>The CULS are subject to certain United States ownership and transfer restrictions. The CULS may not be legally or beneficially owned by any US Person at any time nor offered, sold, delivered, pledged, assigned or otherwise transferred or exercised or redeemed at any time within the United States or to, or for the account or benefit of, any US Person. If the Company determines at any time that any CULS is legally or beneficially owned by any US Person, the Company may direct the CULS Holder to sell or transfer such CULS to a person who is not a US Person within 14 days following receipt of notice of the direction. If the CULS Holder fails to sell or transfer such CULS within such period, the Company may at its discretion: (a) cause such CULS to be sold to an acquirer selected by the Company that certifies to the Company that such acquirer is not a US Person, on terms as the Company may choose, subject to the purchaser representations and requirements and transfer restrictions set out herein, and, pending such transfer, no further payments will be made in respect of such CULS; or (b) give notice to the CULS Holder that such CULS will be redeemed by the Company at their nominal amount, together with any accrued but unpaid interest on the date specified in such notice.</p> <p>In the event of a sale in accordance with the above paragraph, the Company may select an acquirer by any means determined by it in its sole discretion. The proceeds of the sale, net of any commissions, expenses and taxes due in connection with the sale shall be remitted to the selling CULS Holder. The terms and conditions of any sale hereunder (including the sale price) shall be determined in the sole discretion of the Company, subject to the purchaser representations and requirements and transfer restrictions set out herein (and in the Placing Agreement), and the Company shall not be liable to any person having an interest in the CULS sold as a result of any sale or the exercise of such discretion.</p>
C.7	Dividend policy	<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 amount equal to approximately 3 per cent. of the Company's net assets (Shareholders can elect to receive dividends in Pounds Sterling). The Credit Agreement contains a restriction on the payment of dividends payable semi-annually in the ordinary course of business exceeding 5 per cent. of the NAV of the Company in any financial year (and measured at the time of such payment).</p> <p>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 and will rank in full for all dividends and other distributions declared, paid or made and will rank <i>pari passu</i> in all other respects. The Company may declare dividends but the ability of the Company to pay dividends is restricted by Guernsey law, the Articles and the Credit Agreement. The ZDP Shares carry no right to receive dividends out of revenue or any other profits of the Company.</p>
C.8	Description of the rights attaching to the securities	<p>The terms and conditions of the Initial CULS and, if issued, the Further CULS, will be identical (save as to issue date and issue price). Accordingly, the Initial CULS and the Further CULS will be consolidated and form a single series of securities. Whilst the terms and conditions of the two tranches of CULS will (save as described above) be identical, the issue prices of the Initial CULS and the Further CULS may differ depending on the prevailing market conditions at the time of each Issue. The aggregate nominal amount and the issue price of the Initial CULS will be known at the time of the Initial Issue; but the aggregate nominal amount and the issue price of the Further CULS will be determined following a process of "bookbuilding" by JPMC as Placing Agent and will be set forth in the Supplementary Prospectus and Further Issue Pricing Announcement.</p> <p>Interest Rate: The Initial CULS will bear interest on their nominal amount for the time being outstanding from (and including) the date of issue of such Initial CULS (being, 30 July 2014) (the "Initial Issue Date") at the rate of 6.00 per cent. per annum and will be payable semi-annually in equal instalments in arrear</p>

on 31 March and 30 September (each, an “**Interest Payment Date**”) in each year to (but excluding) the date of final redemption of the CULS (being, 30 July 2021 and defined below as the Maturity Date). The Further CULS, if issued, will bear interest on their nominal amount for the time being outstanding from (and including) the issue date of such Further CULS (the “**Further Issue Date**”) at the rate of 6.00 per cent. per annum and will be payable semi-annually in equal instalments in arrear on each Interest Payment Date to (but excluding) the date of final redemption of the CULS (being, the Maturity Date). The Further Issue Date will be set forth in the Supplementary Prospectus and Further Issue Pricing Announcement.

Conversion Rights:

Holders of CULS (“**CULS Holders**”) shall have the right (a “**Conversion Right**” and together, the “**Conversion Rights**”) to convert the whole or part (being an integral multiple of £10 in nominal amount) of their CULS into Ordinary Shares. Conversion Rights shall be exercisable at any time during the period from (and including) the forty-first business day in London and Guernsey after the Initial Issue Date to (and including) the tenth business day in London and Guernsey prior to the date of final redemption of the CULS (being, the Maturity Date).

The initial conversion price is £6.0373 per Ordinary Share, which shall be subject to adjustment, including in respect of: (i) consolidation and sub-division of the Ordinary Shares; (ii) dividend payments made by the Company; (iii) issues of shares, rights, share-related securities and other securities by the Company; (iv) in the event of a demergers; and (v) in the event of a change of control of the Company (the “**Conversion Price**”). The initial Conversion Price of £6.0373 is set at a premium of 2.5 per cent. to the published unaudited NAV per Ordinary Share as at 30 June 2014, which is US\$10.07 per Ordinary Share converted into Pounds Sterling using an exchange rate of GBP/USD 1.70985, the spot rate published by WM/Reuters as at 30 June 2014 (being the date of the calculation of the NAV per Ordinary Share).

In order for CULS Holders to convert their CULS into Ordinary Shares, they will have to certify that: (i) they are not in the United States; (ii) they are not US Persons; and (iii) they are not exercising their conversion rights for the account or benefit of US Persons.

Redemption:

Unless previously redeemed, purchased or converted and, in each case, cancelled, the CULS will be redeemed on 30 July 2021 (the “**Maturity Date**”) at their nominal amount, together with any accrued interest up to (but excluding) the 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, at any time: (i) 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 (ii) 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, a CULS Holder will have the right, at such CULS Holder’s option, to require the Company to convert their CULS into Ordinary Shares at an enhanced change of control conversion price or redeem its CULS at its nominal amount, together with accrued and unpaid interest to the date of redemption.

Events of Default:

Events of default under the CULS include: (i) non-payment, except as provided by the Subordination Agreement, of principal or interest for 14 days; (ii) winding-up or dissolution of the Company; (iii) certain events relating to insolvency of or insolvency proceedings or creditors’ process involving the Company or its assets; (iv) breach of the obligations of the Company under the CULS or the Trust Deed (which breach is not remedied within 30 days); or (v) in respect of an alteration, attachment, creation or issue of a new class of shares by the Company.

		<p>Status of the CULS: The CULS constitute direct, unsecured, subordinated, and unconditional obligations of the Company which will, at all times, rank <i>pari passu</i> among themselves.</p> <p>Subordination of the CULS: The terms and conditions of the CULS are subject in their entirety to the terms of the Subordination Agreement. CULS Holders will be required to agree to and be bound by, and will be deemed to have notice of, the provisions contained in the Trust Deed, the Conditions and the Subordination Agreement.</p> <p>Any failure to pay any amount under or in respect of the CULS to the Trustee or any CULS Holder as a result of the provisions of the Subordination Agreement shall not give rise to an event of default under or a breach of the Conditions. Any amount which is not so paid due to the provisions of the Subordination Agreement shall remain a debt owing to the Trustee or the relevant CULS Holder, as the case may be, by the Company until it is paid and shall be payable, in the case of principal, on the third business day after the day on which the relevant provisions of the Subordination Agreement no longer apply (whether or not such a date is otherwise a payment date pursuant to the Conditions) and, in the case of interest, on such business day or the next Interest Payment Date (at the Company's election), but no interest shall accrue on any amount under or in respect of the CULS which is not paid as a result of the relevant provisions of the Subordination Agreement.</p> <p>So long as any Senior Debt remains outstanding, the Subordination Agreement provides, <i>inter alia</i>, for the priority of Senior Debt over all amounts payable by the Company under the Trust Deed and the CULS (other than Trustee Fees and Expenses).</p> <p>The Subordination Agreement allows the Company to refinance, replace, renew or increase any existing Senior Debt and to borrow or incur any new Liabilities which are to constitute new Senior Debt. As such, there is no guarantee that, upon the refinancing of the Company's Senior Debt which is outstanding as at the date of this Prospectus, the subordination provisions contained in the Subordination Agreement would fall away and the Company may raise new debt which would constitute Senior Debt and rank in priority to the Subordinated Debt, as described above.</p> <p>Modification of Rights: CULS Holders will have power by extraordinary resolution, <i>inter alia</i>, to sanction 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 Trust Deed.</p> <p>Withholding Tax: All payments of principal and interest by the Company in respect of the CULS shall be made free and clear of, and without withholding or deduction for or on account of any taxation, unless such withholding or deduction is required by law. In that event, the relevant payment will be made subject to such withholding or deduction. The Company will not be required to pay any additional or further amounts of such withholding or deduction.</p> <p>Governing Law: The Conditions of the CULS and the Trust Deed and, if the Further CULS are issued, the Supplemental Trust Deed will be governed by, and construed in accordance with, English law. The Subordination Agreement will be governed by, and construed in accordance with, Guernsey law.</p>
C.9	Further rights attaching to the securities	The Initial CULS will bear interest on their nominal amount for the time being outstanding from (and including) the Initial Issue Date at the rate of 6.00 per cent. per annum and will be payable semi-annually in equal instalments in arrear on each Interest Payment Date in each year to (but

		<p>excluding) the Maturity Date. The Further CULS, if issued, will bear interest on their nominal amount for the time being outstanding from (and including) the Further Issue Date at the rate of 6.00 per cent. per annum and will be payable semi-annually in equal instalments in arrear on each Interest Payment Date to (but excluding) the Maturity Date.</p> <p>The Maturity Date is 30 July 2021. Unless previously redeemed, purchased or converted and, in each case, cancelled, the CULS will be redeemed on the Maturity Date at their nominal amount, together with any accrued interest up to (but excluding) the Maturity Date.</p> <p>The CULS will provide CULS Holders with a yield of 6.00 per cent. per annum.</p> <p>The Trustee is The Law Debenture Trust Corporation p.l.c.</p>
C.11	Admission	<p>Application has been made to the London Stock Exchange for the Initial CULS to be admitted to trading on the London Stock Exchange's Specialist Fund Market. It is expected that Admission will become effective and that dealings in the Initial CULS to be issued pursuant to the Initial Issue will commence at 8.00 a.m. on 30 July 2014. If the Company elects to issue the Further CULS, the Supplementary Prospectus and Further Issue Pricing Announcement will contain details of when Admission of the Further CULS is expected to occur and when dealings in the Further CULS is expected to commence. The Further CULS, if issued, will be admitted to trading on the Specialist Fund Market within 12 months of the date of this Prospectus.</p>
C.22	Underlying shares	<p>The underlying shares into which the CULS will on any conversion convert are the Ordinary Shares of the Company. The Ordinary Shares are denominated in Pounds Sterling.</p> <p>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 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, such person is not a US resident. Those Shareholders that do not certify on those terms would still be able to vote on the resolution, but the aggregate total of the votes that such Shareholders are entitled to cast would be limited to 49 per cent. of the total number of votes that all Shareholders are entitled to cast. 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. In addition to receiving the income 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 entitlement of the ZDP Shares have been met.</p> <p>The Ordinary Shares (as well as the ZDP Shares) are admitted to trading on the Specialist Fund Market and are admitted to listing on the Channel Islands Securities Exchange.</p> <p>The Ordinary Shares are subject to certain United States ownership and transfer restrictions. The Directors may decline to register a person as a holder of Ordinary Shares or to require the transfer of those Ordinary 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. 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. In addition, subject to certain exceptions, no person may acquire Ordinary</p>

		Shares (and similar forced transfer provisions apply) if, immediately after such acquisition, a US Holder would constructively own more than 9.9 per cent. of the Ordinary Shares in issue.
		Section D – Risks
D.2	Key information on the risks specific to the Company	<ul style="list-style-type: none"> • <i>The effects of normal market fluctuations and the state of the global economy may impact the Company’s business, operating results or financial condition.</i> Certain macroeconomic developments could negatively affect the business, operating results or financial condition of the Company and its portfolio companies. The Company’s portfolio companies may suffer from cash flow or liquidity constraints or lower profitability. The Company’s investments 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 Company’s investment portfolio may be impacted and the values, liquidity, default rates, interest income, gains on investments and/or the level of impairment provisions of the Company’s investments could be adversely affected. The Company’s portfolio companies typically will have fewer resources than larger businesses and an economic downturn may therefore have a more material adverse effect on them than their larger counterparts. • <i>The Company’s financial performance will depend on the success of its investment strategy and the Company will be reliant on the Investment Adviser.</i> There is no guarantee that the investment strategy adopted by the Company will provide the returns sought by the Company. 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 any future investments is 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 reliant on the Investment Adviser 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 an adverse effect on the Company’s performance. • <i>The Company may face a highly competitive market for investment opportunities in the future.</i> The Company competes with other funds, lenders, banks and institutions, which may be more established and have greater financial, technical and/or marketing resources. Some competitors may have a lower cost of funds, greater access to funding sources, higher risk tolerances and/or different risk assessments. Competitive pressures may make it difficult for the Investment Adviser to identify and make investments that are consistent with the Company’s corporate objective or that generate attractive returns for Shareholders. The Company may lose investment opportunities in the future if it does not match investment prices, structures and terms offered by competitors. Alternatively, the Company may experience decreased rates of return and increased risks of loss if it matches investment prices, structures and terms offered by its competitors. • <i>The Company’s investments may be illiquid.</i> 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 to receive a fair price in response to economic and other conditions may be limited.

		<ul style="list-style-type: none"> • <i>The use of gearing may enhance the total return on the Ordinary Shares but may also have the opposite effect in certain circumstances.</i> The CULS will, following the Initial Issue and, if issued, the Further CULS, provide further gearing for the Company. Whilst the use of gearing should enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is rising and exceeds the costs associated with the gearing, it will have the opposite effect where the underlying return is less than the cost of borrowing, further reducing the total return on the Ordinary Shares.
D.3	<p>Key information on the risks specific to the securities</p>	<ul style="list-style-type: none"> • <i>CULS Holders may not be able to hold their CULS until the final Maturity Date.</i> 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, at any time: (i) 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 (ii) 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 nominal amount of the CULS. If any of these situations were to occur, CULS Holders would not be able to hold their CULS until the final Maturity Date of the CULS of 30 July 2021 and so would not be able to have their CULS redeemed in cash on that date. • <i>Any material changes to the Company could adversely affect the rights of the CULS Holders and the value of the CULS and/or the Ordinary Shares.</i> Any material increase in the Company's borrowings, material disposal of assets or creation of charges by, or material changes in, the nature of the Company's business could adversely affect the rights of the CULS Holders and the value of the CULS and/or the Ordinary Shares. • <i>The CULS will be subordinated to senior borrowings and senior creditors.</i> The CULS and the Trust Deed are subject in their entirety to the terms of the Subordination Agreement. Any failure to pay any amount under or in respect of the CULS to the Trustee or any CULS Holder as a result of the provisions of the Subordination Agreement shall not give rise to an event of default under or a breach of the Conditions. So long as any Senior Debt remains outstanding, the Subordination Agreement provides, <i>inter alia</i>, for the priority of Senior Debt over all amounts payable by the Company under the Trust Deed and the CULS (other than Trustee Fees and Expenses). Furthermore, the Subordination Agreement allows the Company to refinance, replace, renew or increase any existing Senior Debt and to borrow or incur any new Liabilities which are to constitute new Senior Debt. • <i>Risks attached to the exercise of Conversion Rights.</i> At any point when the CULS are outstanding, depending on the performance of the Ordinary Shares, the value of the Ordinary Shares may be substantially lower than when the CULS were initially purchased. In addition, because there will be a delay between when Conversion Rights are exercised and when Ordinary Shares are delivered, the value of the Ordinary Shares to be delivered may vary substantially between the date on which Conversion Rights are exercised and the date on which such Ordinary Shares are delivered. • <i>CULS Holders will bear the risk of fluctuation in the price of Ordinary Shares.</i> The market price of the CULS is expected to be affected by fluctuations in the market price of the Ordinary Shares and it is impossible to predict whether the price of the Ordinary Shares will rise or fall. Any decline in the market price of the Ordinary Shares may have an adverse effect on the market price of the CULS. • <i>No active trading market and no guarantee of a liquid market for the CULS.</i> The CULS are new securities which may not be widely distributed and for which there is currently no active trading market.

		<p>If the CULS are traded after their initial issuance, they may trade at a discount to their Initial Issue Price in the case of the Initial CULS and their Further Issue Price in the case of the Further CULS (if issued). There can be no assurance as to the development or liquidity of any trading market for the CULS, and it may be difficult to realise an investment in the CULS at their quoted market prices.</p>
		Section E – Issues
E.2b	Reasons for the Issues and use of proceeds	<p>The Investment Adviser sees a number of opportunities to deploy capital at present as a result of a paucity of capital in the US micro cap market and low valuations being placed on businesses by sellers. Accordingly, the Company is raising additional capital in the form of the CULS to give the Company additional capital to pursue such opportunities. Equally the tenor of the CULS capital enables the Company to manage its liquid resources up to the redemption of the ZDP Shares on the date of their repayment (being 22 June 2016), in conjunction with shorter term facilities that the Company may arrange.</p>
E.3	Terms and conditions of the Issues	<p>The Initial CULS and, if issued, the Further CULS will be made available to institutional investors and private client stockbrokers, including certain existing Shareholders. CULS will not however be offered or sold within the United States or to, or for the account or benefit of, US Persons, and nor will the CULS be offered to or sold within the Excluded Jurisdictions or to any national, resident or citizen of the Excluded Jurisdictions. In addition, no invitation or solicitation will be made to the public in the Cayman Islands to subscribe for the CULS. In the event that either of the Issues are oversubscribed, it will be necessary to scale back applications. In so doing, it is the Company’s intention that (insofar as practicable), any investors who are existing Shareholders will be allocated such percentage of CULS as is as close as possible to their percentage holdings of Ordinary Shares. Such Shareholders will not, however, be entitled to any minimum allocation of CULS and there will be no guarantee that those Shareholders wishing to participate in either of the Issues will receive all or some of the CULS for which they have applied. JPMC as Placing Agent will have absolute discretion to determine the proportion of CULS allocated to each person wishing to participate in the Issues.</p> <p>The Initial Issue and, if the Company elects to issue the Further CULS, the Further Issue are conditional, <i>inter alia</i>, upon:</p> <ul style="list-style-type: none"> • the Company having made an application for Admission of the Initial CULS to trading on the Specialist Fund Market as of 8.00 a.m. on 30 July 2014; and • the Placing Agreement having become unconditional in all respects (save as for Admission) and not having been terminated in accordance with its terms prior to such Admission. <p>The Further Issue is also conditional upon Shareholder Approval, as well as entry into a placing agreement, the Supplemental Trust Deed and conditions precedent referenced in those documents. In the event that these conditions are not satisfied, the Initial Issue or (as the case may be) the Further Issue will not proceed and any application monies which have been received will be returned (at the applicant’s sole risk) without payment of interest, as soon as possible thereafter.</p>
E.4	Material interests	Not applicable. No interest is material to the Issues.
E.7	Estimated expenses charged to investors	Not applicable. There are no direct costs charged to investors.

RISK FACTORS

Prospective investors should consider carefully the risks described below, together with all the other information set out in this Prospectus and their own circumstances, before deciding to invest in the CULS or the Ordinary Shares.

The risks described below are all of the material risks relating to the Company and an investment in the CULS or Ordinary Shares known to the Directors at the date of this Prospectus. If any of the adverse events described below actually occur, the financial condition, performance or prospects of the Company, and the market price of the CULS and/or the Ordinary Shares, could be materially adversely affected. Additional risks which were not known to the Directors at the date of this Prospectus, or that the Directors considered at the date of this Prospectus to be immaterial, may also have a material adverse effect on the financial condition, performance or prospects of the Company, and the market price of the CULS and/or the Ordinary Shares.

If prospective investors are in any doubt as to the consequences of their acquiring, holding or disposing of the CULS and/or Ordinary Shares or whether an investment in the Company is suitable for them, they should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the FSMA or, in the case of investors outside the United Kingdom, another appropriately authorised independent financial adviser.

1. The Company's Business

1.1 *The effects of both normal market fluctuations and the state of the global economy may impact the business, operating results or financial condition of the Company.*

While increased economic optimism and signs of recovery in the United States and Euro zone have provided a more stable macroeconomic backdrop, there has been considerable uncertainty across global markets, particularly in developing countries leading up to and in the aftermath of the US Federal Reserve's tapering announcement. The political turmoil in Ukraine with the outcome still uncertain, also continues to weigh heavily on the global economy. These macroeconomic developments could negatively affect the business, operating results or financial condition of the Company and its portfolio companies. The Company's portfolio companies may suffer from cash flow or liquidity constraints or lower profitability. The Company's investments 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 Company's investment portfolio may be impacted and the values, liquidity, default rates, interest income, gains on investments and/or the level of impairment provisions of the Company's investments could be adversely affected. The Company's portfolio companies typically will have fewer resources than larger businesses and an economic downturn may therefore have a more material adverse effect on them than their larger counterparts, as small and middle-market companies are likely to have greater exposure to economic downturns than larger companies.

1.2 *The Company's financial performance will depend on the success of its investment strategy, and the Company will be reliant on the skill and judgement of the Investment Adviser in effecting its investment strategy.*

The Company's investment strategy includes investments in micro cap buyouts, mezzanine loans (sometimes with equity participations) and high-yield securities, senior secured debt and second lien loans, real estate and other debt and equity opportunities, including distressed debt and structured financings, derivatives and opportunistic purchases of publicly traded securities, all businesses based primarily in the United States (and also European micro cap businesses). There is no guarantee that the investment strategy adopted by the Company will provide the returns sought by the Company. There can be no guarantee, therefore, that the Company will achieve its corporate objective.

In addition, the success of the Company 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 objective and policy. The assessment of any future investment will involve an evaluation by the Investment Adviser of the strengths and weaknesses of the underlying business of a potential portfolio company and the preparation of 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. Such assessments involve subjective judgements and forward-looking determinations by the Investment Adviser. 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 it may prove difficult for the Company to dispose of the investment at a price similar to that of the Company's original acquisition price.

1.3 ***The Company's investments may not appreciate in value or generate investment income or gains.***

The Company intends to make investments that will create long-term value for Shareholders. Investments that the Company makes may not, however, 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. Certain of the Company's debt instruments provide for the rate at which interest is payable to the Company to be reduced if the relevant borrower's financial condition or operations improve, which would reduce the returns earned by the Company. Accordingly, the Company cannot assure investors that its investments will generate gains or income or that any gains or income that may be generated will be sufficient to offset any losses that may be sustained.

1.4 ***The value of investments that the Company reports from time to time may not in fact be realised.***

A substantial portion of the Company's investment portfolio is, and it is anticipated that nearly all of the investments that will continue to be made by the Company in the future will be, in the form of investments for which market quotations are not readily available. The Company's investments are valued at fair value on the basis described in paragraph 6.2 of Part 5 of this Prospectus. Without limitation to such valuation methodology, the types of factors that may be considered when determining fair value of an investment in a particular company include the historical and projected financial data for the company, valuations given to comparable companies, the size and scope of the company's operations, the strengths and weaknesses of the company, expectations relating to investors' receptivity to an offering of the company's securities, the size of its holding in the company and any control associated therewith, information with respect to transactions or offers for the company's securities (including the transaction pursuant to which the investment was made and the period of time that has elapsed from the date of the investment to the valuation date), applicable restrictions on transfer, industry information and assumptions, general economic and market conditions, the nature and realisable value of any collateral or credit support and other relevant factors. Fair values may be established using a market multiple approach that is based on a specific financial measure (such as EBITDA, adjusted EBITDA, cash flow, net income, revenues or NAV) or, in some cases, on a cost basis or a discounted cash flow or liquidation analysis. These 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 may be 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. Even where market quotations are available for the Company's investments, such quotations may not reflect the value that would actually be realised because of various factors, including the possible illiquidity associated with a large ownership position, subsequent illiquidity on 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. The Company's asset value 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 and changes in values attributed to investments from quarter to quarter may result in volatility in the NAV and results of operations that the Company reports from period to period. The Company cannot give any assurance that the investing values that are recorded from time to time will ultimately be realised even where a disposal occurs shortly after the relevant

valuation date. The Company also cannot give any assurance that it will be able to realise the unrealised investment values that are presented in this Prospectus even where a disposal occurs shortly after the relevant valuation date.

1.5 *The Investment Adviser may not be able to accurately predict or effectively react to future changes in the value of investments or to generate gains.*

The ability of the Company to generate attractive returns for investors 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. The ability to accurately assess future investment values, whether in connection with the making of an investment or the exiting of an investment, may be particularly important in the case of investments that are made in the businesses over which the Company and the Investment Adviser have relatively limited or no control. The securities markets 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 any such changes or that gains will be generated on investments.

1.6 *The Company may not identify sufficient suitable opportunities for investment and reinvestment.*

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 the remaining funds raised pursuant to the Initial Issue and the Further Issue (if the Company decides, in its absolute discretion (but subject to Shareholder Approval), to issue the Further CULS) in a timely manner, or at all, or that upon receiving the full or partial repayment of a given investment, the Company will be able to use those funds to make a further investment with an adequate return. These funds will need to be invested in temporary investments pending their investment in the portfolio companies.

1.7 *The Company may need to rely on third parties to help source investment opportunities.*

The Company also relies on its relationships with business brokers, private equity houses and banks to source new opportunities. The loss of these relationships could affect future investment opportunities and may have an adverse effect on the Company's business, results and prospects.

1.8 *The Company may face a highly competitive market for investment opportunities in the future.*

The Company competes with private equity funds, mezzanine lenders, commercial and investment banks and other institutions making investments that are similar to those that the Company targets. Many of the Company's competitors may, among other things, be more established in the relevant markets, and may have greater financial, technical and/or marketing resources than the Company. During periods of heightened competitiveness the Company may find it difficult to invest, as it is the Company's policy to be selective as to new business and to seek to maintain its credit discipline. Some competitors may have a lower cost of funds and access to funding sources that are not available to the Company. In addition, some of the Company's competitors 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 competitive pressures faced by the Company may prevent the Investment Adviser from identifying and making investments on behalf of the Company that are consistent with its corporate objective or that generate attractive returns for Shareholders. The Company may lose investment opportunities in the future if it does not match investment prices, structures and terms offered by competitors. Alternatively, the Company may experience decreased rates of return and increased risks of loss if it matches investment prices, structures and terms offered by its competitors. The Company can offer no assurance that competitive pressures will not have a material adverse effect on its profitability, NAV and Ordinary Share price.

1.9 *The Company's financial results may be adversely affected by movements in foreign exchange rates.*

The Company accounts for its activities and report its results in US dollars. Its investments will primarily be made and realised in US dollars (although some will be made and realised in other currencies such as Pounds Sterling as the Company may invest up to 40 per cent. of its gross assets

(considered at the time the relevant new investment is made) in businesses outside the United States, and some will be made and realised in Euros). The Company's Ordinary Shares and ZDP Shares are, and will continue to be, quoted in Pounds Sterling and the redemption value of the ZDP Shares is fixed in Pounds Sterling. The Company currently has no hedge in place to manage the risk in respect of an increased Pounds Sterling cost for the redemption of the ZDP Shares, which is due on 22 June 2016. The Company has however entered into a Structured Forward Currency Contract on 14 September 2012 where if the US\$/€ exchange rate reaches the trigger rate of 1.4, the Company will buy €13,000,000 at a cost of US\$16,900,000. The Structured Forward Currency Contract is to expire on 16 September 2014. Where the Company does not hedge its currency exposure the movement of applicable exchange rates may have a material effect, unfavourable as well as favourable, on the price of and returns otherwise experienced on the Ordinary Shares and on the Company's results. In addition, movements in the applicable foreign exchange rate and the currency applicable to a particular Shareholder may have an impact upon the Shareholder's returns in their own currency of account. Any currency hedging may force the Investment Adviser to realise underlying investments as well as affect the overall value of the investment portfolio and the NAV.

1.10 *The Company may use derivatives for the purposes of efficient portfolio management and risk mitigation.*

The Company may use derivatives for the purposes of efficient portfolio management and risk mitigation, including for hedging purposes such as in relation to foreign currencies or interest rate risk. A hedge may not be effective in eliminating all risks inherent in any particular position and there can be no guarantee that suitable instruments for hedging will be available at times when the Company wishes to use them.

1.11 *The Company may use derivatives as part of its investment policy.*

The Company may use derivatives as part of its investment policy. In the case of derivatives used to take synthetic exposures, there may not be a reliable price correlation between price movements in the underlying securities and the derivative instrument. In addition, an active market may not exist for a particular derivative instrument at any particular time. The Company may also use derivatives that are highly geared to price movements in the underlying securities which may expose the Company to significant capital losses in extreme market circumstances. The Company will be exposed to the credit risk of the counterparty with respect to any payments it is entitled to receive under any derivative instruments.

1.12 *The Company is subject to concentration risk in its investment portfolio (particularly, in its real estate investments, which consist of a portfolio of properties all based in Brooklyn, New York).*

The Company will own a relatively limited number of investments at any one time. The investment portfolio is comprised primarily of US-based portfolio companies (and also European micro cap businesses). While the Company will seek to diversify its portfolio across various sectors, returns from bank and mezzanine debt still account for a substantial proportion of the Company's income and any events which may cause adverse conditions in the mezzanine market could have a detrimental effect on the Company's business, results and prospects.

1.13 *A material fall in the value of the assets in the investment portfolio may lead to the winding-up of the Company.*

If there is a material fall in the value of the assets in the investment 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 no prospect of recovery in asset values can be expected within a reasonable period. In this event, the Directors may resolve that the Company should be wound-up voluntarily and will then convene an extraordinary general meeting for that purpose. In that event, the Directors will instruct the Investment Adviser to commence an orderly realisation of the investments of the Company and to distribute the proceeds of such realisations to creditors and Shareholders as they become available. It is envisaged that any such orderly realisation process could take up to three years following its commencement.

2. The Company's Investments

2.1 *The effects of both normal market fluctuations and the state of the global economy may impact the business, operating results or financial condition of the Company's investments.*

The Company's investments are subject to normal market fluctuations and the risks inherent in the purchase, holding or selling of securities and there can be no assurance that the value of those investments will appreciate or not depreciate. 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 the value of the Company's net assets.

2.2 *Private equity and venture capital type investments are risky specialist investments.*

Many of the Company's debt and equity investments are expected to be made in companies that have been subject to private equity or venture capital type buy-outs, which are exposed to significant risks. Such 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 such 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 tend to 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 from time to time be parties to litigation, may be engaged in rapidly changing businesses with products 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) executive officers, directors and the employees may be named as defendants in litigation which may be expensive or distracting.

2.3 *Investments in the real estate sector are risky investments.*

The Company holds interests in US real estate through its wholly-owned subsidiary JZCP Realty Fund, Ltd. Its investments consist of a portfolio of properties, both residential and commercial (including retail), as well as development properties, in Brooklyn, New York. Such investments are exposed to significant risks, including:

- (a) the performance of the Company's real estate investments will depend on general real estate market conditions. The US economy and real estate market conditions will impact the returns of the Company and may have a negative impact on or delay the Company's ability to execute investments in suitable assets that generate acceptable returns. Market conditions may also negatively impact on the revenues earned from property assets and the price at which the Company is able to dispose of those assets. Furthermore, their performance will depend on the performance of the residential, commercial and development sectors, including in the case of retail: online and general retailer requirements in the US, consumer behaviour and sentiment, shopping trends and alternative retail supply methods;

- (b) US real estate investments may appeal to a broad spread of potential investors, and other competitors may have greater financial resources than the Company. With a limited supply existing in the US, coupled with a long lead-in time for the development of new assets, competition for assets may be strong, hence there is no assurance of the Company securing suitable assets ahead of this competition at a suitable return;
- (c) the Company may not be able to dispose of its real estate investments in a timely fashion and at satisfactory prices. As property assets are expected to be relatively illiquid, such illiquidity may affect the Company's ability to dispose of or liquidate its portfolio in an effective and timely fashion or at satisfactory prices;
- (d) if real estate assets owned by the Company decrease in value, borrowings which the Company may use will likely contain loan to value covenants, which could be breached. The impact of such an event could include an increase in borrowing costs; a call for additional capital from the lender; or could require a sale of an asset, or a forfeit of any asset to a lender, which could result in a total or partial loss of equity value for each specific asset, or for the Company;
- (e) the appraised value of the Company's properties may not accurately reflect the current or future value of those assets. The valuation of property is inherently subjective and is based on a number of assumptions which may or may not turn out to be true, meaning that actual sale prices paid or received by the Company (as applicable) may not reflect the stated valuations of the properties (for a description of how fair value of the real estate investments is calculated see paragraph 6.2 of Part 5 of this document);
- (f) the Company has engaged a management team for its real estate investments. In addition to being reliant on the Investment Adviser, the Company is also reliant on the advice it receives from the management team. As a result, the performance of the Company's real estate investments will, be dependent upon the ability of that team, including its ability to retain key personnel;
- (g) 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;
- (h) the Company will be dependent on the performance of third party contractors and sub-contractors who may fail to perform their contractual obligations, particularly where the Company seeks to undertake limited development of property assets, or by investing in development property assets. Any failure to perform against contractual obligations on the part of a contractor 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 against contractual obligations;
- (i) there is a risk that an assignment by tenants of the Company's properties may be made to an assignee that is less creditworthy than the assignor, in which case there would be an increased risk of tenant default, which could result in delays in receipt of rental and other contractual payments, inability to collect such 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;
- (j) the Company may incur losses in excess of insurance proceeds, if any, or from uninsurable events. The Company's properties may suffer physical damage resulting in losses (including loss of rent) which may not be fully compensated for by insurance, or at all. Also there are certain types of losses, generally of a catastrophic nature, that may be uninsurable or are not economically insurable. 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 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 an adverse effect on the Company's performance, financial condition and business prospects;

- (k) 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 such property. The Company may be liable for the cost of removing or remediating hazardous or toxic substances on, under or in such property, which cost could be substantial. While the Investment Adviser and the management team will 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 such 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 performance, financial condition and business prospects; and
- (l) the Investment Adviser and the management team's due diligence may not identify all risks and liabilities. Prior to entering into an agreement to acquire any property, the Investment Adviser and the management team will perform or procure the performance of due diligence on the relevant property proposed to be acquired. In so doing, they would typically rely in part on third parties to conduct a significant portion of this due diligence (such as surveyors' reports and legal reports on title and property valuations). To the extent the Company, the Investment Adviser, the management team 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, such as defects in title, an inability to obtain permits, or environmental, structural or operational defects requiring remediation. This may, in turn, have a material adverse effect on the Company's performance, financial condition and business prospects.

2.4 ***The Company does not control all of its portfolio companies.***

The Company does not, and does not expect to, control all of the companies in its investment portfolio, even though its agreements with some of those companies may contain certain restrictive covenants that such portfolio companies must comply with. As a result, the Company is subject to the risk that some of the portfolio companies in which it invests may make business decisions with which it disagrees.

Some of the Company's investments may be club investments in which two or more private equity firms serve together or collectively as equity sponsors. In club deals, other equity sponsors usually have governance rights and may pursue investment approaches with which the Company may not concur. The Company may not be able to realise some or all of the benefits that it believes will be created from the involvement of the Company in such investments, including the approach that it has developed for managing portfolio company investments, and it may be unable to exit any such investment at a time when the Company believes it is beneficial to do so.

Where the Company has a debt investment in such a portfolio company, the management of such company, as representatives of the holders of their 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 investment.

2.5 ***The Company's investments may be illiquid.***

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 in micro cap buyouts, mezzanine loans and high-yield securities, senior secured debt and second lien loans, and other debt and equity opportunities at short notice or to receive a fair price in response to economic and other conditions may be limited.

Any securities and loans which the Company may purchase in connection with privately negotiated transactions 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 except in a transaction that is exempt from the registration requirements of, or is otherwise in accordance with, those laws. These restrictions may adversely affect the marketability and liquidity of the Company's investments. As at the date of this Prospectus, a substantial portion of the Company's investments are less liquid than public securities. Such illiquidity may make it difficult for the Company to obtain cash equal to the recorded value of the investment should the need arise.

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 such 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, 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 such investment or obtain reliable information about the secondary market value of such investment or risks to which such investment is exposed may be limited. As a result of this illiquidity, the Company's ability to sell its portfolio at short notice or to receive a fair price in response to changes in economic and other conditions may be limited. This may have an adverse effect on the Company's business, results or prospects.

The liquidity of senior, mezzanine and second lien loans, as well as high-yield loans and activity levels of supply and demand in loan trading may also be limited and may involve significant risks.

In the event that the Company makes a revenue loss or charges management fees and finance costs to its capital account in excess of any retained revenues, it may need to liquidate some of its investments to pay expenses.

2.6 *Market values of publicly traded securities that are held as investments may be volatile.*

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 equity investments may also include investments in portfolio companies whose securities are offered to the public in connection with the process of exiting an investment. 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. Changes in the values of these investments may adversely affect the Company's NAV and results of operations and cause the market price of the Ordinary Shares to fluctuate.

2.7 *The Company's investments in senior secured debt, mezzanine and second lien loans, high-yield securities and other debt may involve significant risks.*

The Company invests partly in senior secured debt, mezzanine and second lien loans, high-yield securities and other debt and fixed income securities and the Company's income will be derived from payments on these assets. A wide range of factors could adversely affect the ability of borrowers to make interest or other payments on such loans and securities. These factors include 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 value of the Company's debt investments may be affected by unscheduled prepayments. The terms of most debt investments permit the borrower to pre-pay the loan at will or require the loan to be prepaid on the occurrence of certain events. Additionally, a borrower may be entitled to require a lender to be replaced with another lender if the borrower is required to deduct withholding tax from payments made to that lender. Unscheduled prepayments are influenced by changes in interest rates and a variety of economic, geographic and other factors beyond the Company's control and consequently cannot be predicted with certainty. The volatility in prepayment rates may result in reduced earnings or losses for the Company and negatively affect the cash available for distribution to Shareholders.

2.8 *The Company's subordinated debt investments are subject to increased risk of lower recoveries upon a default.*

Mezzanine and second lien loans are typically subordinated in right of payment and rank junior to senior obligations. Such mezzanine and second lien loans have substantially greater credit and recovery risk than more highly rated debt obligations. Many portfolio companies will be highly leveraged, thus increasing the risk that their operations may not generate sufficient cash flow to service all of their debt obligations. In the event of default by an issuer in relation to such loans, holders of the issuer's more senior debt will be entitled to payments in priority to holders of mezzanine and second lien loans and high-yield securities. Senior lenders will typically be entitled to block payments on mezzanine and second lien loans and high-yield securities if there is a senior payment or other default. There may also be structural subordination features that divert payments of interest and principal to more senior classes of debt. Second priority liens on collateral securing loans may be subject to control by senior creditors with first priority liens. If there is a default, the value of the collateral may not be sufficient to repay in full both the first priority creditors and the Company. This in turn could have an adverse effect on the ability of the Company to realise its projected returns and on its future business, results and prospects.

Investors in subordinated securities or loans, such as the Company in respect of certain of its investments, are generally subject to intercreditor arrangements under which they do not have the right to call a default or may be limited in their right to call a default or vote on remedies following a default unless more senior securities or loans have been paid in full. As a result, a shortfall in payment to investors in subordinated securities or loans may not result in the default being declared on the relevant investment. This may operate to the prejudice of the Company and is likely to have, *inter alia*, the consequences described above.

Some mezzanine and second lien loans do not entitle the holder(s) to interest payable in cash. The interest is accrued and capitalised into the loan. Such loans have substantial credit risk as there is no return to the Company until the loan, plus all the interest, is repaid in full.

2.9 *Defaults by and of the Company's portfolio companies may adversely affect the Company's operating results.*

A portfolio company's failure to satisfy financial or operating covenants imposed by the Company or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize a portfolio company's ability to meet its obligations under the debt securities that the Company holds or render the Company's equity securities worthless. The Company may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company.

In the event of any default on the Company's loan investments, the Company will bear a risk of loss of principal and accrued interest of the investment, which could have a material adverse effect on the Company's income and potential to pay dividends to Shareholders. Foreclosure on a loan can be an expensive and lengthy process which could have a material negative effect on the Company's anticipated return on the foreclosed loan. The level of defaults in the Company's loan investments and the losses suffered on such defaults will vary depending on credit market conditions.

Although holders of mezzanine and second lien loans sometimes have the benefit of security (or other priority rights), control of the timing and manner of the disposal of such security upon a default typically will devolve to the holders of the senior class of debt outstanding. There can be no assurance that the proceeds of any sale of such security will be adequate to repay in full the Company's subordinated investments after payments to more senior lenders.

2.10 *The Company's investments will be subject to differing laws regarding creditors' rights and enforceability of security.*

The Company's investments may be subject to various laws for the protection of creditors in the US jurisdictions of incorporation of the issuers or borrowers and, if different, the US or foreign jurisdictions from 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. The Company, as creditor, may experience less favourable treatment under different insolvency regimes than in the UK or Guernsey, including where seeking to enforce any security it may hold as creditor.

2.11 *The Company may only have sub-participation rights in loans which do not entitle it to a direct claim against the borrower.*

The Company may hold debt investments structured as funded sub-participations. Such investments do not give the Company a direct right against the underlying borrower. The Company will only have a contractual right through the interposed lender. This may make it more difficult for the Company to bring an action in a default situation and exposes the Company to the additional credit risk of the interposed lender.

2.12 *If the Company invests in the securities and obligations of distressed companies, it might not receive interest or other payments.*

Some of the Company's investments may be made in distressed companies. Such 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.

2.13 *The private companies in which the Company invests may not provide information for due diligence or ongoing monitoring of the Company's investments.*

The Company or the Investment Adviser may only have had the opportunity to carry out a limited due diligence exercise prior to making an investment in a portfolio company. The Company or the Investment Adviser may have access to little or no publicly available information. Furthermore, there can be no assurance as to the adequacy or accuracy of information provided during any due diligence exercise or that such information will remain accurate in the period from conclusion of the due diligence exercise until the making of the investment.

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, such reliance will be limited by the scope of the report and any applicable contractual limitations on liability.

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 may contain only limited representations and warranties from the relevant vendors in favour of the relevant member of the Company. Such 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 such agreement.

2.14 *The Company's portfolio companies may fail to meet operating projections.*

A portfolio company's failure to meet its operating projections may cause the rating agencies to downgrade the investment, which may affect the overall rating of the Company's portfolio and affect the Company's ability to raise or draw upon its own credit facilities, to the extent it has any in place. A portfolio company's failure to meet its operating projections could also lead that company to default in the payment of interest or principal due in respect of a loan investment which could, in turn, have a material adverse effect on the Company's income, the ability of the Company to service its own debt, and the Company's potential to pay dividends to Shareholders.

2.15 *The Company may be subject to liability following the disposal of investments.*

While the Company generally intends to hold all of its micro cap buyout investments and mezzanine investments to maturity or prepayment, the Company may, in some circumstances, dispose of investments and may be required to give representations and warranties about such investments and to pay damages to the extent that any such 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 in addition to the payment of damages. Certain obligations and liabilities associated with the ownership of investments can also continue to exist notwithstanding any disposal, not being limited to environmental liabilities in the case of the Company's real estate investments.

2.16 *The Company may purchase investments that may be subject to exchange controls or withholding taxes in various jurisdictions.*

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 may lead to a reduction in the dividends paid on the Ordinary Shares.

2.17 *The business, operating results and financial condition of the Company's investments may be subject to a number of significant industry, competition, political, tax and other risks.*

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 alone or other countries and regions more widely, can substantially and either adversely or favourably affect the value of the securities in which the Company invests and, therefore, the Company's performance and prospects.

2.18 *The impact of environmental or natural disasters, acts of terrorism or war and other events could adversely affect the value of the investment portfolio.*

There may be environmental or natural disasters, acts of terrorism or war or other unforeseen destructive occurrences, whether affecting the United States alone or other countries and regions more widely, involving the Company's portfolio companies. Such events may have an adverse impact on the value of the investment portfolio and may therefore adversely affect the Company's financial performance.

3. The Investment Adviser

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

The success of the Company in the pursuit of its corporate objective is significantly dependent upon the expertise of the Investment Adviser, which has significant influence on the selection of investments and the implementation of the Company's investment objective and policy. No assurance can be given that the advice of the Investment Adviser will achieve the Company's financial objectives.

The Company or the Investment Adviser may terminate the Investment Advisory Agreement in accordance with the terms of the agreement. If the Investment Advisory Agreement is terminated, the Company is subject to the risk that no suitable replacement will be found.

In addition, 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. There can be no guarantee that key individuals will remain with the Investment Adviser or that the Investment Adviser will be able to attract 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 retain key personnel. The departure of any key personnel from the Investment Adviser may have an adverse effect on the performance of the Company.

3.2 *The Investment Adviser's compensation structure may encourage it to advise the Company to invest in high risk investments or place undue emphasis on the same.*

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 2 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 existence of such 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 such fees.

3.3 *The Investment Advisory Agreement may create an incentive for the Investment Adviser to make investments and take other actions that increase or maintain the aggregate NAV over the near-term when other investments or actions may be more favourable.*

Under the Investment Advisory Agreement, the Investment Adviser is entitled to receive a base management fee calculated at an annual rate of 1.5 per cent. of the Company's gross assets excluding those assets which are excluded from the calculation of the fee under the terms of the Investment Advisory Agreement, and an incentive fee, the details of which are set out in Part 2 of this Prospectus. 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.

3.4 *The involvement of the Investment Adviser's investment professionals in the Company's valuation process may create conflicts of interest.*

The Company's portfolio investments are generally not in publicly traded securities. As a result, the value of these securities is not readily available. The Company values these securities at fair value on the basis described in paragraph 6.2 of Part 5 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 investment portfolio.

3.5 *The Investment Adviser is able to pursue other business activities and provide services to third parties that compete directly with the Company.*

The Investment Adviser is not required to commit its full time to Company affairs, and is able to pursue other business activities and provide services to third parties that compete directly with the Company, and such activities or services may give rise to conflicts of interest. Insofar as the Investment Adviser devotes time and attention to its responsibilities to other individual business

interests, its 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 objectives, which could have a material adverse effect on the Company's profitability, NAV and Ordinary Share price.

3.6 *The Investment Adviser's liability to the Company is limited.*

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 by reason of the reckless disregard of the Investment Adviser's duties and obligations under the Investment Advisory Agreement. Accordingly, the rights of the Company against the Investment Adviser may not be adequate to compensate for any loss that the Company may suffer as a result of its actions.

3.7 *The Investment Advisory Agreement may be difficult and costly to terminate.*

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, without cause. Should the Company wish to terminate the Investment Advisory Agreement without cause, it could be subject to long delays and the payment of substantial fees during that time. 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; (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 license, permission, authorisation or consent necessary for the performance of its duties under the Investment Advisory Agreement. If the Investment Advisory Agreement is terminated, the Company is subject to the risk that no suitable replacement will be found. A summary of the Investment Advisory Agreement is set out in paragraph 6.1 of Part 7 of this Prospectus.

4. Taxation

4.1 *Changes in the Company's non-UK tax residence status 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, which might negatively affect its financial and operating results.

4.2 *An adverse change in the Company's tax status or applicable tax legislation or practice could have a negative effect on the Company's financial condition or prospects.*

Any change in the Company's tax status or in taxation legislation in Guernsey, the United States, the United Kingdom or any other tax jurisdiction relevant to the Company could adversely affect the value of the investments held by the Company or affect the Company's ability to achieve its corporate objective. In addition, 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.

4.3 ***An adverse change in tax legislation or practice could have a negative effect on the taxation of CULS Holders and/or Shareholders.***

Statements in this Prospectus concerning the UK taxation of CULS Holders and/or Shareholders are based upon current UK tax law and published practice, which are in principle subject to changes (possibly with retrospective effect) which could adversely affect the CULS Holders or Shareholders. UK taxation is discussed at Part 6 of this Prospectus.

4.4 ***The Company will be treated as a foreign corporation for US federal income tax purposes.***

The Company will be treated as a foreign corporation for US federal income tax purposes. Foreign 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 certain types of US-source income, which is subject to withholding tax on a gross basis.

The Company intends to continue the policy of the Company that its affairs be managed in a manner such 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 expense incurred in computing its net income. In addition, certain income from US sources, including dividends, that is not ECI may be reduced by 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 policies generally, will minimise any such 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 will be in US corporations. In such a case, the US corporation will be subject to US federal (and possibly state and local) income taxation and dividends, if any, paid by such a corporation will be subject to a 30 per cent. withholding tax.

4.5 ***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 foreign 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 who owns, directly or indirectly through foreign 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 foreign corporation, such as the Company. If the Company were to be treated as a Controlled Foreign Corporation, those 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. Such 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 Shares of the Company would generally be taxed as dividend income, rather than as capital gain income.

4.6 ***The Company is expected to be treated as a “passive foreign investment company”.***

The Company’s treatment as a “passive foreign investment company” (“PFIC”) is likely to have adverse tax consequences for Shareholders and CULS Holders that are US taxpayers or are otherwise subject to US tax rules. The Company is not required to provide the information necessary for US taxpayers to make a “qualified electing fund” or “QEF” election with respect to equity interests in the Company. Prospective investors that are US tax payers or that otherwise are subject to US tax rules are urged to consult with their own tax advisors regarding the effect of the PFIC rules.

4.7 *US withholding tax could apply to a portion of certain payments on the CULS and the Ordinary Shares*

Sections 1471 through 1474 of the US Code, an agreement entered into with the US Internal Revenue Service (“**IRS**”) pursuant to such sections of the Code, or an intergovernmental agreement (an “**IGA**”) between the United States and another jurisdiction in furtherance of such sections of the Code (including any non-US laws and regulations implementing such an IGA) (collectively referred to as “**FATCA**”) impose an information reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments, including redemption payments and proceeds of dispositions, to: (a) any non-US financial institution (a “foreign financial institution” or “**FFI**” (as defined by FATCA)) that does not become a “Participating FFI” by entering into an agreement with the IRS to provide the IRS with certain information in respect of its account holders and investors, unless otherwise exempt from or deemed to be in compliance with FATCA or, where applicable, the FFI complies with any local laws enacted in respect of an IGA; and (b) any investor that (unless otherwise exempted) does not provide certain tax certifications or ownership information (or, if applicable, a waiver of any laws prohibiting disclosure of such information to a taxing authority). The Company and most financial intermediaries will be subject to the requirements imposed under FATCA.

Withholding under FATCA is phased in beginning 1 July 2014 for payments from sources within the United States and will apply to payments that are from sources outside the United States to the extent they are “foreign passthru payments” (a term not yet defined) no earlier than 1 January 2017.

The United States and a number of jurisdictions, including Guernsey and the United Kingdom, have entered into IGAs to facilitate the implementation of FATCA. Payee financial institutions that are resident in a country that has entered into an IGA may be required to comply with such country’s FATCA implementing laws, which may not require that the financial institution enter into an agreement with the IRS. In such case, such country’s FATCA implementing laws generally are expected to require the financial institution to collect and report substantially similar information on its account holders to the relevant taxing authority of such country which will send such information to the IRS.

No assurance can be given that the Company or any intermediary will be able to take all necessary actions to comply with FATCA. Further, the Company’s or an investor’s ability to avoid the withholding taxes under FATCA may not be within its control and may depend on the actions of an intermediary or other withholding agents in the chain of custody (and in the case of intermediaries, on the actions of beneficial owners). In the event that the Company or an intermediary is required to deduct a withholding tax under FATCA, neither the Company nor any intermediary will be required to pay any additional amounts with respect to the amounts so withheld.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and IGAs, all of which are subject to change or may be implemented in a materially different form. Potential investors should consult their own tax advisors to determine how FATCA may affect such investor in its particular circumstance.

5. Accounting Practices and Policies

5.1 *Changes in financial reporting standards or accounting practices.*

Any change in financial reporting standards or accounting practices applicable to the Company could affect the reported value of investments held by the Company or the level of profits available for the payment of dividends and, accordingly, could reduce the returns to Shareholders.

5.2 *Treatment of the interest expense on the CULS.*

The interest expense on the CULS is recognised in the statement of comprehensive income using the effective interest rate method. This could reduce the level of profits available for the payment of dividends and, accordingly, could reduce the returns to Shareholders.

6. Gearing

6.1 *The use of gearing may enhance the total return on the Ordinary Shares but may also have the opposite effect in certain circumstances.*

The CULS will, following the Initial Issue and the Further Issue (if the Company decides, in its absolute discretion (but subject to Shareholder Approval), to issue the Further CULS), provide further gearing for the Company. All gearing used by the Company must be in accordance with its borrowing policy and the Articles. Whilst the use of gearing should enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is rising and exceeds the costs associated with the gearing, it will have the opposite effect where the underlying return is less than the cost of borrowing, further reducing the total return on the Ordinary Shares.

6.2 *The use of borrowings by the Company may increase the market price of the CULS.*

The use of borrowings by the Company may increase the volatility of the NAV and market price of the Ordinary Shares and, as a result, the market price of the CULS.

7. CULS

7.1 *The market price of the CULS will be influenced by a number of factors.*

The market price of the CULS will be influenced by a number of factors, including the supply of, and demand for, CULS, the price, NAV and dividend yield of the Ordinary Shares, prevailing interest rates, market conditions and investor sentiment, either general or specific to the Company and there can be no guarantee that the market price of the CULS will fully reflect any value inherent in their convertibility into Ordinary Shares. Accordingly, the value of an investment in the CULS may go down as well as up and CULS Holders may not be able to realise the amount of their original investment. Investors should note that it is intended that the CULS will be admitted to trading on the Specialist Fund Market and that trading will be conducted on the basis of a unit price per CUL as opposed to a percentage price and that such unit price will include the accrual of any interest due to CULS Holders.

7.2 *CULS Holders may not be able to hold their CULS until the final Maturity Date of the CULS and to have their CULS redeemed for cash on that 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, at any time: (i) 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 (ii) 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 nominal amount of the CULS. If any of these situations were to occur, CULS Holders would not be able to hold their CULS until the final Maturity Date of the CULS of 30 July 2021 and so would not be able to have their CULS redeemed in cash on that date.

7.3 *Any material changes to the Company could adversely affect the rights of the CULS Holders and the value of the CULS and/or the Ordinary Shares.*

Neither the CULS nor the Trust Deed contain any restriction on the disposal of assets or the creation of charges by, or changes in, the nature of the business of the Company. Any material increase in the Company's borrowings, material disposal of assets or creation of charges by, or material changes in, the nature of the Company's business could adversely affect the rights of the CULS Holders and the value of the CULS and/or the Ordinary Shares.

7.4 *The CULS will be subordinated to the Company's senior borrowings and senior creditors.*

The terms and conditions of the CULS are subject in their entirety to the terms of the Subordination Agreement, which will be entered into between, amongst others, the Company, the Senior Creditors and the Trustee. CULS Holders will be required to agree to and be bound by, and will be deemed to have notice of, the provisions contained in the Trust Deed, the Conditions and the Subordination Agreement.

Any failure to pay any amount under or in respect of the CULS to the Trustee or any CULS Holder as a result of the provisions of the Subordination Agreement shall not give rise to an event of default under or a breach of the Conditions. Any amount which is not so paid due to the provisions of the Subordination Agreement shall remain a debt owing to the Trustee or the relevant CULS Holder, as the case may be, by the Company until it is paid and shall be payable, in the case of principal, on the third business day after the day on which the relevant provisions of the Subordination Agreement no longer apply (whether or not such a date is otherwise a payment date pursuant to the Conditions) and, in the case of interest, on such business day or the next Interest Payment Date (at the Company's election), but no interest shall accrue on any amount under or in respect of the CULS which is not paid as a result of the relevant provisions of the Subordination Agreement.

So long as any Senior Debt remains outstanding, the Subordination Agreement provides, *inter alia*, for the priority of Senior Debt over all amounts payable by the Company under the Trust Deed and the CULS (other than Trustee Fees and Expenses) (the "**Subordinated Debt**") as follows:

- (i) the subordination of the Subordinated Debt to Senior Debt in the event of insolvency of the Company and in respect of the order of distribution of any proceeds derived from, or resulting out of, the winding-up of the Company;
- (ii) the prevention of the Trustee and each CULS Holder from requiring the Company to repay or prepay any principal due on the maturity date of the CULS if a Senior Default or Senior Payment Default has occurred and is continuing and, following redemption, no Senior Default or Senior Payment Default would occur or arise as a result thereof;
- (iii) the prevention of the Company from exercising its right to redeem the CULS pursuant to Condition 7.2 if a Senior Default has occurred and is continuing, a Senior Payment Default has occurred and is continuing or an Insolvency Event has occurred which has not been discharged;
- (iv) the prevention of the Trustee and each CULS Holder from requiring the Company to repay principal and accrued interest on the exercise of an optional right of redemption by a CULS Holder following a Relevant Event if all outstanding amounts of the Senior Debt have not been repaid in full prior to the proposed redemption date, a Senior Default has occurred and is continuing, a Senior Payment Default has occurred and is continuing or an Insolvency Event has occurred which has not been discharged;
- (v) the prevention of payments to the CULS Holders or the Trustee (in its capacity as trustee) of any other amount payable in accordance with the terms of the Subordinated Debt on the due date thereof, including scheduled payments of interest, if a Senior Default has occurred and is continuing, a Senior Payment Default has occurred or is continuing or an Insolvency Event has occurred which has not been discharged; and
- (vi) the prevention of the Trustee and each CULS Holder from taking any Enforcement Action in respect of any of the events or circumstances described in Condition 8 which would, but for the Subordination Agreement, constitute an Event of Default, except in certain limited circumstances, including the expiry of a 179-day period following the date on which the Senior Representatives receive notice from the Trustee that a CULS Default has occurred and is continuing.

In addition, if the Trustee or any CULS Holder receives a payment or distribution in respect of any Subordinated Debt other than as permitted by the Subordination Agreement or receives the proceeds of any enforcement of any security interest or guarantee or other assurance against financial loss for any Subordinated Debt, the Trustee or such CULS Holder must hold the amount received by it (up to a maximum of an amount equal to the Senior Debt) on trust for Senior Creditors (or their representative(s)) and pay that amount, less certain third party costs and expenses (if any) incurred in recovering such amount, for application against the Senior Debt in accordance with the Subordination Agreement.

The Subordination Agreement allows the Company to refinance, replace, renew or increase any existing Senior Debt and to borrow or incur any new Liabilities which are to constitute new Senior Debt. As such, there is no guarantee that, upon the refinancing of the Company's Senior Debt which is outstanding as at the date of this Prospectus, the subordination provisions contained in the Subordination Agreement would fall away and the Company may raise new debt which would constitute Senior Debt and rank in priority to the Subordinated Debt, as described above.

7.5 *The CULS contain only limited Events of Default.*

The CULS contain only limited Events of Default, including: (i) non-payment, except as provided by the Subordination Agreement, of principal or interest for 14 days; (ii) winding-up or dissolution of the Company; (iii) certain events relating to insolvency of or insolvency proceedings or creditors' process involving the Company or its assets; (iv) breach of the obligations of the Company under the CULS or the Trust Deed (which breach is not remedied within 30 days; or (v) in respect of an alteration, attachment, creation or issue of a new class of shares by the Company. In particular, the CULS do not contain an Event of Default which would occur as a result of the default or acceleration of the Company's other indebtedness. As a result, there is no guarantee that the CULS Holders will be repaid at the same time as other creditors of the Company if the Company is unable to meet its obligations to such other creditors.

7.6 *Modification, waivers and substitution.*

The Trust Deed contains provisions for calling meetings of CULS Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all CULS Holders, including CULS Holders who did not attend and vote at the relevant meeting and CULS Holders who voted in a manner contrary to the majority. The Conditions of the CULS provide that the Company may, with the consent of the Trustee, but without the consent of the holders of the CULS, amend the Conditions of the CULS and/or the Trust Deed: (a) which, in the opinion of the Trustee, is proper to make and: (i) such modification is not, in the opinion of the Trustee, materially prejudicial to the interests of the CULS Holders; or (ii) such modification is, in the opinion of the Trustee, of a formal, minor or technical nature or to correct a manifest error; or (b) in order to reflect changes in the CREST Regulations or in applicable law and practice relating to the holding or transfer of the CULS in uncertificated form and the issue of Ordinary Shares.

7.7 *Risks attached to the exercise of Conversion Rights.*

At any point when the CULS are outstanding, depending on the performance of the Ordinary Shares, the value of the Ordinary Shares may be substantially lower than when the CULS were initially purchased. In addition, because there will be a delay between when Conversion Rights are exercised and when Ordinary Shares are delivered, the value of the Ordinary Shares to be delivered may vary substantially between the date on which Conversion Rights are exercised and the date on which such Ordinary Shares are delivered.

7.8 *CULS Holders have limited anti-dilution protection.*

The Conversion Price at which the CULS may be converted into Ordinary Shares will be adjusted if there is a consolidation, reclassification or subdivision of the Ordinary Shares, capitalisation of profits or reserves, payment or making of certain dividends, rights issue or grant of other subscription rights or other adjustment, including a spin-off event, which affects the Ordinary Shares, but only in the situations and only to the extent provided under Condition 4. There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Ordinary Shares. Events in respect of which no adjustment is made may adversely affect the value of the Ordinary Shares and, therefore, adversely affect the value of the CULS.

7.9 *No gross-up under the CULS for additional amounts.*

All payments of principal and interest by or on behalf of the Company in respect of the CULS shall be made free and clear of, and without withholding or deduction for or on account of any taxation, unless required by law. As a result, the Company will not be required to pay any additional or further amounts in respect of such withholding or deduction and CULS Holders will receive any such payment of principal or interest net of such withholding or deduction.

7.10 *CULS Holders will bear the risk of fluctuation in the price of the Ordinary Shares.*

The market price of the CULS is expected to be affected by fluctuations in the market price of the Ordinary Shares and it is impossible to predict whether the price of the Ordinary Shares will rise or fall. Trading prices of the Ordinary Shares will be influenced by, among other things, the financial position of the Company, its results of operations, its future prospects and political, economic, financial and other factors. Any decline in the market price of the Ordinary Shares may have an adverse effect on the market price of the CULS.

The future issue of Ordinary Shares by the Company or the disposal of Ordinary Shares by any substantial shareholders of the Company or the perception that such issues or sales may occur may significantly affect the trading price of the CULS and the Ordinary Shares. There can be no assurance that the Company will not issue Ordinary Shares or that any substantial shareholder will not dispose of, encumber or pledge its Ordinary Shares or related securities.

7.11 *The CULS are designed to be held over the long-term and may not be suitable as short-term investments.*

There can be no guarantee that any appreciation or no depreciation in the value of the Company's investments will occur and the value of the CULS may go down as well as up. Accordingly, investors may not get back the full value of their original investment in the CULS.

7.12 *The past performance of the Company is no guarantee of future performance.*

The past performance of the Company is not, and should not be relied upon as, a guide to the future performance of the Company and there can be no guarantee that the Company will achieve its investment objective.

7.13 *No active trading market and no guarantee of a liquid market for the CULS, and realising an investment in the CULS may be difficult.*

The CULS are new securities which may not be widely distributed and for which there is currently no active trading market. If the CULS are traded after their initial issuance, they may trade at a discount to their Initial Issue Price in the case of the Initial CULS and their Further Issue Price in the case of the Further CULS (if issued), depending upon prevailing interest rates, the market for similar securities, general economic conditions, the Company's financial position, results of operations and future prospects and the market price of the Ordinary Shares. There is no assurance that an application to the London Stock Exchange for the Initial CULS to be admitted to trading on the Specialist Fund Market will be accepted or that an active trading market will develop. Accordingly, there can be no assurance as to the development or liquidity of any trading market for the CULS, and it may be difficult to realise an investment in the CULS at their quoted market prices.

7.14 *An investment in the CULS should constitute part of a diversified investment portfolio.*

An investment in the CULS should constitute part of a diversified investment portfolio and is only suitable for investors capable of evaluating the risks (including the potential risk of capital loss) and merits of such investment and who have sufficient resources to bear any loss which may result from such investment.

7.15 *The CULS are subject to certain United States ownership and transfer restrictions.*

The CULS may not be legally or beneficially owned by any US Person at any time nor offered, sold, delivered, pledged, assigned or otherwise transferred or exercised or redeemed at any time within the United States or to, or for the account or benefit of, any US Person. The Company may require the transfer of CULS (including by way of a disposal effected by the Company itself) if it determines at any time that any CULS is legally or beneficially owned by any US Person. The terms and conditions of any transfer, including the sale price, shall be determined in the sole discretion of the Company and the Company shall not be liable to any person having an interest in the CULS sold as a result of any sale or the exercise of such forced transfer, although any forced transfer could lead to potential claims and related costs even though the Company considers that it would be acting in accordance with the powers that it has and does not believe that any such claim would be valid.

7.16 *Changes in the treatment of the CULS and changes in law, taxation and regulatory that occur between the Initial Issue and the Further Issue (if any) may mean that the consequences of holding Initial CULS compared to Further CULS may be different for particular CULS Holders.*

There will be an Initial Issue of Initial CULS and if the Company decides, in its absolute discretion (but subject to Shareholder Approval), a Further Issue of Further CULS. Terms and conditions of the Initial CULS and, if issued, the Further CULS, will be identical (save as to issue date and issue price) and the Initial CULS and Further CULS will be consolidated and form a single series of securities. However, as a consequence of the fact that the Initial Issue and the Further Issue (if any) will occur on different dates and possibly at different prices, the legal, taxation and/or regulatory treatment of the two tranches may differ. In addition, during the period between the Initial Issue and the Further Issue, changes in law, taxation and regulation may occur in Guernsey, the US and the UK, as well as other jurisdictions relevant to the Company and/or to CULS Holders that may affect the CULS. Accordingly, it may be possible that the consequences of holding Initial CULS compared to Further CULS may differ for particular CULS Holders as a result of those legal, tax or regulatory changes.

8. Ordinary Shares

8.1 *There may be potential structural conflicts of interests between the different classes of shares.*

The Company currently has two classes of shares in issue – Ordinary Shares and the ZDP Shares. The different rights and expectations of the share classes in issue from time to time may give rise to conflicts of interest between them. Holders of 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 ZDP Shares on their repayment date (being 22 June 2016) but can be expected to have no interest in any growth in capital in excess of that pre-determined amount. Conversely, Shareholders will, by virtue of the geared nature of their investment, be interested in both increases in the capital value of the investment portfolio in the period up to that repayment date in excess of the final capital entitlement of the ZDP Shares (since this will form the basis of capital returns to be made in respect of the Ordinary Shares) and 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, Shareholders should note that achieving income is only a secondary objective of the Company.

Whilst the Company's corporate objective and investment strategy will need to seek to balance the interests of Shareholders in maximising capital growth (with income as a secondary objective) with the interests of the holders of ZDP Shares in meeting their expected predetermined final capital entitlement 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. Given the entitlement of Shareholders to the net revenue profits (including accumulated but unpaid revenue reserves, if any) of the Company on a winding up, the Company may continue to pay distributions in circumstances where the final capital entitlement of the holders of ZDP Shares may not or cannot be met.

If there is a material fall in the capital value of the investment portfolio such that the final capital entitlement of the ZDP Shares is significantly uncovered, the Directors may find it impossible to meet fully the expectations of both classes of shareholders. In such circumstances, the Directors will need to act in a manner which they consider to be fair and equitable to both classes but having regard to the entitlements of each class of shares under the Articles.

8.2 *There may not be a liquid secondary market for the Ordinary Shares, the price of which may fluctuate.*

There may not be a liquid secondary market for the Ordinary Shares, the price of which may fluctuate, and an investment in the Company should be regarded as medium to long-term in nature and may not be suitable as a short-term investment. In addition, the value of the Ordinary Shares can go down as well as up. The market price and the realisable value of the Ordinary 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, market conditions and general investor

sentiment. As such, the market value and the realisable value of the Ordinary 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 may go down as well as up and Shareholders may not be able to realise the amount of their original investment. In addition, the published market price of the Ordinary Shares will be, typically, their middle market price. Due to the potential difference between the middle market price of the Ordinary Shares and the price at which the Ordinary Shares can be sold, there is no guarantee that the realisable value of the New Ordinary 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, Shareholders have no right to have their Ordinary Shares redeemed by the Company at any time. Unless Shareholders vote to wind up the Company, 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.

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

The Ordinary Shares are admitted to trading on 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 may affect the ability of Shareholders to realise their investment.

In addition, stock markets have from time to time experienced extreme price and volume volatility, which, besides general economic and political conditions, could adversely affect the market price for the Ordinary Shares. To optimise returns, investors may need to hold the Ordinary Shares on a long-term basis and they may not be suitable for short-term investment. Listing should not be taken as implying that there will be a liquid market for the Ordinary Shares. There is no guarantee that an active market will develop or be sustained for the Ordinary Shares after listing. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Conversion Price.

8.3 *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 Ordinary Shares (as well as the ZDP Shares) are admitted to trading on the Specialist Fund Market and are 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 carry a higher risk than an investment in securities listed on the premium segment of the Official List. Notwithstanding this, the Board continues to act as if the regulatory framework which would apply to the Company if it was 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.

8.4 ***Conversion of the CULS or future share issues could dilute the interests of Shareholders and lower the price of Ordinary Shares.***

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.

In addition, the Company may issue additional shares 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. Such issues may be of Ordinary Shares, ZDP Shares or shares ranking in priority to the Ordinary Shares and/or the ZDP Shares. In addition, the issue of additional shares by the Company, or the possibility of such issue, may cause the market price of the Ordinary Shares to decline. Furthermore, such additional shares may be of a class ranking in priority to the Ordinary Shares and/or the ZDP Shares in respect of dividends or other distribution or other rights which may change the risk reward characteristics and reduce the value of the Ordinary Shares.

8.5 ***The Ordinary Shares will rank behind the interests of the Company's creditors (including CULS Holders).***

In the event of a winding-up of the Company, the Ordinary Shares will rank behind any creditors of the Company or prior ranking capital of the Company (including the CULS) and behind the capital entitlements of the holders of ZDP Shares and, therefore, any positive return for Shareholders will depend on the Company's assets being sufficient to meet such prior entitlements.

8.6 ***The restrictions on the Company with respect to the payment of dividends (including by Guernsey law, the Articles and the Credit Agreement) 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 amount equal to approximately 3 per cent. of the Company's net assets (the Credit Agreement contains a restriction on the payment of dividends payable semi-annually in the ordinary course of business exceeding 5 per cent. of the NAV of the Company in any financial year (and measured at the time of such payment)). The Company may declare dividends but the ability of the Company to pay dividends is restricted by Guernsey law, the Articles and the Credit Agreement. As a result of these restrictions, the Company may be unable to pay dividends in line with its current dividend policy or at all.

8.7 ***The Ordinary Shares are subject to certain United States ownership and transfer restrictions.***

The Directors may decline to register a person as a holder of Ordinary Shares or to require the transfer of those Ordinary 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 US Holder would constructively own more than 9.9 per cent. of the Ordinary Shares in issue.

8.8 ***Any forced sale of Ordinary Shares or other securities could lead to potential claims and related costs.***

The Company may take unilateral action for purposes of forcing the sale of Ordinary Shares or other securities which the Company believes to be held in breach of restrictions imposed by the Articles. 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.

8.9 *A resolution concerning the appointment and removal of Directors could lead to a voting scale back.*

In respect of a resolution concerning the appointment and removal of one or more Directors, each 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, such person is not a US resident. Those Shareholders that do not certify on those terms would still be able to vote on the resolution, but the aggregate total of the votes that such Shareholders are entitled to cast would be limited to 49 per cent. of the total number of votes that all Shareholders are entitled to cast.

8.10 *The Ordinary 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 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 Ordinary Shares. The Directors have the power to require the sale or transfer of Ordinary Shares in order to avoid the assets of the Company being treated as “plan assets” for the purpose of ERISA.

8.11 *The Ordinary 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 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

Investors should rely only on the information contained in this Prospectus, which relates not only to the Initial Issue of Initial CULS but also sets out information relating to the Further Issue of Further CULS. No person has been authorised to give any information or to make any representations other than those contained in this Prospectus in connection with the Issues and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Investment Adviser or JPMC. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G(1) of the FSMA, the delivery of this Prospectus shall not, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Prospectus or that the information contained in this Prospectus is correct as of any time subsequent to its date. The Company will, in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of any CULS, prepare a supplement to this Prospectus, or if the Company elects to issue the Further CULS, a supplement to this Prospectus for use in connection with the Further Issue, in compliance with section 87G(1) of the FSMA. This Prospectus should be read and construed with any supplement thereto.

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters. Potential investors should inform themselves as to: (i) the legal requirements within their own countries for the holding, transfer or other disposal of CULS or Ordinary Shares; (ii) any foreign exchange restrictions applicable to the holding, transfer or other disposal of CULS or Ordinary 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 holding, transfer or other disposal of CULS or Ordinary Shares. Potential investors must rely upon their own advisers as to legal, tax, investment or any other related matters concerning the Company and an investment in CULS or Ordinary Shares.

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

Typical investors in the Company

An investment in the Company should constitute part of a diversified investment portfolio and is only suitable for investors capable of evaluating the risks (including the potential risk of capital loss) and merits of such investment and who have sufficient resources to bear any loss which may result from such investment. Accordingly, 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 in businesses primarily in the United States (and also European micro cap businesses) providing a superior overall return comprised of a current yield and significant capital appreciation.

An investment in the Company may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment (such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in the CULS or the Ordinary Shares).

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.

Investors should note that it is intended that the CULS will be admitted to trading on the Specialist Fund Market and that trading will be conducted on the basis of a unit price per CUL as opposed to a percentage price and that such unit price will include the accrual of any interest due to CULS Holders.

Overseas investors

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy or subscribe for CULS or any Ordinary Shares arising on any conversion of the CULS in the United States or in any other jurisdiction where such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company or JPMC. This Prospectus is not for distribution, directly or indirectly, in, into or from an Excluded Jurisdiction.

Neither the CULS nor the Ordinary Shares arising on any conversion of the CULS have been, or will be, registered under the US Securities Act or under the securities legislation of any state or other jurisdiction of the United States or under the applicable securities laws of any other Excluded Jurisdiction. Neither the CULS nor the Ordinary Shares arising on any conversion of the CULS may be directly or indirectly offered, sold, renounced, transferred, taken up or delivered in, into or within an Excluded Jurisdiction or to or for the account or benefit of US Persons, or any person resident in any Excluded Jurisdiction, or any other country or territory where to do so would or might contravene local securities laws or regulations. In addition, no invitation or solicitation will be made to the public in the Cayman Islands to subscribe for the CULS or any Ordinary Shares arising on any conversion of the CULS.

Investors who have registered addresses outside the UK, or who are citizens of or resident or located in countries other than the UK (including, without limitation, the US or any of the other Excluded Jurisdictions) should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to take up CULS under the Issues.

It is the responsibility of any person receiving a copy of this Prospectus outside the United Kingdom to satisfy themselves as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any other issue, transfer or other taxes due in such other territory. Persons (including, without limitation, nominees and trustees) receiving this Prospectus should not distribute or send it into any jurisdiction when to do so would, or might, contravene local securities laws or regulations.

Forward-looking Statements

The statements, including any forward-looking statements, contained in this Prospectus are made at the date of this Prospectus, unless some other time is specified in relation to them, and distribution of this Prospectus shall not give rise to any implication that there has been no change in the facts set out in this Prospectus since such date.

This Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “expects”, “intends”, “anticipates”, “aims”, “estimates”, “may”, “will”, “would”, “could” or “should” or other variations or comparable terminology or, in each case, their negative. They include statements regarding the intentions, beliefs or current expectations of the Company concerning, amongst other things, the investment performance, prospects and dividend policy of the Company and the markets in which it invests and the issuing of securities by the Company. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and, accordingly, forward-looking statements may, and often do, differ materially from actual results.

Investors should not place undue reliance on such forward-looking statements, and the Company does not undertake any obligation to update publicly or revise any forward-looking statements, save as required by the Listing Rules, the Prospectus Rules, the Disclosure and Transparency Rules or any other applicable law or regulation.

No forward-looking statements, contained in this Prospectus shall be taken to qualify the working capital statement on page 57 of this Prospectus.

Pounds Sterling, US dollar and Euro references

All references to “£”, “Pounds Sterling” and “pence” (including the abbreviation “p”) are to the lawful currency of the United Kingdom, all references to “US\$”, “US dollars” and “cents” are to the lawful currency of the United States, and all references to “€” and “Euro” are to the official currency of the European Union’s member states.

Latest practicable date

All references in this Prospectus to 18 July 2014 should be regarded as being references to the latest practicable date prior to the publication of this Prospectus.

Exchange rate

Except as otherwise expressly stated, all references in this Prospectus to amounts stated in both US dollars and Pounds Sterling are calculated using an exchange rate of GBP/USD 1.70985, the spot rate published by WM/Reuters as at 30 June 2014.

EXPECTED TIMETABLE

2014

Initial CULS

Last time and date for receipt of initial placing commitments for Initial CULS	12.00 midday on Friday, 25 July
Admission and commencement of dealings in the Initial CULS on the Specialist Fund Market	8.00 a.m. on Wednesday, 30 July
CREST stock accounts credited with the Initial CULS issued in certificated form (subject to confirmation of Admission and commencement of dealings by the expected time and date)	Wednesday, 30 July
Definitive certificates for the Initial CULS issued in certificated form despatched (subject to confirmation of Admission and commencement of dealings by the expected time and date)	As soon as practicable but dispatch no later than 21 days after Wednesday, 30 July

Further CULS

The Company may, in its absolute discretion (but subject to Shareholder Approval), during the period from the date of this Prospectus to (and including) the date 12 months after the date of this Prospectus, issue the Further CULS. If the Company elects to do so, the Supplementary Prospectus and Further Issue Pricing Announcement will contain details of the Expected Timetable for the Further CULS. The Further CULS, if issued, will be admitted to trading on the Specialist Fund Market within 12 months of the date of this Prospectus.

Notes:

1. References to times in this Prospectus are to London time.
2. All times and dates in the expected timetable above and elsewhere in this Prospectus are indicative only and may be adjusted by the Company (with the agreement of JPMC). Any changes to the timetable will be notified by publication of a notice through a RIS.

ILLUSTRATIVE INITIAL ISSUE STATISTICS¹

	<i>Initial CULS</i>
Interest rate (per annum)	6.00%
Aggregate nominal amount issued	£38,861,140
Issue price	£10 per £10 in nominal amount
Conversion Price	£6.0373
Conversion Price premium ²	2.5%
Estimated Net Issue Proceeds ³	£38.02m

Notes:

1. The terms and conditions of the Further CULS will be identical (save as to issue date and issue price) to the Initial CULS and will be consolidated and form a single series of securities. The issue price of the Further CULS may differ from the issue price of the Initial CULS depending on the prevailing market conditions at the time of the respective Issues. The issue price of the Further CULS, among other things, will be set forth in the Supplementary Prospectus and Further Issue Pricing Announcement.

Ordinary Shares

Number of Ordinary Shares in issue at date of this Prospectus	65,018,607
Number of Ordinary Shares to be issued on exercise of Initial CULS conversion rights ⁴	6,436,842

ZDP Shares⁵

Number of ZDP Shares in issue at date of this Prospectus	20,707,141
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¹ The statistics set out above are for illustrative purposes only based on the assumption that £38,861,140 in nominal amount of Initial CULS is issued pursuant to the Initial Issue.

² To the published unaudited NAV per Ordinary Share as at 30 June 2014.

³ Based on the assumption that £38,861,140 in aggregate nominal amount of Initial CULS is issued.

⁴ Based on the Conversion Price and on the assumption that £38,861,140 in aggregate nominal amount of Initial CULS is issued and all Initial CULS are converted to Ordinary Shares.

⁵ No ZDP Shares will be issued on the exercise of the conversion rights of the CULS.

DEALING CODES

	<i>CULS</i>	<i>Ordinary Shares</i>	<i>ZDP Shares</i>
ISIN	GG00BP46PR08	GG00B403HK58	GG00B40D7X85
SEDOL number	BP46PR0	B403HK5	B40D7X8
TIDM mnemonic	JZCC	JZCP	JZCN
CISE mnemonic		JZC	JZZ

INFORMATION INCORPORATED BY REFERENCE

Paragraphs 2 and 3 of Part 5 of this Prospectus incorporate certain sections (being those sections listed in the tables in such paragraphs and collated below) of the following documents (the “**Financial Statements**”) into this Prospectus:

- the Company’s annual report and accounts for the year ended 29 February 2012;
- the Company’s annual report and accounts for the year ended 28 February 2013; and
- the Company’s annual report and accounts for the year ended 28 February 2014.

<i>Information incorporated by reference</i>	<i>Annual Report and Accounts for Year Ended</i>		
	<i>29 February 2012 Page No(s)</i>	<i>28 February 2013 Page No(s)</i>	<i>28 February 2014 Page No(s)</i>
Performance highlights	—	2	2
Directors’ report	6 – 8	6 – 8	5 – 7
Chairman’s statement	2 – 3	3 – 5	3 – 4
Investment Adviser’s report	9 – 13	9 – 15	11 – 16
Directors’ remuneration report	23 – 24	20	23
Income Statement	30	32	35
Balance Sheet	31	33	36
Reconciliation of movements in Shareholders’ funds	32	34	37
Cashflow statement	33	35	38
Notes to the financial statements (including accounting policies)	34 – 63	36 – 77	39 – 80
Independent auditors’ report	29	26	28
Related party transactions	62	74	78

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.

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.

Except as set out above, no other portion of the Financial Statements is incorporated by reference into this Prospectus. Those sections of the Financial Statements that have not been specifically incorporated into this Prospectus are either not relevant for prospective investors or the relevant information is included elsewhere in this Prospectus.

Copies of the Financial Statements (all as filed with the UK Listing Authority) are available for inspection at the address set out in paragraph 16 of Part 7 of this Prospectus and can be downloaded from <http://www.jzcp.com>.

This Prospectus includes certain references to the Company’s website (being <http://www.jzcp.com>). For the avoidance of doubt, neither the Company’s website nor the content of any website accessible from hyperlinks on that website or any other website is, or is deemed to be, incorporated into, or form, or is deemed to form, part of this Prospectus.

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

Directors

David Macfarlane (*Chairman*)
Patrick Firth (*Independent non-executive Director*)
James Jordan (*Independent non-executive Director*)
Tanja Tibaldi (*Independent non-executive Director*)
Christopher Waldron (*Independent non-executive Director*)

all non-executive and of

PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL

Registered Office

PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL

Investment Adviser

Jordan/Zalaznick Advisers, Inc.
9 West 57th Street, 33rd Floor
New York NY 10019

Administrator, Registrar and Secretary

Northern Trust International Fund Administration Services (Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL

Broker and Placing Agent

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

Custodian

HSBC Bank (USA) NA
452 Fifth Avenue
New York NY 10018

Trustee

The Law Debenture Trust Corporation p.l.c.
Fifth Floor
100 Wood Street
London EC2V 7EX

Solicitors to the Company (in respect of English law)

Ashurst LLP
Broadwalk House
5 Appold Street
London EC2A 2HA

Solicitors to the Company (in respect of Guernsey law)

Mourant Ozannes
PO Box 186
1 Le Marchant Street
St Peter Port
Guernsey GY1 4HP
Channel Islands

Solicitors to the Broker and Placing Agent

Norton Rose Fulbright LLP
3 More London Riverside
London SE1 2AQ
United Kingdom

Auditor

Ernst & Young LLP
PO Box 9
Royal Chambers
St Julian's Avenue St Peter Port
Guernsey GY1 4AF

UK Transfer and Paying Agent

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

PART 1

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

21 July 2014

Dear Shareholder

ISSUE OF UP TO £77,722,280 IN AGGREGATE NOMINAL AMOUNT OF 6.00 PER CENT. CONVERTIBLE UNSECURED SUBORDINATED LOAN STOCK DUE 2021

Introduction

The Board today announced a proposal to raise up to £77,722,280 through the issue of 6.00 per cent. convertible unsecured subordinated loan stock due 2021.

The Board proposes to structure the offer by way of:

1. an initial tranche of £38,861,140 in aggregate nominal amount of 6.00 per cent. convertible unsecured subordinated loan stock due 2021 of the Company (the “**Initial CULS**”) to be issued (the “**Initial Issue**”) at an issue price (the “**Initial Issue Price**”) of £10 per £10 in nominal amount; and
2. if the Company decides, in its absolute discretion (but subject to Shareholder Approval), during the period from the date of this Prospectus to (and including) the date 12 months after the date of this Prospectus, a further tranche (the “**Further Issue**” and, together with the Initial Issue, the “**Issues**”) of up to £38,861,140 in aggregate nominal amount of 6.00 per cent. convertible unsecured subordinated loan stock due 2021 of the Company (the “**Further CULS**”) to be consolidated and form a single series with the Initial CULS (the Initial CULS, together with the Further CULS, the “**CULS**”).

The CULS will bear interest at a rate of 6.00 per cent. per annum payable semi-annually in arrear. The aggregate nominal amount and the issue price of the Further CULS (the “**Further Issue Price**”) will be determined following a process of “bookbuilding” by JPMC as Placing Agent and will be published in a supplementary prospectus (the “**Supplementary Prospectus**”) and set forth in an announcement which will be published by the Company (the “**Further Issue Pricing Announcement**”). There will be no withdrawal rights under section 87Q of the FSMA in the event that a Supplementary Prospectus is issued as there is no offer of securities to the public within the meaning of the Prospectus Directive. Holders of Initial CULS and Further CULS will be able to convert their CULS into Ordinary Shares from (and including) the forty-first business day in London and Guernsey after the relevant Issue Date up to (and including) the tenth business day in London and Guernsey prior to the Maturity Date of the CULS, and all outstanding CULS will be repayable at par on 30 July 2021.

The Initial Issue of Initial CULS is being made pursuant to the 10 per cent. pre-emption right disapplication authority obtained at the Company’s annual general meeting held on 19 June 2014. The Further Issue of Further CULS is conditional on a further separate pre-emption right disapplication authority. The Net Issue Proceeds of the Initial Issue will be approximately £38.02 million based on the

assumption that £38,861,140 in aggregate nominal amount of Initial CULS is issued. If the Company elects to issue the Further CULS to the same value, the Net Issue Proceeds of the Initial Issue and Further Issue will be approximately £76.29 million, in aggregate.

Application has been made to the London Stock Exchange for the Initial CULS to be admitted to trading on the London Stock Exchange's Specialist Fund Market. It is expected that Admission will become effective and that dealings in the Initial CULS to be issued pursuant to the Initial Issue will commence at 8.00 a.m. on Wednesday, 30 July 2014. If the Company elects to issue the Further CULS, the Supplementary Prospectus and Further Issue Pricing Announcement will contain details of when Admission of the Further CULS is expected to occur and when dealings in the Further CULS is expected to commence. The Further CULS, if issued, will be admitted to trading on the Specialist Fund Market within 12 months of the date of this Prospectus.

The Ordinary Shares and ZDP Shares are admitted to trading on the Specialist Fund Market and are also admitted to listing on the Channel Islands Securities Exchange.

A supplement to this Prospectus will be issued for half and full year results and if there is a significant new factor or material mistake or inaccuracy relating to information in the Prospectus, including in the minimum situations described in Prospectus Rule 3.4.4.

The Investment Adviser sees a number of opportunities to deploy capital at present as a result of a paucity of capital in the US micro cap market and low valuations being placed on businesses by sellers. Accordingly, the Company is raising additional capital in the form of the CULS to give the Company additional capital to pursue such opportunities. Equally the tenor of the CULS capital enables the Company to manage its liquid resources up to the redemption of the ZDP Shares on the date of their repayment (being 22 June 2016), in conjunction with shorter term facilities that the Company may arrange.

The purpose of this Prospectus, *inter alia*, is to provide details, and explain the benefits, of the Issues, as well as to set out the details and terms of the CULS.

Benefits of the Issues

It is believed that any Issue of CULS will have the following advantages:

1. The CULS will give the Company:
 - additional capital to pursue opportunities in the US micro cap market where the Investment Adviser sees a number of opportunities to deploy capital at present as a result of a paucity of capital in that market and low valuations being placed on businesses by sellers;
 - the ability to manage its liquid resources up to the redemption of the ZDP Shares on the date of their repayment (being 22 June 2016), in conjunction with shorter term facilities that the Company may arrange; and
 - long-term structural gearing at a fixed cost that is competitive with the cost of other forms of gearing that the Company might have employed and which has the potential to be converted into the permanent capital base of the Company.
2. The CULS will provide CULS Holders with:
 - a yield of 6.00 per cent. per annum, which is significantly above the Company's current dividend policy, which is to distribute in each financial year in the form of dividends an amount equal to approximately 3 per cent. of the Company's net assets);
 - capital protection through repayment at par, with that repayment being well covered as of today by the assets of the Company (more than 9.86 times covered based on an Initial Issue of £38,861,140 in nominal amount of Initial CULS and the Company's unaudited net assets of £383 million as at 30 June 2014); and

- the potential to participate in further growth in the NAV per Ordinary Share through the ability to convert the CULS into new Ordinary Shares.
3. Relative to other forms of gearing, CULS Holders' interests should be more closely aligned with those of Shareholders through being convertible into Ordinary Shares in the future and relatively long-term in nature.
 4. Following any conversion of CULS:
 - the Company would have an increased number of Ordinary Shares in issue, which should, in due course, potentially enhance the liquidity in the market for the Ordinary Shares; and
 - the capital base of the Company would increase, allowing the Company's fixed operating costs to be spread across a larger number of Ordinary Shares, which should cause the Company's total expense ratio to fall.

Further details of the Issues of CULS including the risks specific to the Company and the CULS are described in this Prospectus and in relation to those risks the section entitled "Risk Factors" on pages 16 to 39 of this Prospectus.

Investment performance

The Board reported in the annual report and accounts for the 12 months ended 28 February 2014 that it had been another 12 months of positive NAV growth for the Company in its first full year since the implementation of several strategic initiatives designed to broaden the Shareholder base, build on the Company's core micro cap investment strategy and lay the foundation for long-term growth.

The Company's differentiated micro cap strategy has continued to provide attractive investment and realisation opportunities in its core geographies, while increased economic optimism and signs of recovery in the United States and Euro zone have provided a more stable macroeconomic backdrop. Central bank stimulus during the first half of the year paved the way for a strong equity rally as investors increased their appetite for risk. While the United States economy grew at a slower annualised pace than the third quarter's 4.1 per cent. rate, the final six months of the year delivered the strongest second half since 2003, boosted by exports, consumer spending and business investment. The Euro zone and one of the Company's core markets, Spain, emerged from a two-year recession, with export growth and companies becoming more confident, while ratings agencies raised their outlook for Spain on signs of economic improvement. Uncertainty across global markets, particularly in developing countries leading up to and in the aftermath of the US Federal Reserve's tapering announcement, partially offset some of the strong equity gains. The end of the financial year was dominated by political turmoil in Ukraine and with the outcome still uncertain, the conflict continues to weigh heavily on the surer footing that the global economy had built during the year.

Against this economic backdrop, the Company delivered another year of steady NAV growth, driven by a positive performance across the underlying portfolio. The Company's NAV (including dividends paid) grew 8.8 per cent. to US\$10.55 (for the year ended 28 February 2014), from US\$9.69 (for the year ended 28 February 2013). This marks the 19th quarter of positive NAV growth out of the last 20 quarterly periods, reflecting the quality of the Company's portfolio and the expertise of Jordan/Zalaznick Advisers, Inc., the Investment Adviser.

The Board is encouraged by a pipeline of potential investments in the United States, particularly through the verticals, and existing and prospective investments in Europe. Positive macroeconomic indicators and a strong balance sheet means the Company is well positioned to capitalise on attractive investment opportunities in its core markets.

Historic investment performance

The Company's historic investment performance is illustrated in the table below.

Total return (%)	1 year	3 years	5 years	Since 1 July 2008 ⁽³⁾
NAV Total Return (US\$) ⁽¹⁾	6.7%	22.8%	82%	35.4% ⁽⁴⁾
NAV Total Return (£) ⁽¹⁾⁽²⁾	-3.6%	20.7%	65.3%	60.9% ⁽⁴⁾
Share Total Return per Share (US\$) ⁽¹⁾	4%	20.1%	118.7%	-13.4%
Share Total Return per Share (£) ⁽¹⁾⁽²⁾	-6%	18.1%	152.3%	2.9%
FTSE All Share Index ⁽⁵⁾	5.2%	17.1%	62.3%	28%

Notes:

- Returns are cumulative for specified period and calculated on the basis that dividend distributions were reinvested at each ex-dividend date.
- The Company's NAV is based in US Dollar and its share price is denominated in Pounds Sterling. In order to calculate Pounds Sterling NAV returns and US Dollar share returns relevant period NAVs, share prices and distributions are translated using the historical exchange rates at the relevant valuation/pricing/ex-dividend date.
- The Company was incorporated in Guernsey in April 2008. On 1 July 2008, the Company was launched in connection with a scheme of reconstruction and voluntary winding up of JZ Equity Partners Plc ("JZEP"). JZEP's assets were transferred in specie to the Company and the Company issued to JZEP shareholders one ordinary share for each JZEP ordinary share and one ZDP share for each JZEP ZDP share that they held.
- Total NAV returns above reflect the performance of the Investment Adviser and exclude the effect of the issuing of shares at a discount to NAV in 2009. Total NAV returns per share on a diluted basis for the period since 1 July 2008 are -35.0 per cent. (US\$) and -22.7 per cent. (£).
- Source – Bloomberg as at 31 May 2014.

Dividends

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 amount equal to approximately 3 per cent. of the Company's net assets (Shareholders can elect to receive dividends in Pounds Sterling). The Credit Agreement contains a restriction on the payment of dividends payable semi-annually in the ordinary course of business exceeding 5 per cent. of the NAV of the Company in any financial year (and measured at the time of such payment). The Articles provide that the Company may declare dividends but the ability of the Company to pay dividends is restricted by Guernsey law, the Articles and the Credit Agreement.

For the year ended 28 February 2014, an interim dividend of 14.5 cents per Ordinary Share (total US\$9,427,698) was paid on 13 November 2013. A second interim dividend of 16 cents per Ordinary Share (total US\$10,402,978) was paid on 6 June 2014.

More information on the Company's investment portfolio and investment strategy can be found in Parts 2 and 4 of this Prospectus.

Overview of the CULS

The terms and conditions of the Initial CULS and, if issued, the Further CULS, will be identical (save as to issue date and issue price). Accordingly, the Initial CULS and the Further CULS will be consolidated and form a single series of securities. Whilst the terms and conditions of the two tranches of CULS will (save as described above) be identical, the issue prices of the Initial CULS and the Further CULS may differ depending on the prevailing market conditions at the time of each Issue. The aggregate nominal amount and the issue price of the Initial CULS will be known at the time of the Initial Issue; but the aggregate nominal amount and the issue price of the Further CULS will be determined following a process of "bookbuilding" by JPMC as Placing Agent and will be set forth in the Supplementary Prospectus and Further Issue Pricing Announcement.

The Initial CULS will bear interest on their nominal amount for the time being outstanding from (and including) the date of issue of such Initial CULS (being, 30 July 2014) (the "Initial Issue Date") at the rate of 6.00 per cent. per annum and will be payable semi-annually in equal instalments in arrear on 31 March and 30 September (each, an "Interest Payment Date") in each year to (but excluding) the date of final redemption of the CULS (being, 30 July 2021). The Further CULS, if issued, will bear interest on their nominal amount for the time being outstanding from (and including) the issue date of

such Further CULS at the rate of 6.00 per cent. per annum and will be payable semi-annually in equal instalments in arrear on each Interest Payment Date to (but excluding) the date of final redemption of the CULS.

CULS Holders shall have the right (a **“Conversion Right”** and together, the **“Conversion Rights”**) to convert the whole or part (being an integral multiple of £10 in nominal amount) of their CULS into Ordinary Shares. Conversion Rights shall be exercisable at any time during the period from (and including) the forty-first business day in London and Guernsey after the Initial Issue Date to (and including) the tenth business day in London and Guernsey prior to the date of final redemption of the CULS. The initial conversion price is £6.0373 per Ordinary Share, which shall be subject to adjustment, including in respect of: (i) consolidation and sub-division of the Ordinary Shares; (ii) dividend payments made by the Company; (iii) issues of shares, rights, share-related securities and other securities by the Company; (iv) in the event of a demergers; and (v) in the event of a change of control of the Company (the **“Conversion Price”**). The initial Conversion Price of £6.0373 is set at a premium of 2.5 per cent. to the published unaudited NAV per Ordinary Share as at 30 June 2014, which is US\$10.07 per Ordinary Share converted into Pounds Sterling using an exchange rate of GBP/USD 1.70985, the spot rate published by WM/Reuters as at 30 June 2014 (being the date of the calculation of the NAV per Ordinary Share).

Unless previously redeemed, purchased or converted and, in each case, cancelled, the CULS will be redeemed on 30 July 2021 (the **“Maturity Date”**) at their nominal amount, together with any accrued interest up to (but excluding) the 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, at any time: (i) 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 (ii) 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 nominal amount of the CULS.

Following the occurrence of a change of control of the Company, a CULS Holder will have the right, at such CULS Holder's option, to require the Company to convert their CULS into Ordinary Shares at an enhanced change of control Conversion Price or redeem its CULS at its nominal amount, together with accrued and unpaid interest to the date of redemption.

Events of default under the CULS include: (i) non-payment, except as provided by the Subordination Agreement, of principal or interest for 14 days; (ii) winding-up or dissolution of the Company; (iii) certain events relating to insolvency of or insolvency proceedings or creditors' process involving the Company or its assets; (iv) breach of the obligations of the Company under the CULS or the Trust Deed (which breach is not remedied within 30 days); or (v) in respect of an alteration, attachment, creation or issue of a new class of shares by the Company.

The CULS will contain restrictions 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 the 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 the 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 the incurrence of any financial indebtedness in existence on the Initial Issue Date, the issue of the Initial CULS on the Initial Issue Date or indebtedness of a short-term nature incurred to enable the Company to meet investment commitments pending the realisation of assets.

The CULS will be issued in registered form in integral multiples of £10, and may be held in certificated or uncertificated form.

Further details of the CULS are set out in Part 3 of this Prospectus.

Subordination of the CULS

The terms and conditions of the CULS are subject in their entirety to the terms of the subordination agreement (the “**Subordination Agreement**”) to be entered into by, *inter alios*, the Company and the Trustee.

Any failure to pay any amount under or in respect of the CULS to the Trustee or any CULS Holder as a result of the provisions of the Subordination Agreement shall not give rise to an event of default under or a breach of the CULS or the Trust Deed. Any amount which is not so paid due to the provisions of the Subordination Agreement shall remain a debt owing to the 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.

So long as certain of the Company’s senior indebtedness designated as “Senior Debt” remains outstanding, the Subordination Agreement provides, *inter alia*, for the priority of such Senior Debt over all amounts payable by the Company under the Trust Deed and the CULS (other than certain fees, costs and expenses payable to the Trustee under the Trust Deed).

The Subordination Agreement allows the Company to refinance, replace, renew or increase any existing Senior Debt and to borrow or incur any new Liabilities which are to constitute new Senior Debt.

A copy of the Subordination Agreement (excluding the notice provisions, signature page and schedules) is set out in Part B of Part 3 of this Prospectus.

The Issues

£38,861,140 in aggregate nominal amount of Initial CULS is available under the Initial Issue at an Initial Issue Price of £10 per £10 in nominal amount.

If the Company decides, in its absolute discretion (but subject to Shareholder Approval), during the period from the date of this Prospectus to (and including) the date 12 months after the date of this Prospectus, to issue the Further CULS, it will conduct a process of “bookbuilding” by JPMC as Placing Agent and the nominal amount and Further Issue Price of such Further CULS will be set forth in the Supplementary Prospectus and Further Issue Pricing Announcement.

The Initial CULS and, if issued, the Further CULS will be made available to institutional investors and private client stockbrokers, including certain existing Shareholders. CULS will not however be offered or sold within the United States or to, or for the account or benefit of, US Persons, and nor will the CULS be offered to or sold within the Excluded Jurisdictions or to any national, resident or citizen of the Excluded Jurisdictions. In addition, no invitation or solicitation will be made to the public in the Cayman Islands to subscribe for the CULS. In the event that either of the Issues are oversubscribed, it will be necessary to scale back applications. In so doing, it is the Company’s intention that (insofar as practicable), any investors who are existing Shareholders will be allocated such percentage of CULS as is as close as possible to their percentage holdings of Ordinary Shares. Such Shareholders will not, however, be entitled to any minimum allocation of CULS and there will be no guarantee that those Shareholders wishing to participate in either of the Issues will receive all or some of the CULS for which they have applied. Furthermore, JPMC as Placing Agent will have absolute discretion to determine the proportion of CULS allocated to each person wishing to participate in either of the Issues.

The Initial Issue and, if the Company elects to issue the Further CULS, the Further Issue are conditional, *inter alia*, upon:

- the Company having made an application for Admission of the Initial CULS or the Further CULS (as the case may be) to trading on the Specialist Fund Market as of 8.00 a.m. on 30 July 2014; and

- the Placing Agreement having become unconditional in all respects (save as for Admission) and not having been terminated in accordance with its terms prior to such Admission.

The Further Issue is also conditional upon Shareholder Approval, as well as entry into a placing agreement, the Supplemental Trust Deed and conditions precedent referenced in those documents.

In the event that these conditions are not satisfied, the Initial Issue or (as the case may be) the Further Issue will not proceed and any application monies which have been received will be returned (at the applicant's sole risk) without payment of interest, as soon as possible thereafter.

If £38,861,140 in aggregate nominal amount of Initial CULS are issued, the aggregate costs of the Initial Issue, which will be borne by the Company, are expected to amount to approximately £0.84 million (including VAT), equivalent to 0.22 per cent. of the Company's unaudited net assets as at 30 June 2014. These costs and expenses that are payable by the Company in connection with the Initial Issue of the Initial CULS will be deducted from the gross proceeds of the Initial Issue. If the Company elects to issue the Further CULS, the aggregate costs of the Initial Issue and Further Issue, which will be borne by the Company, are expected to amount to approximately £1.46 million (including VAT), equivalent to 1.87 per cent. of the Company's unaudited net assets as at 30 June 2014. The costs and expenses that may be payable by the Company in connection with the Further Issue of the Further CULS will similarly be deducted from the gross proceeds of the Further Issue. No direct costs are charged to investors for either of the Issues.

Overseas investors

Your attention is drawn to the section entitled "Overseas investors" on page 41 of this Prospectus.

Taxation

Certain information about UK taxation in relation to the Company, the CULS and the Ordinary Shares is set out in Part 6 of this Prospectus. If you are in any doubt as to your tax position you should consult your own independent tax adviser without delay.

Further Information and Risk Factors

Your attention is drawn to the further information set out in Parts 2 to 7 of this Prospectus. In addition, your attention is drawn to the section entitled "Risk Factors" on pages 16 to 39 of this Prospectus. You are advised to read the whole of this Prospectus and not to rely solely on the information contained in this letter.

Yours faithfully

David Macfarlane
Chairman

PART 2

INFORMATION ON THE COMPANY

Introduction

The Company is a Guernsey domiciled closed-ended investment company which was incorporated in Guernsey 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's share capital consists of Ordinary Shares and ZDP Shares. The Ordinary Shares and ZDP Shares are admitted to trading on the Specialist Fund Market and are also admitted to listing on the Channel Islands Securities Exchange.

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 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 including executing over 100 micro cap buyouts.

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

Investment Policy

Corporate Objective

To create a portfolio of investments in businesses primarily in the United States providing a superior overall return comprised of a current yield and significant capital appreciation.

Investment Policy

The Company's investment strategy is to maintain and build its portfolio by investing primarily in four areas:

- micro cap buyouts, which historically have been the main driver of the Company's capital growth;
- mezzanine investments comprising loans and high-yield securities, which are intended to provide current income with the potential for capital appreciation through equity participations;
- listed bank debt, including both senior secured debt and second lien loans, which provide income and can provide capital appreciation when purchased below par value; and
- other debt and equity opportunities, including distressed debt and structured financings, derivatives and opportunistic purchases of publicly traded securities and investments in such opportunities indirectly through collective investment vehicles.

The Company intends to invest approximately 50 per cent. of its gross assets in micro cap buyouts in the form of debt and equity and preferred stock and approximately 50 per cent. of its gross assets in mezzanine investments and high-yield securities, senior secured debt and second lien loans and other debt and equity opportunities. These are non-binding targets, however, and the Company may, although there is no present intention to, invest a maximum of 100 per cent. of its gross assets in either type of investment. As non-core elements of the Company's investment strategy, it may consider the possibility of making certain real estate or real estate linked investments and natural resources investments, in aggregate not exceeding 20 per cent. of its gross assets (considered at the time the relevant new investment is made). Also, the Company may invest no more than 20 per cent. of its gross assets in distressed debt and structured and off-balance sheet financings, such as total return swaps where the debt is non-recourse to the Company and is not consolidated into the Company's balance sheet.

In addition to these targets, and as a matter of policy the Company has voluntarily adopted the following investment restrictions which apply to closed end investment funds which are listed on the premium segment of the Official List under Chapter 15 of the Listing Rules:

- 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);
- it will not conduct any trading activity which is significant in the context of the Company's activities as a whole;
- it may invest up to 40 per cent. of its gross assets (considered at the time the relevant new investment is made) in businesses outside the United States; and
- it will, at all times, invest and manage its assets:
 - in a way which is consistent with its object of spreading investment risk; and
 - in accordance with its published investment policy.

To the extent that the above restrictions are no longer imposed under the Listing Rules, those investment restrictions shall not apply to the Company.

In the event of any breach of the foregoing investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company by notice sent to the registered addresses of the Shareholders or otherwise in accordance with the Articles or by an announcement issued through a RIS.

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

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 CULS will be taken into account in calculating the maximum level of borrowings that is permitted by the Articles.

Separately, the CULS will contain restrictions 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 the 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 the 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 the incurrence of any financial indebtedness in existence on the Initial Issue Date, the issue of the Initial CULS on the Initial Issue Date or indebtedness of a short-term nature incurred to enable the Company to meet investment commitments pending the realisation of assets.

Use of Derivatives and Hedging

The Company may use derivatives for the purposes of efficient portfolio management and risk mitigation, including for hedging purposes such as in relation to foreign currencies or interest rate risk. The Company may use derivatives as part of its investment policy and may take a synthetic exposure to an investment position in circumstances where the derivative contract is more efficient or cost effective than a position would be in the underlying security.

In the case of derivatives used to take synthetic exposures, there may not be a reliable price correlation between price movements in the underlying securities and the derivative instrument. In addition, an active market may not exist for a particular derivative instrument at any particular time. The Company may also use derivatives that are highly geared to price movements in the underlying securities which may expose the Company to significant capital losses in extreme market circumstances.

The Company accounts for its activities and report its results in US dollars. Its investments will primarily be made and realised in US dollars. The Company's Ordinary Shares and ZDP Shares are, and will continue to be, quoted in Pounds Sterling and the redemption value of the ZDP Shares is fixed in Pounds Sterling. The Company currently has no hedge in place to manage the risk in respect of an increased Pounds Sterling cost for the redemption of the ZDP Shares, which is due on 22 June 2016. The Company has however entered into a Structured Forward Currency Contract on 14 September 2012 where if the US\$/€ exchange rate reaches the trigger rate of 1.4, the Company will buy €3,000,000 at a cost of US\$16,900,000. The Structured Forward Currency Contract is to expire on 16 September 2014. The Company may engage in other currency hedging arrangements as the Board sees fit.

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 amount equal to approximately 3 per cent. of the Company's net assets (Shareholders can elect to receive dividends in Pounds Sterling). The Credit Agreement contains a restriction on the payment of dividends payable semi-annually in the ordinary course of business exceeding 5 per cent. of the NAV of the Company in any financial year (and measured at the time of such payment). The Articles provide that the Company may declare dividends but the ability of the Company to pay dividends is restricted by Guernsey law, the Articles and the Credit Agreement.

For the year ended 28 February 2014 an interim dividend of 14.5 cents per Ordinary Share (total US\$9,427,698) was paid on 13 November 2013. A second interim dividend of 16 cents per Ordinary Share (total US\$10,402,978) was paid on 6 June 2014.

Working Capital

The Company is of the opinion that 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.

Capitalisation and Indebtedness

The following table shows the audited capitalisation of the Company as at 28 February 2014 (being the last date in respect of which the Company has published financial information):

	<i>28 February 2014</i> <i>US\$000</i>
Shareholders' equity	
Share capital account	149,269
Distributable reserve	353,528
Capital reserve	76,788
Revenue reserve	86,871
Total	<u>666,456</u>

Source: Derived from the Company's published annual financial information included in Part 5 of this Prospectus for the period ended 28 February 2014.

Note: Other reserves do not include profit and loss account reserves.

As at the date of this Prospectus, there has been no material change in the capitalisation of the Company since 28 February 2014 (being the last date in respect of which the Company has published financial information).

The following table shows the indebtedness of the Company (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 31 May 2014:⁶

	<i>31 May 2014</i> <i>US\$000</i>
Total Current Debt	
Guaranteed	—
Secured	37,405
Unguaranteed/Unsecured	—
Total	<u>37,405</u>
	<i>31 May 2014</i> <i>US\$000</i>
Total Non-Current Debt	
Guaranteed	—
Secured	—
Unguaranteed/Unsecured	109,348
Total	<u>146,753</u>

⁶ On 16 June 2014, the Company entered into the Jefferies Finance Credit Agreement with Jefferies Finance LLC, which provided for a one year credit term loan facility in an aggregate principal amount of not less than US\$50m.

The following table shows the Company's net indebtedness as at 31 May 2014:

	<i>31 May 2014</i> <i>US\$000</i>
A. Cash	28,195
B. Cash equivalents	—
C. Trading securities	85,827
D. Liquidity (A + B + C)	114,022
E. Current financial receivable	—
F. Current bank debt	37,405
G. Current portion of non-current debt	—
H. Other current financial debt	—
I. Current financial debt (F) + (G) + (H)	37,405
J. Net current financial indebtedness (I) – (E) – (D)	(76,617)
K. Non-current bank loans	—
L. Bonds issued	—
M. Other non-current loans	109,348
N. Non-current financial indebtedness (K) + (L) + (M)	109,348
O. Net financial indebtedness (J) + (N)	32,731

The Company had no indirect or contingent indebtedness as at 31 May 2014 other than in respect of the Structured Forward Currency Contract entered into by the Company on 14 September 2012. The indirect indebtedness created by the Structured Forward Currency Contract was US\$270,870 (as at 31 May 2014).

Capital Structure

The Company's share capital is represented by Ordinary Shares and ZDP Shares. 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 medium to long-term and may not be suitable as short term investments.

Ordinary Shares

The underlying shares into which the CULS will on any conversion convert are the Ordinary Shares of the Company.

The Ordinary Shares are admitted to trading on the Specialist Fund Market and are admitted to listing on the Channel Islands Securities Exchange. The Ordinary Shares are denominated in Pounds Sterling.

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. In addition to receiving the income 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 entitlement of the ZDP Shares have been met. Shareholders will also be entitled on a winding up to receive any accumulated but unpaid revenue reserves of the Company, subject to all creditors having been paid out in full but in priority to the entitlements of the ZDP Shares. 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.

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 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, such person is not a US resident. Those Shareholders that do not certify on those terms would still be able to vote on the resolution, but the aggregate total of the votes that such Shareholders are entitled to cast would be limited to 49 per cent. of the total number of votes that all 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 Securities Exchange Act.

At the annual general meeting of the Company held on 19 June 2014, an ordinary resolution was passed to authorise the Directors in accordance with Article 4(8) of the Articles to allot equity securities and sell treasury shares, as if Article 4(8) of the Articles does not apply to any such allotment or sale, provided that the power is limited to the allotment of equity securities and sale of treasury shares up to an aggregate amount of 6,436,842 Ordinary Shares, such authority to expire at the conclusion of the general meeting of the Company to be held in 2015. Accordingly, the Initial Issue of Initial CULS is being made pursuant to this 10 per cent. pre-emption right disapplication authority. The Further Issue of Further CULS is conditional on a further separate pre-emption right disapplication authority.

ZDP Shares

The ZDP Shares are also admitted to trading on the Specialist Fund Market and are admitted to listing on the Channel Islands Securities Exchange.

ZDP Shares were issued on 22 June 2009 at a price of 215.80 pence and are designed to provide a predetermined final capital entitlement of 369.84 pence on 22 June 2016, which ranks behind the Company's creditors but in priority to the capital entitlements of the Ordinary Shares. The ZDP Shares carry no entitlement to income and the whole of their return will therefore take the form of capital. The capital appreciation of approximately 8 per cent. per annum is calculated monthly.

ZDP Shares do not generally carry the right to vote at general meetings of the Company. However, in certain circumstances, ZDP Shares do carry such a right as detailed in the Articles. Holders of ZDP Shares have the right to vote upon any resolution to alter, modify or abrogate the special rights or privileges attached to the ZDP Shares, and if the Company is unable to redeem all of the ZDP Shares on the date of their repayment (being 22 June 2016) then, also upon a resolution to wind up the Company voluntarily or upon a resolution the effect of which would be that holders of ZDP Shares would be repaid in respect of their ZDP Shares an amount not less than they would otherwise have been entitled on a winding-up.

Issue costs are deducted from the cost of the liability and allocated to the statement of comprehensive income over the life of the ZDP Shares.

Dilution

Shareholders will suffer a reduction in their proportionate ownership and voting interest in the share capital of the Company as represented by the Ordinary Shares issued upon any conversion of the CULS.

If the NAV per Ordinary Share at the time of exercise of the Conversion Rights exceeds the Conversion Price, the issue of the Ordinary Shares upon such exercise will have a dilutive effect on the NAV per Ordinary Share. The extent of such dilution will depend on the number of CULS in respect of which the Conversion Rights are exercised on each occasion and the difference between the Conversion Price and the NAV per Ordinary Share prevailing at the time the new Ordinary Shares are issued.

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 Ordinary 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.

Further details of the Company's capital structure, including the rights attaching to the Ordinary Shares and ZDP Shares are set out in paragraph 3 of Part 7 of this Prospectus.

Directors

The Board currently comprises:

David Macfarlane, Chairman

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. He was a non-executive director of the Platinum Investment Trust Plc from 2002 until January 2007. He has recently been appointed Chairman of Rex Bionics Plc.

Patrick Firth

Mr Firth was appointed to the Board in April 2008. He is also a director of a number of offshore funds and management companies, including BH Credit Catalysts Limited, ICG-Longbow Senior Secured UK Property Debt Investments Limited, Riverstone Energy Limited and NextEnergy Solar Fund Limited. He is Chairman of GLI Finance Limited. He is a member of the Institute of Chartered Accountants in England and Wales and The Chartered Institute for Securities and Investment. He is a resident of Guernsey.

James Jordan

Mr Jordan is a private investor who was appointed to the Board in 2008. He is a director of the First Eagle Family of Mutual Funds, and of Alpha Andromeda Investment Trust Company, 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 is a director of a number of Guernsey funds and investment companies including GBD Limited, Multi Manager Investment Programmes PCC Limited and BH Credit Catalysts Limited. An experienced investment manager, he was Chief Executive Officer of the Edmond de Rothschild companies in Guernsey until January 2013 and he remains a consultant to the Edmond de Rothschild Group. He is a Fellow of the Chartered Institute for Securities and Investment and a Guernsey resident.

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 the other functionaries appointed by the Company.

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 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.

Corporate Governance of the Company is monitored by the Board; all Directors are 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 investment objectives 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. 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 objectives. 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.

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 are reviewed on an annual basis. The Board has decided that the entire Board should fulfil the role of the Audit and Nomination Committees.

Nomination Committee

The Nomination Committee is chaired by David Macfarlane. 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 Code's rules on independence of the Board in relation to the Company, its senior management and major Shareholders., and each of the other Directors is also a member. 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. All the other Directors are members. 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 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 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 its 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.

Duration of the Company

The Company does not have a fixed life.

Management and Administration

Investment Adviser

Jordan/Zalaznick Advisers, Inc., 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 with the US Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940. 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 Advisers registered address is 9 West 57th Street, New York, NY 10019 and its phone number is 212 485 9410.

The Investment Adviser has experience in the US micro cap buyout market, 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 including executing 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 2.0x. 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 15,436,617 Ordinary Shares, representing 23.74 per cent. of the Ordinary Shares of the Company.

Details of key personnel at the Investment Adviser:

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 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 AB in Business Administration from the University of Notre Dame and attended Columbia University's Graduate School of Business.

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 investment 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 below in Part 2 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 Part 2 of this Prospectus.

The Investment Adviser and its affiliated parties 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 its affiliated parties (collectively, the "indemnified parties") and hold them harmless from and against

all damages, liabilities, costs and expenses incurred by the indemnified parties 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 indemnified parties 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 willful misfeasance, bad faith or gross negligence by the Investment Adviser or any of its affiliated parties 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, 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; (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 license, permission, authorisation or consent necessary for the performance of its duties under the Investment Advisory Agreement.

Further information on the Investment Adviser and a summary of the main provisions of the Investment Advisory Agreement are set out in paragraph 6.1 of Part 7 of this Prospectus.

Conflicts of Interest

The Investment Adviser and its affiliated parties serve as the investment adviser and manager to other clients. As a result, the Investment Adviser (and its affiliated parties) may have conflicts of interest in allocating investments among the Company and their other clients and in effecting transactions between the Company and other clients, including ones in which the Investment Adviser (and its affiliated parties) may have a greater financial interest. Where appropriate, the Investment Adviser and its affiliated parties 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 and its affiliated parties 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 investment 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 or any of its affiliated parties 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 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.

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 an initial set-up fee. Details of these fees, as well as costs and expenses are set out below in Part 2 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 are 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 6.2 of Part 7 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. 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 a minimum annual safekeeping fee of US\$2,500 and US\$5,000 for domestic and global custody respectively. Details of these fees are set out below in Part 2 of this Prospectus.

The Custodian Agreement may be terminated by the Company giving to the Custodian not less than 30 days’ written notice, or earlier in the event of breach, and by the Custodian immediately by transferring the securities held to the Company or another custodian chosen by the Company or the Custodian.

A summary of the main provisions of the Custodian Agreement is set out in paragraph 6.3 of Part 7 of this Prospectus.

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 Part 2 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 7 of Part 7 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;
- 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;
- fees and out-of-pocket expenses of the Administrator;
- fees payable to the UK Transfer and Pricing 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 fees payable in connection with the listing of shares on any securities exchange;
- all taxes;
- directors' fees and expenses;
- 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. As from 1 January 2014, the Chairman of the Audit Committee is entitled to a fee of US\$70,000 per annum, all other Directors are entitled to a fee of US\$60,000. For the year ended 28 February 2014, total Directors' fees included in the statement of comprehensive income were US\$348,000 (year ended 28 February 2013: US\$380,000); of this amount US\$63,000 was outstanding at the year end (28 February 2013: US\$62,000). 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 4.4 of Part 7 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

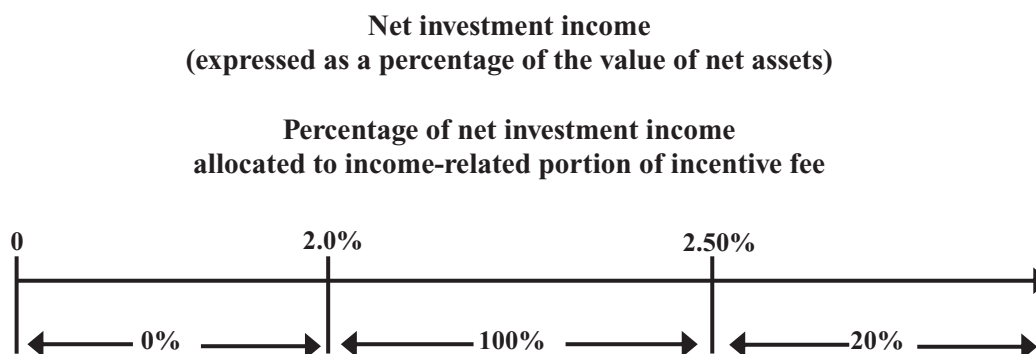
The base management fee is calculated at an annual rate of 1.50 per cent. of the Company's gross assets excluding those assets which are excluded from the calculation of the fee under the terms of the Investment Advisory Agreement. The fee is payable quarterly in arrears although the Investment Advisory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

For the year ended 28 February 2014, total investment advisory and management expenses, based on the average total assets of the Company, were included in the statement of comprehensive income of US\$11,220,000 (year ended 28 February 2013: US\$10,707,000). Of this amount US\$848,000 (28 February 2013: US\$715,000) 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 the NAV of the Company at the end of that quarter (the "hurdle") (8 per cent. annualised). 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. Investments categorised as legacy investments and other assets which are excluded from the calculation of the fee under the terms of the Investment Advisory Agreement 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:



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 2014 and 2013 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. Investments categorised as legacy investments and other assets which are excluded from the calculation of the fee under the terms of the Investment Advisory Agreement are excluded from the calculation of the 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.

A capital gains incentive fee based on realised gains during the year ended 28 February 2014 of US\$3,115,000 is payable to the Investment Adviser. The Company also provides for a capital gains incentive fee based on unrealised gains. For the year ended 28 February 2014 a provision of US\$3,503,000 (28 February 2013: nil) has been included.

In 2012, an income incentive fee of US\$4,411,000 was paid to the Investment Adviser on the basis that net investment income for the quarter ended 30 November 2011 exceeded the hurdle rate of 2 per cent. (8 per cent. per annum), the income incentive fee was shown as a contingent asset in the Company’s financial statements for the years ended 29 February 2012 and 28 February 2013 as the annual hurdle for the year ended 29 February 2012 had not been exceeded. A reinterpretation in the current period of the Investment Advisory Agreement resulted in cumulative preferred dividends being treated as capital rather than income for the purpose of the incentive fee calculations. Retrospective amendment to the fees resulted in write back this year of the US\$4,411,000 and additional capital incentive fees payable to the Investment Adviser of US\$7,201,000 on prior year realisations.

Total incentive fees payable to the Investment Adviser within 90 days of the year ended total US\$5,907,000.

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 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 or any of its affiliated parties 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 or such affiliated parties 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.

Impact of the CULS

The base management fee payable to the Investment Adviser will increase as a result of the issuance of the CULS as that fee is calculated by reference to the Company's gross assets (excluding those assets which are excluded from the calculation of the fee under the terms of the Investment Advisory Agreement). The incentive fee payable to the Investment Adviser will not however be affected by the issuance of the CULS.

Administrator's Fees

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 fees are fixed for three years from the 1 September 2012 and thereafter are reviewed annually. All fees are paid quarterly in arrears within 15 days of each 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 2014, total Custodian expenses of US\$63,000 (28 February 2013: US\$48,000) were included in the statement of comprehensive income of which US\$16,000 (28 February 2013: US\$7,000) 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

All of the Auditors' remuneration relates to the annual audit and half-year review report. During the year ended 28 February 2014, professional fees of US\$65,000 were paid to Ernst & Young LLP for taxation services (28 February 2013: US\$65,000).

PART 3

DETAILS OF THE CULS AND THE SUBORDINATION AGREEMENT

PART A – DETAILS OF THE CULS

The 6.00 per cent. Convertible Unsecured Subordinated Loan Stock due 2021 of the Company in an aggregate nominal amount of £38,861,140 (the “**Initial CULS**”) will be created by a resolution of the Board of the Company (or a duly authorised committee thereof) and will be constituted as an unsecured subordinated obligation of the Company by a trust deed (the “**Trust Deed**”) dated 30 July 2014 and made between the Company and The Law Debenture Trust Corporation p.l.c., whose registered office is at Fifth Floor, 100 Wood Street, London EC2V 7EX, as trustee (the “**Trustee**”) for the CULS Holders (as defined below). All CULS (as defined below) will be issued with the benefit of and subject to, and CULS Holders shall be required to agree to, be bound by and will be deemed to have notice of, the provisions contained in the Trust Deed and the Conditions (as described in this Part A of Part 3) and a subordination agreement (the “**Subordination Agreement**”) dated 30 July 2014 and made between, *inter alios*, the Company and the Trustee, a copy of which is set out in Part B of this Part 3 of this Prospectus.

Copies of the Trust Deed and the Subordination Agreement, when executed, will be available for inspection by CULS Holders 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, GY1 3QL.

The Trust Deed will contain provisions, *inter alia*, to the following effect:

1. Definitions

- 1.1 In addition to the definitions set out in Part 8 of this Prospectus, the following additional definitions apply for the purposes of this Part A of Part 3:

“**Business Day**” means, in relation to any place, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are open for business in that place;

any references to the “**CULS**” shall, unless otherwise specified, be to the Initial CULS and any Additional CULS (as defined in Condition 11) (including the Further CULS);

“**Net Asset Value of the Company**” means the net asset value of the Company calculated by the Company in accordance with its normal accounting policies and stated in the latest monthly management accounts;

any references to the “**nominal amount**” of any CULS shall be to the face value of that CULS;

“**Relevant Electronic System**” means any computer-based system enabling title to units of CULS to be evidenced and transferred without a written instrument, including CREST; and

“**Subsidiary**” means a subsidiary of the Company and shall have 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 “entity”) 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.

- 1.2 For the purposes of Conditions 4.1 to 4.9, 4.13 and 4.17 only, (a) references to the “**issue**” of Ordinary Shares shall include the transfer and/or delivery of Ordinary Shares by the Company or any Subsidiary, whether newly issued and allotted or previously existing or held by or on behalf of the Company or any Subsidiary, and (b) Ordinary Shares held by or on behalf of the Company or any Subsidiary, shall not be considered as or treated as “**in issue**”.

2. Interest

2.1 *Interest Rate*

The CULS will bear interest on its nominal amount for the time being outstanding from (and including) 30 July 2014 (the “**Issue Date**”) at the rate of 6.00 per cent. per annum. Interest will, subject to Condition 17, be payable on the CULS semi-annually in equal instalments in arrear on 31 March and 30 September in each year (each an “**Interest Payment Date**”) to (but excluding) the Maturity Date (as defined below), save that the first payment of interest on the CULS will be made on 30 September 2014 in respect of the period from and including the Issue Date to (but excluding) 30 September 2014 and the final payment of interest on the CULS will be in respect of the period from (and including) 31 March 2021 to (but excluding) the Maturity Date.

The amount of interest payable in respect of any period which is either shorter or longer than a Regular Period (as defined below) shall be calculated at the rate of 6.00 per cent. per annum on the basis of the number of days in the relevant period from (and including) the first day of such period to (but excluding) the last day of such period divided by the product of (i) two and (ii) the number of days in the Regular Period in which the relevant period falls. “**Regular Period**” means each period from (and including) any Interest Payment Date to (but excluding) the next Interest Payment Date save that, for the purposes of this definition only, the first Interest Payment Date shall be deemed to be 30 September 2014 and the last Interest Payment Date shall be deemed to be 31 March 2021.

2.2 *Accrual of Interest*

The CULS will cease to bear interest (i) where the Conversion Right (as defined below) shall have been exercised, from the Interest Payment Date immediately preceding the relevant Conversion Date or, if none, the Issue Date, (ii) from the due date for redemption thereof, unless payment of principal in respect of the CULS is improperly withheld or refused in which event interest will continue to accrue at the rate specified in Condition 2.1 (both before and after judgment) until whichever is the earlier of (A) the day on which all sums due in respect of such CULS up to that day are received by or on behalf of the relevant CULS Holder (as defined below), and (B) the day seven days after the Trustee has notified CULS Holders of receipt of all sums due in respect of all the CULS up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant CULS Holders under the Conditions).

3. Conversion Rights

3.1 *Conversion Rights*

Subject to and as provided in these Conditions, each holder of a CULS (a “**CULS Holder**”) shall have the right (a “**Conversion Right**” and together, the “**Conversion Rights**”) 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 of the Company (“**Ordinary Shares**”).

Conversion Rights may not be exercised (i) following the giving of notice by the Trustee pursuant to Condition 8, (ii) following the giving of notice by the Issuer pursuant to Condition 7.2 or (iii) in respect of CULS for which the relevant CULS Holder has exercised its right to require the Company to redeem their CULS pursuant to Condition 7.4.

The number of Ordinary Shares to be issued on exercise of the Conversion Right shall be determined by dividing the nominal amount of CULS so specified in the Conversion Notice by the conversion price (the “**Conversion Price**”) per Ordinary Share in effect on the relevant Conversion Date (as defined below). The initial Conversion Price is £6.0373 per Ordinary Share (which shall be subject to adjustment in circumstances described in Condition 4).

3.2 *Procedure for Conversion*

The Conversion Rights shall be exercisable (in the manner described in this Condition 3.2) at any time during the period from (and including) the forty-first Business Day in London and Guernsey after the Issue Date to (and including) the tenth Business Day in London and Guernsey prior to the Maturity Date (the “**Conversion Period**”).

In order to exercise, in whole or in part, the Conversion Rights which are conferred by any CULS that are, on the relevant Conversion Date, held in certificated form (“**Certificated CULS**”), a CULS Holder must lodge the relevant CULS certificate (a “**CULS Certificate**”) (or such other document(s) as the Company may, in its absolute discretion, accept) at the office of the UK Transfer and Paying Agent specified in the CULS Certificate (or such other place as the Company may from time to time notify to the CULS Holders) during the Conversion Period, having completed and signed the notice (the “**Conversion Notice**”) of exercise of Conversion Rights thereon (or by giving such other notice of exercise as the Company may, in its absolute discretion, accept). A Conversion Notice, once given, shall be irrevocable save with the consent in writing of the Company. CULS Holders must also comply with any statutory and regulatory requirements for the time being applicable.

The Conversion Rights which are conferred by any CULS that are, on the relevant Conversion Date, held in uncertificated form (“**Uncertificated CULS**”) shall be exercisable, in whole or in part, (and treated by the Company as exercised) if an Uncertificated Conversion Notice is received during the Conversion Period (but not later than the latest time for input of instruction permitted by the Relevant Electronic System) by the Company (or by such person as it may require for these purposes) in such form and subject to such terms and conditions as may from time to time be prescribed by the Company (subject always to the CREST Regulations and the facilities, rules and requirements of the Relevant Electronic System concerned). For these purposes, an “**Uncertificated Conversion Notice**” shall mean a properly authenticated dematerialised instruction and/or other instruction or notification received by the Company (or by such person as it may require for these purposes) in such form and subject to such terms and conditions as may from time to time be prescribed by the Company (subject always to the CREST Regulations and the facilities, rules and requirements of the Relevant Electronic System) and that specifies (in accordance with the form prescribed by the Company as aforesaid) the nominal amount of the CULS in respect of which Conversion Rights are being exercised. The Company may, in addition but subject to the CREST Regulations and the facilities and requirements of the Relevant Electronic System, determine when any such properly authenticated dematerialised instruction and/or other instruction or notification and any such remittance is to be treated as received by the Company or by such person as it may require for these purposes. Without prejudice to the generality of the foregoing, the effect of the Uncertificated Conversion Notice may be such as to divest the holder of the CULS concerned of the power to transfer such CULS to another person. Once lodged, an Uncertificated Conversion Notice shall be irrevocable save with the consent of the Company. To be effective, compliance must also be made with any statutory and regulatory requirements for the time being applicable.

The conversion date in respect of the CULS (the “**Conversion Date**”) shall be the Business Day in London and Guernsey immediately following the date of lodging of such CULS Certificate or such Uncertificated Conversion Notice, as provided in this Condition 3.2, and compliance with any statutory or regulatory requirements applicable at such time.

In order for CULS Holders to convert their CULS into Ordinary Shares, they will have to certify that: (i) they are not in the United States; (ii) they are not US Persons; and (iii) they are not exercising their conversion rights for the account or benefit of US Persons.

Fractions of Ordinary Shares will not be issued on conversion and no cash payment or adjustment will be made *in lieu* thereof.

The date upon which the Company allots Ordinary Shares pursuant to the exercise of Conversion Rights shall be the “**Share Record Date**”. On and following the Share Record Date, the relevant CULS Holder will, subject to the following sentence, become entitled to the economic rights of a holder of Ordinary Shares for the purposes of distribution entitlement and otherwise. However, the relevant CULS Holder shall not be entitled to transfer Ordinary Shares until they have been registered in the Register or CREST, as provided below.

The Company shall procure that the Share Record Date occurs on the first day of each calendar month (or, if such day is not a Business Day in London and Guernsey, the following Business Day in London and Guernsey) in relation to Conversion Notices in respect of which the Conversion Date occurred at least seven Business Days in London and Guernsey prior to such day. Where the Conversion Date falls after the seventh Business Day in London and Guernsey prior to the first day of a calendar month (or, if such day is not a Business Day in London and Guernsey, the following Business Day in London and Guernsey), the Company will procure that the Share Record Date occurs on the first day of the immediately following calendar month or, if such day is not a Business Day in London and Guernsey, the following Business Day in London and Guernsey.

Notwithstanding the preceding paragraph, in the case of Conversion Notices delivered in respect of which the Conversion Date falls after seventh Business Day in London and Guernsey prior to the month in which the Maturity Date falls or the Optional Redemption Date falls or the last day of the Change of Control Period falls (as the case may be), the Company shall procure that the Share Record Date occurs on the Business Day in London and Guernsey prior to the Maturity Date, the Optional Redemption Date or the last day of the Change of Control Period (as the case may be).

Certificates in respect of Ordinary Shares allotted pursuant to the exercise of Conversion Rights which are conferred by any Certificated CULS will be despatched free of charge (at the risk of the person(s) entitled thereto) not later than 21 days after, and will be deemed (subject as aforesaid) to have been issued with effect from, the relevant Share Record Date to the person(s) in whose name(s) the CULS is/are registered at the Conversion Date (and, if more than one, to the first-named, which shall be sufficient despatch for all) or (subject as provided by law and to the payment of stamp duty reserve tax or any other tax that may be applicable) to such other person(s) (not being more than four in number) as may be named in the form of nomination available for the purpose from the UK Transfer and Paying Agent (and, if more than one, to the first-named, which shall be sufficient despatch for all). In the event of partial exercise of the Conversion Rights evidenced by a CULS Certificate, the Company shall, at the same time, issue a new CULS Certificate in the name of the CULS Holder for any balance of that CULS Holder's CULS not converted.

Ordinary Shares in respect of Ordinary Shares allotted pursuant to exercise of Conversion Rights which are conferred by any Uncertificated CULS will be allotted not later than 14 days after, and will be deemed (subject as aforesaid) to have been issued with effect from, the relevant Share Record Date. The Company shall procure that the appropriate instructions are given to enable such Ordinary Shares to be evidenced by means of the Relevant Electronic System as a holding of the person(s) in whose name(s) the CULS in respect of which Conversion Rights have been exercised were registered at the Conversion Date or (subject as provided by law, to the payment of stamp duty reserve tax or any other tax that may be applicable, to such terms and conditions as the Company may from time to time prescribe for this purpose and to the CREST Regulations and the facilities, rules and requirements of the Relevant Electronic System) to such other person(s) (not being more than four in number) as may be named in the properly authenticated dematerialised instruction and/or other instruction or notification in such form.

For the avoidance of doubt, unless the Company otherwise determines or unless the CREST Regulations or the facilities, rules or requirements of the Relevant Electronic System otherwise require, the Ordinary Shares issued on the exercise of any Conversion Rights shall be issued in registered certificated form where such Conversion Rights were conferred by Certificated CULS and in uncertificated form where such Conversion Rights were conferred by Uncertificated CULS.

Any additional Ordinary Shares to be issued pursuant to Condition 4.13 will be deemed to be issued as of the date the relevant Retroactive Adjustment takes effect or as of the date of issue of Ordinary Shares if the adjustment results from the issue of Ordinary Shares.

Ordinary Shares allotted on conversion shall be credited as fully paid and shall carry the right to receive all dividends and (unless adjustments shall have been made in respect thereof pursuant to Condition 4.1 to 4.9) all other distributions (including, but not limited to, any Ordinary Shares issued referred to in Condition 4.2) declared, paid or made on the Ordinary Shares in or in respect of the financial year of the Company in which the relevant Conversion Date falls, other than

dividends and other distributions declared, paid or made on the Ordinary Shares by reference to a record date falling prior to the relevant Conversion Date and shall rank *pari passu* in all other respects and form one class with the Ordinary Shares in issue on the relevant Conversion Date.

4. Adjustments of the Conversion Price

Upon the happening of any of the events described below, the Conversion Price shall be adjusted as follows:

4.1 Consolidation or Sub-division of Ordinary Shares

If and whenever there shall be an alteration to the nominal value of the Ordinary Shares as a result of consolidation or subdivision, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Ordinary Share immediately after such alteration; and

B is the nominal amount of one Ordinary Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

4.2 Bonus Issue

If and whenever the Company shall issue any Ordinary Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than (1) where any such Ordinary Shares are issued instead of the whole or part of a cash Dividend (as defined below) which the Shareholders would or could otherwise have received or (2) where the Shareholders may elect to receive a cash Dividend in lieu of such Ordinary Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate nominal amount of the issued Ordinary Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Ordinary Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

4.3 Dividends

If and whenever the Company shall, in any Financial Year, pay or make any Dividend (as defined below) to the Shareholders which, either alone or in the aggregate, is more than 5 per cent. of the applicable the Net Asset Value of the Company at the time of paying or making such Dividend, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such Dividend being paid by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price (as defined below) of one Ordinary Share on the dealing day (as defined below) immediately preceding the date of the first public announcement of the relevant Dividend or, in the case of a purchase of Ordinary Shares or any receipts or

certificates representing Ordinary Shares by or on behalf of the Company or any Subsidiary, on which such Ordinary Shares are purchased or, in the case of a Spin-Off (as defined below), is the mean of the Volume Weighted Average Prices (as defined below) of an Ordinary Share for the five consecutive dealing days ending on the dealing day immediately preceding the first date on which the Ordinary Shares are traded ex- the relevant Spin-Off; and

- B is the portion of the Fair Market Value (as defined below) of the amount by which such Dividend or Dividends in that Financial Year exceeds 5 per cent. of the Net Asset Value of the Company which is attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of such excess by the number of Ordinary Shares entitled to receive the relevant Dividend (or, in the case of a purchase of Ordinary Shares or any receipts or certificates representing Ordinary Shares by or on behalf of the Company or any Subsidiary, by the number of Ordinary Shares in issue immediately prior to such purchase).

Such adjustment shall become effective on the date on which such Dividend is made or, in the case of a purchase of Ordinary Shares or any receipts or certificates representing Ordinary Shares, on the date such purchase is made or, in any such case if later, the first date upon which the Fair Market Value of such excess is capable of being determined as provided herein.

As used in this Condition 4:

“Dividend” means any dividend or distribution (including a Spin-Off) whether of cash, assets or other property, and whenever paid or made and however described (and for these purposes a distribution of assets includes without limitation an issue of Ordinary Shares or other Securities credited as fully or partly paid up by way of capitalisation of profits or reserves) provided that:

- (a) where a cash Dividend is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Ordinary Shares or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the payment of a cash Dividend, then for the purposes of this definition the Dividend in question shall be treated as a Dividend of the greater of (i) such cash Dividend and (ii) the Fair Market Value (on the date of the first public announcement of such Dividend or capitalisation (as the case may be) or if later, the date on which the number of Ordinary Shares (or amount of property or assets, as the case may be) which may be issued or delivered is determined), of such Ordinary Shares or other property or assets;
- (b) any issue of Ordinary Shares falling within Condition 4.2 shall be disregarded;
- (c) a purchase or redemption of share capital of the Company by the Company or any Subsidiary shall not constitute a Dividend unless, in the case of purchases of Ordinary Shares by or on behalf of the Company or any Subsidiary, the weighted average price per Ordinary Share (before expenses) on any one day in respect of such purchases exceeds by more than 5 per cent. the average of the closing prices of the Ordinary Shares on the Relevant Stock Exchange on the five immediately preceding dealing days as derived from the Relevant Stock Exchange either (1) on that day, or (2) where an announcement (excluding for the avoidance of doubt for these purposes, any general authority for such purchases or redemptions approved by a general meeting of Shareholders of the Company or any notice convening such a meeting of Shareholders) has been made of the intention to purchase Ordinary Shares at some future date at a specified price, on the dealing day immediately preceding the date of such announcement and, if in the case of either (1) or (2), the relevant day is not a dealing day, the immediately preceding dealing day, in which case such purchase shall be deemed to constitute a Dividend to the extent that the aggregate price paid (before expenses) in respect of such Ordinary Shares purchased by the Company or, as the case may be, any of its Subsidiaries exceeds the product of (i) 105 per cent. of the average closing price of the Ordinary Shares determined as aforesaid and (ii) the number of Ordinary Shares so purchased; and

- (d) if the Company or any Subsidiary shall purchase any receipts or certificates representing Ordinary Shares, the provisions of paragraph (c) shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined in good faith by an Independent Financial Adviser;

“Fair Market Value” means, with respect to any property on any date, the fair market value of that property as determined in good faith by the Independent Financial Adviser provided that: (a) the Fair Market Value of a cash Dividend paid or to be paid shall be the amount of such cash Dividend; (b) the Fair Market Value of any other cash amount shall be the amount of such cash; (c) where Spin-Off Securities, options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by the Independent Financial Adviser), the fair market value (i) of such Spin-Off Securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such Spin-Off Securities and (ii) of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of both (i) and (ii) during the period of five dealing days on the relevant market commencing on such date (or, if later, the first such dealing day such Spin-Off Securities options, warrants or other rights are publicly traded); and (d) in the case of (a), converted into Pounds Sterling (if declared or paid in a currency other than Pounds Sterling) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the cash Dividend in Pounds Sterling and, in any other case, converted into Pounds Sterling (if expressed in a currency other than Pounds Sterling) at such rate of exchange as may be determined in good faith by the Independent Financial Adviser to be the spot rate prevailing at the close of business on that date (or if no such rate is available on that date the equivalent rate on the immediately preceding date on which such a rate is available);

“Financial Year” means the annual accounting period of the Company ending on or about 28 February in each year;

“Independent Financial Adviser” means an investment bank of international repute appointed by the Company and approved in writing by the Trustee (such approval not to be unreasonably withheld or delayed) or, if the Company fails to make such appointment and such failure continues for a reasonable period (as determined by the Trustee in its absolute discretion) and the Trustee is indemnified and/or secured and/or pre-funded to its satisfaction against the costs, fees and expenses of such adviser, appointed by the Trustee following notification to the Company;

“Newco Scheme” means a scheme of arrangement which effects the interposition of a limited liability company (“Newco”) between the Shareholders immediately prior to the scheme of arrangement (“Existing Shareholders”) and the Company, provided that immediately after completion of the scheme of arrangement the only shareholders of Newco are the Existing Shareholders and that all Subsidiaries immediately prior to the scheme of arrangement (other than Newco, if Newco is then a Subsidiary) are subsidiaries (as such term is defined in section 531 of the Companies (Guernsey) Law 2008 (as amended)) of the Company (or of Newco) immediately after the scheme of arrangement;

“Securities” means any securities including, without limitation, Ordinary Shares or options, warrants or other rights to subscribe for or purchase or acquire Ordinary Shares;

“Spin-Off” means:

- (a) a distribution of Spin-Off Securities by the Company to Shareholders as a class; or
- (b) any transfer of any property or assets (including cash or shares or securities of or in or issued or allotted by any entity) by any entity (other than the Company) to Shareholders as a class or, in the case of or in connection with a Newco Scheme, Existing Shareholders, as a class (but excluding the issue and allotment of shares by Newco to Existing Shareholders), pursuant in each case to any arrangements with the Company or any of its Subsidiaries; and

“Spin-Off Securities” means equity share capital of an entity other than the Company.

4.4 *Shares, Rights and Share-Related Securities Issued to Shareholders*

If and whenever the Company shall issue Ordinary Shares to Shareholders as a class by way of rights, or issue or grant to Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase any Ordinary Shares, in each case, at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price (as defined below) per Ordinary Share on the dealing day immediately preceding the date of the first public announcement of the terms of the issue or grant of such Ordinary Shares, options, warrants or other rights, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before such announcement;
- B is the number of Ordinary Shares which the aggregate amount (if any) payable for the Ordinary Shares issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share; and
- C is the number of Ordinary Shares issued or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

Such adjustment shall become effective on the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

4.5 *Issue of Other Securities to Shareholders*

If and whenever the Company shall issue any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase any Ordinary Shares) to Shareholders as a class by way of rights or grant to Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase Ordinary Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Ordinary Share on the dealing day immediately preceding the first date on which the terms of such issue or grant are publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Ordinary Share.

Such adjustment shall become effective on the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

4.6 *Issue of Shares at Below Current Market Price*

If and whenever the Company shall issue (otherwise than as mentioned in Condition 4.4 above) wholly for cash or for no consideration any Ordinary Shares (other than Ordinary Shares issued on the exercise of Conversion Rights or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of, Ordinary Shares) or issue or grant (otherwise than as mentioned in Condition 4.4) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase any Ordinary Shares (other than the CULS, which term shall include any Additional CULS issued and consolidated and forming a single series with the CULS), in each case

at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the dealing day immediately preceding the date of the first public announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before the issue of such Ordinary Shares or the grant of such options, warrants or rights;
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the issue of such additional Ordinary Shares or, as the case may be, for the Ordinary Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Ordinary Share; and
- C is the number of Ordinary Shares to be issued pursuant to such issue of such additional Ordinary Shares or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

Such adjustment shall become effective on the date of issue of such additional Ordinary Shares or, as the case may be, the grant of such options, warrants or rights.

4.7 ***Share-Related Securities Issued Other than to Shareholders***

If and whenever the Company or any Subsidiary or (at the direction or request of or pursuant to any arrangements with the Company or any Subsidiary) any other company, person or entity (otherwise than as mentioned in Conditions 4.4, 4.5 or 4.6 above) shall issue wholly for cash or for no consideration any Securities (other than the CULS, which term shall for this purpose exclude any Additional CULS issued and consolidated and forming a single series with the CULS) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued) or Securities which, by their terms, might be re-designated as Ordinary Shares, and the consideration per Ordinary Share receivable upon conversion, exchange, subscription or re-designation is less than 95 per cent. of the Current Market Price per Ordinary Share on the dealing day immediately preceding the date of the first public announcement of the terms of issue of such Securities (or the terms of such grant), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue (or grant) by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before such issue or grant (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued by the Company for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to such Securities or, as the case may be, for the Ordinary Shares to be issued or to arise from any such re-designation would purchase at such Current Market Price per Ordinary Share; and
- C is the maximum number of Ordinary Shares to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription attached thereto at the initial conversion, exchange or subscription price or rate or, as the case may be, the maximum number of Ordinary Shares which may be issued or arise from any such re-designation,

provided that if, at the time of issue of the relevant Securities or date of grant of such rights (as used in this Condition 4.7, the “**Specified Date**”), such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription are exercised or, as the case may be, such Securities are re-designated or at such other time as may be provided), then for the purposes of this Condition 4.7, “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition or, as the case may be, re-designation had taken place on the Specified Date.

Such adjustment shall become effective on the date of issue of such Securities or, as the case may be, the grant of such rights.

4.8 *Amendment of Terms of Rights or Share-Related Securities*

If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such Securities (other than the CULS and any Additional CULS issued and consolidated and forming a single series with the CULS) as are mentioned in Condition 4.7 above (other than in accordance with the terms (including terms as to adjustment) applicable to such Securities upon issue) so that following such modification the consideration per Ordinary Share receivable has been reduced and is less than 95 per cent. of the Current Market Price per Ordinary Share on the dealing day immediately preceding the date of the first public announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before such modification (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued, purchased or acquired by the Company or any Subsidiary (or at the direction or request or pursuant to any arrangements with the Company or any Subsidiary) for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued, purchased or acquired);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to the Securities so modified would purchase at such Current Market Price per Ordinary Share or, if lower, the existing conversion, exchange or subscription price of such Securities; and
- C is the maximum number of Ordinary Shares which may be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as the Independent Financial Adviser shall consider appropriate for any previous adjustment under this Condition 4.8 or Condition 4.7,

provided that if at the time of such modification (as used in this Condition 4.8, the “**Specified Date**”) such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription are exercised or at such other time as may be provided) then, for the purposes of this Condition 4.8, “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange or subscription had taken place on the Specified Date.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such Securities.

4.9 *Demerger*

If and whenever the Company or any Subsidiary or (at the direction or request of or pursuant to any arrangements with the Company or any Subsidiary) any other company, person or entity shall offer any Securities in connection with which offer Shareholders as a class are entitled to participate in arrangements whereby such Securities may be acquired by them (except where the Conversion Price falls to be adjusted under Conditions 4.2, 4.3, 4.4, 4.6, 4.7 or 4.8 (or would fall to be so adjusted if the relevant issue or grant was at less than 95 per cent. of the Current Market Price per Ordinary Share on the relevant dealing day) or under Condition 4.5) the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the making of such offer by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Ordinary Share on the dealing day immediately preceding the date on which the terms of such offer are first publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the relevant offer attributable to one Ordinary Share.

Such adjustment shall become effective on the first date on which the Ordinary Shares are traded ex-rights on the Relevant Stock Exchange.

4.10 *Change of Control*

If an offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) such Shareholders other than the offeror and/or any associated company (as defined in Section 529(1) of the Companies (Guernsey) Law 2008, as amended) of the offeror), to acquire all or a majority of the issued ordinary share capital of the Company or if any person proposes a scheme of arrangement (pursuant to Part VIII of the Companies (Guernsey) Law, 2008 (as amended)) or analogous proceeding with regard to such acquisition (other than a Newco Scheme) and (such offer or scheme having become or been declared unconditional in all respects or effective) the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become unconditionally vested in such offeror, such person, and/or any associate of such offeror or person as aforesaid (a “**Relevant Event**”), the Conversion Price shall in each such case be adjusted as set out below (but, in each case, adjusted, if appropriate, proportionately on each adjustment to the Conversion Price under the foregoing provisions of this Condition 4 and Condition 4.11 (such adjusted Conversion Price, the “**Change of Control Conversion Price**”), provided that the Change of Control Conversion Price shall only apply to CULS in respect of which Conversion Rights are duly exercised and the Conversion Date falls within the period (the “**Relevant Event Period**”) commencing on the date the Relevant Event occurs and ending on the date falling 60 London and Guernsey Business Days following the occurrence of the Relevant Event or, if later, the date falling 60 London and Guernsey Business Days following the date on which notice of such Relevant Event is given to CULS Holders by or on behalf of the Company pursuant to Condition 4.15:

$$\text{COCCP} = \text{CP} / (1 + (\text{P} \times \text{c} / \text{t}))$$

where:

- COCCP is the Change of Control Conversion Price;
- CP is the Conversion Price in effect on the relevant Conversion Date;
- P is 36.90 per cent. (expressed as a fraction);
- c is the number of days from and including the date the Relevant Event occurs to but excluding the Maturity Date; and
- t is the number of days from (and including) the Issue Date to (but excluding) the Maturity Date.

4.11 *Other Events; Contemporaneous Events*

If the Company determines that an adjustment should be made to the Conversion Price as a result of one or more circumstances not referred to above in this Conditions 4.1 to 4.9 (even if the relevant circumstance is specifically excluded from the operation of Conditions 4.1 to 4.9 above), the Company shall, at its own expense and acting reasonably, request the Independent Financial Adviser to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this Condition 4.11 if the Independent Financial Adviser is so requested to make such a determination not more than 21 days after the date on which the relevant circumstance arises.

Notwithstanding the foregoing provisions, where the events or circumstances giving rise to any adjustment pursuant to this Condition 4 have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Company, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be advised by the Independent Financial Adviser to be in its opinion appropriate to give the intended result and provided further that, for the avoidance of doubt, the issue of Ordinary Shares pursuant to the exercise of Conversion Rights shall not result in an adjustment to the Conversion Price.

4.12 *Aggregate Consideration and Consideration per Ordinary Share*

For the purpose of any calculation of the consideration receivable or price pursuant to Conditions 4.4, 4.6, 4.7 or 4.8, the following provisions shall apply:

- (a) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- (b) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or receivable for any such Securities, and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Company to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed or the Company so determines, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the date of the first public announcement of the terms of issue of such Securities or, as the case may be, such options, warrants or rights, plus in the case of each of (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights or subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (x) or (y) above (as the case may be) divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;
- (c) if the consideration or price determined pursuant to paragraph (a) or (b) above (or any component thereof) shall be expressed in a currency other than Pounds Sterling, it shall be converted into Pounds Sterling at such rate of exchange as may be determined in good faith

by the Independent Financial Adviser to be the spot rate ruling at the close of business on the date of the first public announcement of the terms of issue of such Securities (or if no such rate is available on that date, the equivalent rate on the immediately preceding date on which such rate is available);

- (d) in determining consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or otherwise in connection therewith; and
- (e) an adjustment shall not be made pursuant to Conditions 4.7 or 4.9 in respect of an issue or offer by or on behalf of an entity which is a Subsidiary unless (1) the same is also made at the direction or request of or pursuant to any arrangements with the Company or any Subsidiary and (2) (in the case of Condition 4.7) the relevant Ordinary Shares have been issued or are issued or are to be issued by the Company in connection with or in contemplation of the relevant issue or offer.

And in this Condition 4:

“Current Market Price” means, in respect of an Ordinary Share at a particular date, the average of the Volume Weighted Average Price of an Ordinary Share for the five consecutive dealing days ending on such date if it is a dealing day; provided that if at any time during the said five-dealing-day period the Volume Weighted Average Price shall have been based on a price ex-Dividend (or ex- any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement), then:

- (a) if the Ordinary Shares to be issued do not rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price cum-Dividend (or cum-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of first public announcement of such Dividend (or entitlement) (excluding, in any case, any associated tax credit and less the tax (if any) falling to be deducted on payment thereof to a resident of the United Kingdom); or
- (b) if the Ordinary Shares to be issued do rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price ex-Dividend (or ex- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amount,

and provided further that, if on each of the said five dealing days the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement) in respect of a Dividend (or other entitlement) which has been declared or announced but the Ordinary Shares to be issued do not rank for that Dividend (or other entitlement), the Volume Weighted Average Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of the first public announcement of such Dividend or entitlement (excluding, in any case, any associated tax credit and less the tax (if any) falling to be deducted on payment thereof to a resident of the United Kingdom), and provided further that, if the Volume Weighted Average Price of an Ordinary Share is available on one or more of the said five dealing days, then the average of such Volume Weighted Average Prices which are available in that five dealing day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period the Current Market Price shall be determined in good faith by the Independent Financial Adviser;

“dealing day” means a day on which the Relevant Stock Exchange is open for business, other than a day on which the Relevant Stock Exchange is scheduled to, or does, close prior to its regular weekday closing time;

“Relevant Stock Exchange” means the Specialist Fund Market of the London Stock Exchange plc or, if at the relevant time, the Ordinary Shares are not at that time admitted to trading on the Specialist Fund Market, the principal stock exchange or securities market on which the Ordinary Shares are then listed, admitted to trading or quoted or dealt in; and

“Volume Weighted Average Price” means, in respect of an Ordinary Share or, as the case may be, a Spin-Off Security on any dealing day, the order book volume-weighted average price of an Ordinary Share or, as the case may be, a Spin-Off Security appearing on or derived from Bloomberg page VAP (in the case of an Ordinary Share) or such other source as shall be determined to be appropriate by the Independent Financial Adviser on such dealing day, provided that on any such dealing day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share or a Spin-Off Security, as the case may be, in respect of such dealing day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined.

4.13 *Retroactive Adjustments*

If the Conversion Date shall be after the record date for any such issue, distribution, grant or offer (as the case may be) as is mentioned in Conditions 4.2, 4.3, 4.4, 4.5 or 4.9, or any such issue as is mentioned in Condition 4.6 and 4.7 which is made to the Shareholders or any of them, but before the relevant adjustment becomes effective under Condition 4 (such adjustment, a **“Retroactive Adjustment”**), the Company shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued to the converting CULS Holder, in accordance with the instructions contained in the Conversion Notice or in the Uncertificated Conversion Notice (as may be applicable), such additional number of Ordinary Shares (if any) as, together with the Ordinary Shares issued or to be issued on conversion of the relevant CULS (together with any fraction of an Ordinary Share not so issued), is equal to the number of Ordinary Shares which would have been required to be issued on conversion of such CULS if the relevant adjustment (more particularly referred to in the said provisions of Condition 4) to the Conversion Price had in fact been made and become effective immediately after the relevant record date.

4.14 *Decision of an Independent Financial Adviser*

If any doubt shall arise as to the appropriate adjustment to the Conversion Price, and following consultation between the Company and the Independent Financial Adviser, a written opinion of the Independent Financial Adviser in respect of such adjustment to the Conversion Price shall be conclusive and binding on all concerned, save in the case of manifest error.

4.15 *Relevant Event*

Within 14 calendar days following the occurrence of a Relevant Event, the Company shall give notice in writing thereof to the Trustee and to the CULS Holders in accordance with the Trust Deed (a **“Relevant Event Notice”**). Such notice shall contain a statement informing CULS Holders of their entitlement to exercise their Conversion Rights as provided in these Conditions and their entitlement to exercise their rights to require redemption of their CULS pursuant to Condition 7.4.

The Relevant Event Notice shall also specify:

- (a) all information material to CULS Holders concerning the Relevant Event;
- (b) the Conversion Price immediately prior to the occurrence of the Relevant Event and the Conversion Price which is applicable pursuant to Condition 4.10 during the Relevant Event Period on the basis of the Conversion Price in effect immediately prior to the occurrence of the Relevant Event;
- (c) the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of the Relevant Event Notice;
- (d) the last day of the Relevant Event Period; and
- (e) the Relevant Event Put Date (as defined below).

The Trustee shall not be required to monitor, determine, form an opinion or take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur and will not be responsible or liable to CULS Holders or any other person for any loss arising from any failure by it to do so.

4.16 *Discount to par*

The Conversion Price may not be reduced so that, on conversion of the CULS, Ordinary Shares would fall to be issued at a discount to their nominal or par value.

4.17 *Employees' Share Schemes*

No adjustment will be made to the Conversion Price where Ordinary Shares or other Securities (including rights, warrants and options) are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive office or the personal service company of any such person) or their spouses or relatives, in each case, of the Company or any Subsidiary or any associated company or to trustees to be held for the benefit of any such person, in any such case, pursuant to any dividend reinvestment plan or similar plan or scheme.

4.18 *Rounding Down and Adjustments*

On any adjustment, the resultant Conversion Price, if not an integral multiple of £0.0001, shall be rounded down to the nearest whole multiple of £0.0001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time.

4.19 *Notice of adjustment of Conversion Price*

Notice of any adjustments to the Conversion Price shall be given to CULS Holders in accordance with the Trust Deed promptly after the determination thereof.

4.20 *Trustee not liable*

The Trustee shall not be required to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event or any event described in Conditions 4.1 to 4.9 has occurred or may occur.

5. *Restriction on Financial Indebtedness*

5.1 For as long as the CULS are outstanding, without the sanction of an Extraordinary Resolution:

- (a) the Company shall not incur or have outstanding (and the Company 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 (and taking into account the Financial Indebtedness to be incurred as if it had been incurred) exceeds 50 per cent. of the Net Asset Value of the Company; or
- (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 the Net Asset Value of the Company.

For the purpose of this Condition:

"Financial Indebtedness" shall mean any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (f) any amount raised by the issue of shares which are redeemable (other than at the option of the Company) before the Maturity Date or are otherwise classified as borrowings under International Financial Reporting Standards as adopted by the European Union in accordance with IAS Regulation 1606/2002 (as amended); or
- (g) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (f) above.

For the purposes of this Condition, any Financial Indebtedness denominated in a currency other than the currency in which the Net Asset Value of the Company is reported shall be converted into the currency in which the Net Asset Value of the Company is reported.

5.2 Condition 5.1(a) shall not prohibit the incurrence of any of the following items of Financial Indebtedness:

- (a) the incurrence by the Company or any Subsidiary of any Financial Indebtedness in existence on the Initial Issue Date;
- (b) the incurrence by the Company of Financial Indebtedness represented by the Initial CULS to be issued on the Initial Issue Date; or
- (c) the incurrence by the Company or any Subsidiary of 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.

6. Covenants relating to Conversion Rights

6.1 While any Conversion Rights remain capable of exercise by any CULS Holder, save with the previous sanction of an extraordinary resolution of the CULS Holders within the meaning of the Trust Deed (an "**Extraordinary Resolution**") or with the prior approval of the Trustee where, in the Trustee's opinion, it is not materially prejudicial to the interests of the CULS Holders to give such approval, the Company shall use its reasonable endeavours:

- (a) to procure that (i) the CULS and (ii) the Ordinary Shares which are fully paid at all times remain admitted to trading on the Specialist Fund Market; and
- (b) to ensure that during such time as the Ordinary Shares are admitted to trading on the Specialist Fund Market and/or listed or quoted on any other stock exchange, all the Ordinary Shares allotted on exercise of Conversion Rights will, on allotment, be admitted to trading on the Specialist Fund Market and/or be listed or quoted on such other stock exchange.

6.2 While any Conversion Rights remain capable of exercise by any CULS Holder, save with the previous sanction of an Extraordinary Resolution or with the prior approval of the Trustee where, in the Trustee's opinion, it is not materially prejudicial to the interests of the CULS Holders to give such approval, the Company shall:

- (a) subject only to their being admitted to trading on the Specialist Fund Market and/or any other stock exchange or securities market on which the Ordinary Shares may then be listed or quoted or dealt in, issue, allot and deliver Ordinary Shares on exercise of Conversion Rights in accordance with the Conditions and, at all times, keep available for issue free from pre-emptive or other similar rights such number of Ordinary Shares as would enable it to

issue in full such number of Ordinary Shares as are required to be issued by it upon exercise of Conversion Rights and all other rights of subscription and exchange for and conversion into Ordinary Shares;

- (b) not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves unless, in any such case, the same gives rise (or would, but for the provisions of Condition 4.18 relating to the carry forward of adjustments, give rise) to an adjustment to the Conversion Price other than:
 - (i) by the issue of fully paid Ordinary Shares or other Securities to the Shareholders and other holders of ordinary shares in the capital of the Company which by their terms entitle the holders thereof to receive Ordinary Shares or other Securities on a capitalisation of profits or reserves;
 - (ii) by the issue of Ordinary Shares paid up in full out of profits or reserves (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of the whole or part of a cash dividend; or
 - (iii) by the issue of fully paid equity share capital (other than Ordinary Shares) to the holders of equity share capital of the same class and other holders of ordinary shares in the capital of the Company which by their terms entitle the holders thereof to receive equity ordinary share capital (other than Ordinary Shares) on a capitalisation of profits or reserves;
- (c) not in any way modify the rights attaching to the Ordinary Shares with respect to voting, dividends or liquidation nor issue any other class of equity ordinary share capital carrying any rights which are more favourable than such rights but so that nothing in this Condition 6.2 shall prevent:
 - (i) any consolidation or subdivision of the Ordinary Shares;
 - (ii) any modification of such rights which is not, in the opinion of the Independent Financial Adviser, materially prejudicial to the interests of the CULS Holders;
 - (iii) any alteration to the Articles made in connection with the matters described in this Condition 5 or which is supplemental or incidental to any of the foregoing (including any amendment made to enable or facilitate procedures relating to such matters and any amendment dealing with the rights and obligations of holders of Securities, including Ordinary Shares, dealt with under such procedures);
 - (iv) any issue of equity ordinary share capital where the issue of such equity share capital results or would, but for the provisions of these Conditions, otherwise result in an adjustment of the Conversion Price; or
 - (v) any issue of equity ordinary share capital or modification of rights attaching to the Ordinary Shares where prior thereto the Company shall have instructed the Independent Financial Adviser to determine what (if any) adjustments should be made to the Conversion Price as being fair and reasonable to take account thereof and the Independent Financial Adviser shall have determined either that no adjustment is required or that an adjustment to the Conversion Price is required and, if so, the new Conversion Price as a result thereof and the basis upon which such adjustment is to be made and, in any such case, the date on which the adjustment shall take effect (and so that the adjustment shall be made and shall take effect accordingly);
- (d) procure that no Securities (whether issued by the Company or any Subsidiary or procured by the Company or any Subsidiary to be issued or issued by any other person pursuant to any arrangement with the Company or any Subsidiary) issued without rights to convert into, or exchange or subscribe for, Ordinary Shares shall subsequently be granted such rights exercisable at a consideration per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share at the close of business on the last dealing day

preceding the date of the announcement of the proposed inclusion of such rights unless the same gives rise (or would, but for the provisions of Condition 4.18 relating to the carry forward of adjustments, give rise) to an adjustment to the Conversion Price and that at no time shall there be in issue Ordinary Shares of differing nominal values, save where such Ordinary Shares have the same economic rights;

- (e) not make any issue, grant or distribution or take any other action if the effect thereof would be that, on the conversion of the CULS, Ordinary Shares would (but for the provisions of Condition 4.15) have to be issued at a discount or otherwise could not, under any applicable law then in effect, be legally issued as fully paid;
- (f) not reduce its issued share capital, share premium account or capital redemption reserve or any uncalled liability in respect thereof or any non-distributable reserves, except (i) pursuant to the terms of issue of the relevant share capital, (ii) by means of a purchase or redemption of share capital of the Company to the extent permitted by the Articles and/or applicable law, (iii) where the reduction does not involve any distribution of assets, (iv) where the reduction results in (or would, but for the provisions of Condition 4.18 relating to the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made, (v) solely in relation to a change in the currency in which the nominal value of the Ordinary Shares is expressed, (vi) pursuant to a Newco Scheme or (vii) by way of, or involving, a transfer to reserves under applicable law;
- (g) if any offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) such Shareholders other than the offeror and/or any associated companies (as defined in section 529(1) of the Companies (Guernsey) Law 2008 (as amended)) of the offeror) to acquire all or a majority of the issued ordinary share capital of the Company, or if a scheme is proposed with regard to such acquisition, give notice of such offer or scheme to the Trustee and the Holders at the same time as any notice thereof is sent to the Shareholders (or as soon as practicable thereafter) that details concerning such offer or scheme may be obtained from the office of the Company and, where such an offer or scheme has been recommended by the Board or where such an offer has become or been declared unconditional in all respects, use its reasonable endeavours to procure that a like offer or scheme is extended to the holders of any Ordinary Shares issued during the period of the offer or scheme arising out of the exercise of the Conversion Rights and/or to the Holders; and
- (h) send to all CULS Holders a copy of every document sent by the Company to Shareholders at the time the same is sent to Shareholders.

7. Purchase and Redemption

7.1 Final Redemption

All CULS not previously redeemed, purchased or converted and, in each case, cancelled in accordance with the provisions of the Trust Deed or these Conditions will be redeemed by the Company on 30 July 2021 (the “**Maturity Date**”) at their nominal amount, together accrued interest up to (but excluding) the date of final redemption of the Maturity Date.

7.2 Redemption at the Option of the Company

On giving not less than 30 nor more than 60 days’ notice (an “**Optional Redemption Notice**”) to the Trustee and to CULS Holders in accordance with the Trust Deed, the Company may redeem all (but not some only) of the CULS on the date (the “**Optional Redemption Date**”) specified in the Optional Redemption Notice at their nominal amount, together with accrued but unpaid interest to such date:

- (a) at any time on or after 30 July 2017, if on each of not less than 20 dealing days during any period of 30 consecutive dealing days ending not earlier than the fifth dealing day prior to the giving of the relevant Optional Redemption Notice, the Volume Weighted Average Price of an Ordinary Share exceeds 130 per cent. of the Conversion Price in effect (or deemed to be in effect) on each dealing day; or

- (b) at any time, if prior to the date the relevant Optional Redemption Notice is given, 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 nominal amount of the CULS originally issued (which shall, for this purpose, include any Additional CULS).

For the purposes of paragraph (a) of this Condition 7.2, if on any dealing day in such 30 dealing day period, the Volume Weighted Average Price of an Ordinary Share on such dealing day shall have been quoted cum-Dividend (or cum-any other entitlement), the Volume Weighted Average Price of an Ordinary Share on such dealing day shall be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date (or, if that is not a dealing day, the immediately preceding dealing day) of first public announcement of such Dividend (or entitlement).

7.3 *Optional Redemption Notices*

Any Optional Redemption Notice shall be irrevocable. Any such notice shall specify (a) the Optional Redemption Date, which shall be a Business Day in London and Guernsey, (b) the Conversion Price, the aggregate nominal amount of the CULS outstanding and the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange, in each case, as at the latest practicable date prior to the publication of the Optional Redemption Notice, (c) the last day on which Conversion Rights may be exercised by CULS Holders and (d) the amount of accrued interest payable in respect of the CULS on the Optional Redemption Date.

7.4 *Redemption at the Option of the CULS Holder following a Relevant Event*

Following the occurrence of a Relevant Event, each CULS Holder will have the right to require the Company to redeem that CULS on the Relevant Event Put Date at its nominal amount, together with accrued and unpaid interest to such date. To exercise such right, the holder of the relevant CULS must deliver a duly completed and signed notice of exercise in the form for the time being current obtainable from the specified office of the UK Transfer and Paying Agent (a “**Relevant Event Put Exercise Notice**”), together with (in the case of Certificated CULS only) the relevant CULS Certificate to the specified office of the UK Transfer and Paying Agent, at any time during the Relevant Event Period. The “**Relevant Event Put Date**” shall be the tenth calendar day after the expiry of the Relevant Event Period. Payment in respect of any such CULS shall be made in accordance with Condition 15. A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and the Company shall redeem all CULS the subject of Relevant Event Put Exercise Notices delivered as aforesaid on the Relevant Event Put Date.

7.5 *Purchase*

Subject to the requirements (if any) of any stock exchange on which the CULS may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Company or any Subsidiary may, at any time, purchase any CULS in the open market or otherwise at any price. Such CULS may be held, reissued, resold or, at the option of the Company or relevant Subsidiary, cancelled.

7.6 *Cancellation*

All CULS which are redeemed or in respect of which Conversion Rights are exercised will be cancelled and may not be reissued or resold. CULS purchased by the Company or any of its Subsidiaries may be cancelled and, if so surrendered, shall be cancelled forthwith and may not be reissued or re-sold.

8. **Events of Default**

Upon the occurrence of any of the following events, the Trustee may at its discretion and, if requested in writing by CULS Holders holding at least one-quarter in nominal amount of the CULS then outstanding or directed by an Extraordinary Resolution, shall (subject, in each case, to being indemnified and/or secured and/or pre-funded by CULS Holders to its satisfaction), give notice to the Company that the CULS are (and the CULS shall thereupon become) immediately due and payable at their nominal amount together with accrued interest as provided in the Trust Deed:

- 8.1 if the Company makes default (except as provided by the Subordination Agreement) for a period of 14 days or more in the payment on the due date of any principal or interest in respect of the CULS;
- 8.2 if an order is made or an effective resolution passed for the winding up or dissolution of the Company (except for the purpose of a reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution);
- 8.3 if:
- (a) the Company is unable or admits inability to pay its debts as they fall due;
 - (b) the value of the assets of the Company is less than its liabilities (taking into account contingent and prospective liabilities);
 - (c) a moratorium is declared in respect of any indebtedness of the Company; or
 - (d) the Company ceases or threatens to cease to carry on all or substantially all of its business, which shall not include (A) a change in investment policy, objective, performance benchmark or manager, or (B) a reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution;
- 8.4 if an encumbrancer takes possession or a receiver or administrator or administrative receiver or other similar official is appointed of the Company or of the whole or a substantial part of the assets or undertaking of the Company or a distress or execution is levied or enforced upon or sued out against the whole or a substantial part of the assets or property of the Company and is not discharged within 30 days of being levied, enforced or sued out;
- 8.5 if default is made by the Company in the performance or observance of any covenant or provision binding on it under or pursuant to the Trust Deed (other than (a) any covenant for the payment of principal or interest in respect of the CULS; or (b) any breach referred to in Condition 8.6) or if any event occurs or any action is taken or fails to be taken which is (or but for the provisions of any applicable law would be) a breach of any of the covenants contained in the Trust Deed and (except where, in the opinion of the Trustee, the same is not capable of remedy when no such continuation or notice as is herein provided will be required) the same continues for more than 30 days after written notice requiring the same to be remedied shall have been given to the Company by the Trustee; or
- 8.6 if the Company, without the prior written consent of the Trustee or by an Extraordinary Resolution or as otherwise permitted by these Conditions, alters the rights attached to all or any of its Ordinary Shares in issue from time to time or attaches any special rights, privileges or restrictions thereto, or creates or issues any new class of equity share capital other than the Ordinary Shares ranking *pari passu* in all respects (or in all respects except as regards any restriction on their rights to receive dividends or other distributions or on their rights on a return of capital or on their rights to participate in any issue by way of capitalisation of profits or reserves or on their voting rights, which, in all such cases, make such rights materially less favourable than those attached to the Ordinary Shares) with the Ordinary Shares and, in each case (except where, in the opinion of the Trustee, such alteration, attachment, creation or issue is not capable of cancellation when no such continuation or notice as is herein provided shall be required), such alteration, attachment, creation or issue shall continue for more than 30 days after written notice requiring such alteration, attachment, creation or issue to be cancelled shall have been given to the Company by the Trustee, provided that nothing in this Condition 8.6 shall restrict the right of the Company to consolidate or subdivide Ordinary Shares or convert Ordinary Shares into stock or vice versa and no such consolidation, subdivision or conversion shall give rise to any rights under this Condition 8.6.

Provided that no such event set out in Conditions 8.3 to 8.6 shall constitute an event of default on the occurrence of which the CULS may become immediately due and payable unless the Trustee shall have certified in writing that, in its opinion (having taken such advice as it may require), such event is materially prejudicial to the interests of the CULS Holders.

9. Status and Subordination

9.1 Status

The CULS constitute direct, unsecured, subordinated, and unconditional obligations of the Company which will, at all times, rank *pari passu* among themselves.

9.2 Subordination

The terms of the CULS are subject in their entirety to the terms of the Subordination Agreement. In the event of inconsistency between the terms of the CULS and the provisions of the Subordination Agreement, the provisions of the Subordination Agreement will prevail. The CULS Holders agree to and are bound by, and are deemed to have notice of, all the provisions of the Subordination Agreement.

Any failure to pay any amount under or in respect of the CULS to the Trustee (other than any Trustee Fees and Expenses (as defined in the Subordination Agreement)) or any CULS Holder as a result of the provisions of the Subordination Agreement shall not give rise to an event of default under Condition 8 or a breach of any other Condition. Notwithstanding the above, any amount which is not so paid due to the provisions of the Subordination Agreement shall remain a debt owing to the Trustee or the relevant CULS Holder, as the case may be, by the Company until it is paid and shall be payable, in the case of principal, on the third Business Day in London and Guernsey following the day on which the relevant provisions of the Subordination Agreement no longer apply (whether or not such a date is otherwise a payment date pursuant to the Conditions) and, in the case of interest, on such Business Day or on the next Interest Payment Date (at the Company's election). No interest shall accrue on any amount under or in respect of the CULS which is not paid solely as a result of the relevant provisions of the Subordination Agreement.

10. Denomination and Transfer

The CULS will be denominated in integral multiples of £10 in nominal amount and will be in registered form and transferable without payment of any fee (excepting all transfer taxes). The Trust Deed will contain provisions enabling the CULS to be held and transferred in uncertificated form. The Trustee may, without any sanction of CULS Holders, concur with the Company in making modifications to the provisions of the Trust Deed in order to reflect changes in the CREST Regulations or in the applicable law and practice relating to the holding or transfer of CULS in uncertificated form and the issue of Ordinary Shares in uncertificated form on conversion of CULS.

The CULS may not be legally or beneficially owned by any US Person at any time nor offered, sold, delivered, pledged, assigned or otherwise transferred or exercised or redeemed at any time within the United States or to, or for the account or benefit of, any US Person. If the Company determines at any time that any CULS is legally or beneficially owned by any US Person, the Company may direct the CULS Holder to sell or transfer such CULS to a person who is not a US Person within 14 days following receipt of notice of the direction. If the CULS Holder fails to sell or transfer such CULS within such period, the Company may at its discretion (i) cause such CULS to be sold to an acquirer selected by the Company that certifies to the Company that such acquirer is not a US Person, on terms as the Company may choose, subject to the purchaser representations and requirements and transfer restrictions set out herein, and, pending such transfer, no further payments will be made in respect of such CULS or (ii) give notice to the CULS Holder that such CULS will be redeemed by the Company at their nominal amount, together with any accrued but unpaid interest on the date specified in such notice.

In the event of a sale in accordance with the previous paragraph, the Company may select an acquirer by any means determined by it in its sole discretion. The proceeds of the sale, net of any commissions, expenses and taxes due in connection with the sale shall be remitted to the selling CULS Holder. The terms and conditions of any sale hereunder (including the sale price) shall be determined in the sole discretion of the Company, subject to the purchaser representations and requirements and transfer restrictions set out herein (and in the Placing Agreement), and the Company shall not be liable to any person having an interest in the CULS sold as a result of any sale or the exercise of such discretion.

11. Issues of Additional Unsecured Loan Stock

Provision will be made in the Trust Deed to enable further unsecured loan stock of the Company to be issued either so as to be identical in all respects with and to form a single series with the CULS (including the Further CULS) or on such terms, including rights as to interest, ranking (but not ranking ahead of the CULS), conversion, premium, redemption and otherwise as the Company may, in its absolute discretion (but subject to Shareholder Approval), determine. Such further unsecured loan stock shall, if identical and forming a single series with the CULS, and may, in any other case with the consent of the Trustee, be constituted by a trust deed supplemental to the Trust Deed and shall accordingly, if so constituted, be “**Additional CULS**”. However, no additional loan capital of the Company or any Subsidiary shall be paid up in whole or in part by way of capitalisation of profits or reserves or be issued by way of collateral security.

12. Modification of Rights, Etc.

- 12.1 CULS Holders will have power by Extraordinary Resolution, *inter alia*, to sanction 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 Trust Deed. In addition, the Trustee may from time to time without the consent or sanction of the CULS Holders (but only if and insofar as in the opinion of the Trustee the interests of the CULS Holders will not be materially prejudiced thereby), on such terms and subject to such conditions as it shall deem expedient, waive or authorise any breach or proposed breach by the Company of any of the covenants or provisions of the Trust Deed, determine that any act or omission which would or could constitute an event of default under the Trust Deed shall not do so, or agree to any modification of the provisions of the Trust Deed. The Trustee may also agree, without such consent or sanction, to any modification of the Trust Deed which is, in the opinion of the Trustee, of a formal, technical or minor nature or to correct a manifest error or an error which is in the opinion of the Trustee proven. Provision will be made for convening separate meetings of the holders of the CULS and each series of any Additional CULS when the Trustee considers this appropriate.
- 12.2 An Extraordinary Resolution passed at a meeting of the CULS Holders duly convened and held shall be binding upon all the CULS Holders, whether present or not present at the meeting, and the Company, each of the CULS Holders and (subject to the provisions for its indemnity and/or security and/or pre-funding contained in the Trust Deed) the Trustee shall be bound to give effect thereto accordingly.
- 12.3 In connection with the exercise by it of any of its trusts, powers, authorities and discretions under the Trust Deed (including, without limitation, any modification, waiver, authorisation or determination referred to in Condition 12.1), the Trustee shall have regard to the general interests of the CULS Holders as a class but shall not have regard to any interests arising from circumstances particular to individual CULS Holders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual CULS Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Trustee shall not be entitled to require, nor shall any CULS Holder be entitled to claim, from the Company, the Trustee or any other person, any indemnification or payment in respect of any tax consequences of any such exercise on individual CULS Holders.

13. Trustee’s Indemnification and Consents

- 13.1 The Trust Deed will contain provisions for the indemnification and/or pre-funding of and/or provision of security to the Trustee and for its relief from responsibility in certain events. The Trust Deed will provide that when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled:
- (a) to evaluate its risk in any given circumstance by considering the worst-case scenario; and

- (b) to require that any indemnity or security given to it by the CULS Holders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.
- 13.2 Any consent given by the Trustee may be given on such terms and subject to such conditions (if any) as the Trustee may in its absolute discretion think fit and, notwithstanding anything to the contrary in the Conditions or the Trust Deed, may be given retrospectively.

14. Removal, Retirement and Replacement of Trustee

The Trust Deed will contain provisions for the removal of the Trustee by an Extraordinary Resolution and will permit the Trustee to retire at any time without assigning any reason. The Company will have the power to appoint a new Trustee but such new Trustee shall be subject to the approval of an Extraordinary Resolution.

15. Payments

15.1 *Method of Payment*

(a) *Certificated CULS*

Payment of the nominal amount of CULS on redemption and/or interest will be made by transfer to a Pounds Sterling account (or other account to which Pounds Sterling may be credited) maintained by the CULS Holder with a bank in the City of London as previously notified to the UK Transfer and Paying Agent, or in the absence of a bank account by cheque posted to the registered address of the first-named holder on the CULS Register, and (in the case of redemption and/or interest payable on redemption) will be made against surrender of the relevant CULS Certificate at the specified office of the UK Transfer and Paying Agent.

(b) *Uncertificated CULS*

The Company shall pay or cause to be paid payments of nominal amount in respect of Uncertificated CULS by way of a CREST assured payment in accordance with the CREST Regulations.

Payments of interest in respect of Uncertificated CULS will be made by transfer to a Pounds Sterling account (or other account to which Pounds Sterling may be credited) maintained by the CULS Holder with a bank in the City of London where previously notified to the UK Transfer and Paying Agent, or by cheque posted to the address of the first-named holder on the CULS Register relating to Uncertificated CULS.

15.2 *Payments subject to fiscal laws*

All payments in respect of the CULS are subject, in all cases, to any fiscal or other laws and regulations applicable thereto in the place of payment. No commissions or expenses shall be charged to CULS Holders in respect of such payments.

15.3 *Non-Business Days*

Every cheque sent through the post shall be sent by first class post on or before the Business Day in London and Guernsey next preceding the due date of the relevant nominal and or interest payment unless such due date is not a Business Day in London and Guernsey, in which event it shall be sent on or before the second Business Day in London and Guernsey next preceding the due date of the relevant payment. Where payment is to be made by transfer to a Pounds Sterling bank account, payment instructions (for value the due date or, if the due date is not a Business Day in London and Guernsey, for value the next succeeding Business Day in London and Guernsey) will be initiated (a) in the case of payments of nominal amount and interest payable on redemption, on the later of the due date for payment and (in the case of Certificated CULS only) the day on which the relevant CULS Certificate is surrendered at the specified office of the UK Transfer and Paying Agent and

(b) in the case of payments of interest payable other than on redemption, on the due date for payment. CULS Holders shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for payment not being a Business Day in London and Guernsey.

15.4 Rounding

When making payments of nominal amount and/or interest to CULS Holders, the relevant payment will be rounded down to the nearest whole pence.

16. Notices

All notices regarding the CULS will be deemed to be validly given (i) if sent by first class mail or (if posted to an address overseas) by airmail to the CULS Holders (or the first named of joint holders) at their respective addresses recorded in the CULS Register (or, in the case of Uncertificated CULS, recorded in the electronic register of CULS Holders maintained in accordance with the CREST Regulations), (ii) if published through the electronic communications system of Bloomberg or (iii) for so long as the CULS are admitted to trading on the Specialist Fund Market, if published through the regulatory news service of the London Stock Exchange. Any such notice will be deemed to have been given on the fourth day after mailing or on the date of publication (as the case may be). In addition, for so long as any CULS are listed by or on a competent authority or stock exchange and the rules of that competent authority or stock exchange so require, such notice will be published in a daily newspaper of general circulation in the places or places required by that competent authority or stock exchange. If the giving of notice as provided above is not practicable, notice will be given in such other manner and shall be deemed to have been given on such date as the Trustee may approve.

17. Taxation

All payments of principal and interest by or on behalf of the Company in respect of the CULS shall be made free and clear of, and without withholding or deduction for or on account of any taxation, unless such withholding or deduction is required by law. In that event, the relevant payment will be made subject to such withholding or deduction. The Company will not be required to pay any additional or further amounts in respect of such withholding or deduction.

18. Auditors

The Trust Deed will provide that the Trustee may rely on certificates or reports provided by the Auditors or other experts in accordance with the provisions of the Trust Deed whether or not any such certificate or report shall be addressed to the Trustee and whether or not any such certificate or report or any engagement letter or other document entered into by the Trustee and/or the Auditors or such other experts in connection therewith contains any limit (whether monetary or otherwise) on the liability of the Auditors or such other expert.

19. Miscellaneous

A person whose address on the CULS Register is not within the United Kingdom shall not be entitled to receive notice of any meeting unless such person shall have given to the Company an address within the United Kingdom to which such notice shall be sent. Unless otherwise determined by the Company, each CULS Holder electing to convert their CULS must represent and warrant that, in the Conversion Notice (or otherwise as agreed by the Company), that he/she is not a US Person (as defined in the Securities Act), that he/she is not acquiring Ordinary Shares for the account of a US Person and that he/she is acquiring Ordinary Shares in an offshore transaction (as defined in Regulation S of the Securities Act).

20. Governing Law and Jurisdiction

20.1 Governing Law

The Trust Deed, and any non-contractual obligations arising out of or in connection with it, will be governed by, and construed in accordance with, English law.

20.2 *Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the CULS or the Trust Deed and, accordingly, any legal action or proceedings arising out of or in connection with the CULS or the Trust Deed (“**Proceedings**”) may be brought in such courts. The Company irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the CULS Holders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

20.3 *Agent for Service of Process*

The Company has appointed Law Debenture Corporate Services Limited at its office for the time being, currently at Fifth Floor, 100 Wood Street, London EC2V 7EX, as its agent in England to receive service of process of any Proceedings in England. If, for any reason, the Company does not have such an agent in England, it will promptly appoint a substitute process agent and notify the CULS Holders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

PART B – SUBORDINATION AGREEMENT

The following is the form of the Subordination Agreement excluding the notices provision, signature page and schedules.

THIS AGREEMENT is made on 30 July 2014

BETWEEN:

- (1) **JZ CAPITAL PARTNERS LIMITED**, a non-cellular company limited by shares and incorporated in Guernsey under the Companies (Guernsey) Law 2008 (as amended) with registered number 48761 (the “**Company**”);
- (2) **JEFFERIES FINANCE LLC** as administrative agent and collateral agent for and on behalf of the Initial Senior Lenders (as defined below) (the “**Initial Senior Representative**”); and
- (3) **THE LAW DEBENTURE TRUST CORPORATION P.L.C.**, a company incorporated under the laws of England and Wales with registered number 1675231 (the “**Trustee**”, which expression shall, wherever the context so admits, include such company and all other persons or companies for the time being the trustee or trustees of these presents) as trustee for the CULS Holders (as defined below).

RECITALS:

- (A) The Company proposes to issue the Initial CULS and may, at its absolute discretion but subject to obtaining the prior approval of the shareholders of the Company, elect to issue Further CULS.
- (B) The terms of the Term Loan Credit Agreement requires that any securities issued by the Company which are convertible into its ordinary shares must be subordinated on terms reasonably satisfactory to Required Lenders (as defined therein).
- (C) As a condition to the issue of the CULS, the Company requires the Trustee, on behalf of the CULS Holders, to enter into this Agreement to subordinate certain payments under the CULS and the Trust Deed in right of payment to the Senior Debt.

THE PARTIES AGREE AS FOLLOWS:

1. Interpretation

- 1.1 In this Agreement, unless the context otherwise requires, the following expressions have the following meanings:

“**Accession Agreement**” means an accession agreement substantially in the form set out in Schedule 1 (*Form of Accession Agreement*) under which an Additional Senior Representative or a New Trustee may become a party to this Agreement, with such amendments as the Company and the Appointed Senior Representative may reasonably approve or reasonably require;

“**Additional Senior Creditor**” means:

- (a) each Additional Senior Lender; and
- (b) each Additional Senior Representative;

“**Additional Senior Document**” means any document designated by the Company as an “Additional Senior Document” in accordance with Clause 15 (*Changes to Senior Debt*);

“**Additional Senior Lender**” means each person party to an Additional Senior Document in its capacity as lender to, or creditor in respect of Financial Indebtedness (including any hedge counterparty) of, the Company;

“**Additional Senior Representative**” means each entity that accedes to this Agreement as a “Additional Senior Representative” in accordance with Clause 15 (*Changes to Senior Debt*);

“Appointed Senior Representative” means the Senior Representative which has agreed (with the consent in writing of the other Senior Representatives) to act as Appointed Senior Representative for the purposes of this Agreement which, as at the date of this Agreement, shall be the Initial Senior Representative. Each other Senior Representative shall confirm in writing to the Company and the Trustee its acceptance of any appointment of an Appointed Senior Representative after the date of this Agreement and, if acceptance of any such appointment is not received by the Company and the Trustee from all other Senior Representatives, **“Appointed Senior Representative”** shall mean all Senior Representatives (acting unanimously);

“Conditions” means the conditions of the CULS (as in effect on the date of this Agreement);

“CULS” means the Initial CULS and further unsecured subordinated loan stock of the Company issued after the date of this Agreement pursuant to clause 2.4 of the Trust Deed (including the Further CULS) or, where the context so requires, any of them;

“CULS Default” means

- (a) a default by the Company, subject to any originally applicable grace period, in the payment on the due date of any principal or interest in respect of the CULS which, but for this Agreement, would be an Event of Default under clause 8 (*Events of Default*) of the Trust Deed; or
- (b) any other “Event of Default” under clause 8 (*Events of Default*) of the Trust Deed (as in effect on the date of this Agreement);

“CULS Enforcement Notice” has the meaning given to it in Clause 7.2 (*Permitted Enforcement by Subordinated Creditors*);

“CULS Holder” means any holder of CULS from time to time;

“CULS Standstill Period” has the meaning given to it in Clause 7.3 (*CULS Standstill Period*);

“CULS Standstill Period Start Date” has the meaning given to it in Clause 7.3 (*CULS Standstill Period*);

“Enforcement Action” means:

- (a) in relation to any Liabilities:
 - (i) the acceleration of any Liabilities or any other declaration that any Liabilities are due and payable prior to their originally scheduled maturity or date due for payment;
 - (ii) the making of any declaration that any Liabilities are payable on demand;
 - (iii) the making of any demand against the Company in relation to any Liabilities; or
 - (iv) the enforcement of any Liabilities by execution or otherwise;
- (b) the initiation or support of or taking any steps with a view to:
 - (i) any insolvency, liquidation, reorganisation, administration or dissolution proceedings;
 - (ii) any voluntary arrangement or assignment for the benefit of creditors; or
 - (iii) any similar proceedings,whether by petition, convening a meeting, voting for a resolution or otherwise;
- (c) bringing, supporting or joining any legal or arbitration proceedings in relation to any Liabilities; or
- (d) the entering into of any composition, compromise, assignment or arrangement for reasons of actual or anticipated financial difficulty of the Company or any other member of the Group;

- (e) the bringing of any other step or otherwise exercising any remedy for the recovery of any Liabilities,

except that the following shall not constitute Enforcement Action:

- (i) the taking of any action specified in paragraph (c) above which is necessary (but only to the extent necessary) to preserve the validity, existence or priority of claims in respect of Liabilities, including the registration of such claims before any court or governmental authority and the bringing, supporting or joining of proceedings to prevent any loss of the right to bring, support or join proceedings by reason of applicable limitation periods; and
- (ii) the Trustee bringing legal proceedings against any person solely for the purposes of:
 - (A) obtaining injunctive relief (or any analogous remedy outside England and Wales or Guernsey) to restrain any actual or putative breach of this Agreement or any Subordinated Document;
 - (B) obtaining specific performance (other than specific performance of an obligation to make a Payment) with no claim for damages in relation to this Agreement or any Subordinated Document; or
 - (C) requesting judicial interpretation of any provision of this Agreement or any Subordinated Document with no claim for damages;

“Financial Indebtedness” means any indebtedness for or in respect of:

- (a) monies borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculation the value of any derivative transaction, only the marked to market value shall be taken into account); and
- (f) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (e) above;

“Further CULS” means the further issue of up to £38,861,140 6.00 per cent. convertible unsecured subordinated loan stock of the Company due 2021, to be consolidated with and form a single series with the Initial CULS;

“Further Issue Date” means the issue date of the Further CULS;

“Group” means the Company and the Subsidiaries from time to time;

“Initial CULS” means the £38,861,140 6.00 per cent. convertible unsecured subordinated loan stock of the Company due 2021;

“Initial Issue Date” means 30 July 2014;

“Initial Senior Creditor” means:

- (a) each Initial Senior Lender; and
- (b) the Initial Senior Representative;

“Initial Senior Debt” means any Senior Debt outstanding at the Initial Issue Date;

“Initial Senior Documents” means the “Loan Documents” as defined in the Term Loan Credit Agreement;

“Initial Senior Lender” means each “Lender” as defined in the Term Loan Credit Agreement;

“Insolvency Event” means any corporate action, legal proceedings, resolution, order, filing or other procedure or step taken in relation to:

- (a) the suspension of payments, a moratorium of any indebtedness, arrestment, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Company;
- (b) a composition, compromise, assignment, assignation or arrangement with any creditor of the Company;
- (c) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the Company or any of its assets;
- (d) any event in any country or territory in which the Company is incorporated or carries on business or to the jurisdiction of whose courts it is subject, which corresponds in that country or territory with or is analogous to any of the events mentioned in paragraphs (a) to (c) (inclusive) above;

“Liability” means any present and future liability or obligation now or in the future due, owing or incurred in any currency, whether actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety, including:

- (a) any permitted novation, deferral or extension of that liability or obligation;
- (b) any further advance which may be made under any agreement expressed to be supplemental to any document in respect of that liability or obligation, together with all related interest, fees and costs;
- (c) any claim for damages or restitution in the event of rescission of that liability or obligation or otherwise;
- (d) any claim flowing from any recovery by a payment or discharge in respect of that liability or obligation on grounds of preference or otherwise; and
- (e) any amount (such as post-insolvency interest) which would be included in any of the above but for its discharge, non-provability, unenforceability or non-allowability in any insolvency or other proceedings;

“Maturity Date” has the meaning given to it in the Conditions;

“New Trustee” has the meaning given to it in Clause 14.3 (*The Trustee*).

“Original Trust Deed” means the trust deed dated on or about the Initial Issue Date between the Company and the Trustee constituting the Initial CULS;

“Party” means a party to this Agreement;

“Payment” means, in respect of any Liabilities (or any other liabilities or obligations), a payment, prepayment, repayment, redemption, defeasance or discharge of those Liabilities (or other liabilities or obligations), whether in respect of principal, interest or any other amount;

“Permitted Conversion” means a conversion of the CULS into ordinary shares of the Company in accordance with the Conditions and the Trust Deed;

“Permitted Subordinated Payment” has the meaning given to such term in Clause 3.1(b) (*Undertakings of the Company to the Senior Creditors*);

“Relevant CULS Default” has the meaning given to it in Clause 7.2 (*Permitted Enforcement by Subordinated Creditors*);

“Security Interest” means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

“Senior Creditor” means:

- (a) each Initial Senior Creditor; and
- (b) each Additional Senior Creditor;

“Senior Debt” means all Liabilities payable or owing by the Company to a Senior Creditor under or in connection with the Senior Documents;

“Senior Default” means the occurrence of an event of default (however described), other than a Senior Payment Default, which entitles any creditor of the Company to declare any Senior Debt of the Company due and payable prior to its specified maturity;

“Senior Discharge Date” means the date on which all Senior Debt has been fully and irrevocably discharged to the satisfaction of the Senior Representative and all commitments of the Senior Creditors to the Company have been terminated or cancelled in accordance with the Senior Documents;

“Senior Documents” means:

- (a) the Initial Senior Documents; and
- (b) any Additional Senior Documents;

“Senior Payment Default” means the occurrence of any of the following:

- (a) any Senior Debt is not paid when due nor within any originally applicable grace period;
- (b) any Senior Debt is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default or mandatory prepayment or repayment obligation (in each case, however described); or
- (c) any commitment for Senior Debt is cancelled or suspended by a creditor of the Company in accordance with the terms of the relevant Senior Debt Documents as a result of an event of default or mandatory prepayment or repayment obligation (in each case, however described);

“Senior Representative” means:

- (a) each Initial Senior Representative; and
- (b) each Additional Senior Representative;

“Subordinated Creditor” means:

- (a) each CULS Holder; and
- (b) the Trustee;

“Subordinated Debt” means all Liabilities payable or owing by the Company to a Subordinated Creditor under or in connection with any Subordinated Document, but excluding any Trustee Fees and Expenses;

“Subordinated Documents” means:

- (a) each CULS in certificated form; and
- (b) the Trust Deed;

“Subordination Period” means the period beginning on the date of this Agreement and ending on the Senior Discharge Date;

“Subsidiary” means a subsidiary of the Company and shall have the meaning given to such term by 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 **“entity”**) 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;

“Supplemental Trust Deed” means the supplemental trust deed to the Trust Deed to be entered into by the Company and the Trustee on or about the Further Issue Date constituting the Further CULS;

“Term Loan Credit Agreement” means the credit agreement dated 16 June 2014 between, among others, the Company (as borrower) and the Initial Senior Representative (as administrative and collateral agent);

“Trust Deed” means the Original Trust Deed as may be supplemented, amended or varied from time to time (including, without limitation, by the Supplemental Trust Deed);

“Trustee Fees and Expenses” means:

- (a) the normal remuneration of the Trustee accrued under clause 18.1 of the Trust Deed (as in effect on the date of this Agreement);
- (b) any extra remuneration and all costs, charges, liabilities and expenses incurred by the Trustee pursuant to clauses 18.2, 18.3 or 18.5 of the Trust Deed (as in effect on the date of this Agreement); and
- (c) any stamp duties, registration taxes, capital duties and other similar duties or taxes (if any) payable pursuant to clause 4 of the Trust Deed (as in effect on the date of this Agreement),

if and to the extent (in relation to paragraphs (b) and (c) above) that such payment is made to the Trustee for its own account only (and not for the account of the CULS Holders).

1.2 **Construction**

- (a) In this Agreement, unless the context otherwise requires:
 - (i) a reference to any person is, where relevant, deemed to be a reference to or to include, as appropriate, that person’s respective successors and permitted assignees or permitted transferees;
 - (ii) references to Clauses, paragraphs, sub-paragraphs and Schedules are references to, respectively, clauses, paragraphs, sub-paragraphs of and schedules to this Agreement and references to this Agreement include its schedules;
 - (iii) a reference to (or to any specified provision of) any agreement or document (including a Senior Document) is to be construed as a reference to that agreement or document (or that provision) as it may have been or hereafter be, from time to time, amended, varied, extended, supplemented, restated or novated;
 - (iv) a reference to a statute or statutory instrument or any provision thereof is to be construed as a reference to that statute or statutory instrument or such provision thereof as it may be amended or re-enacted from time to time;
 - (v) a time of day is a reference to London time;
 - (vi) the index to and the headings in this Agreement are inserted for convenience only and are to be ignored in construing this Agreement;
 - (vii) if there is any inconsistency between the terms of this Agreement and the terms on which the Subordinated Debt was incurred by a Subordinated Creditor, the terms of this Agreement shall prevail until (and including) the Senior Discharge Date; and

(viii) words importing the plural shall include the singular and *vice versa*.

- (b) A CULS Default is “**continuing**” if it has not been remedied or waived. A Senior Default or Senior Payment Default shall cease to be “**continuing**” only in accordance with Clause 3.5(b).
- (c) In determining whether any Liabilities have been fully and finally discharged, the relevant Senior Representative will disregard contingent liabilities (such as the risk of claw back from a preference claim), except to the extent it reasonably believes there is a reasonable likelihood that those contingent liabilities will become actual liabilities.
- (d) References to a Senior Representative acting on behalf of Senior Lenders means such Senior Representative acting on behalf of the Senior Lenders which it represents or, if applicable, with the consent of the requisite number of Senior Lenders required under and in accordance with the applicable Senior Documents for which it is a Senior Representative. A Senior Representative will be entitled to seek instructions from the Senior Lenders which it represents to the extent required by the applicable Senior Documents for which it is a Senior Representative as to any action to be taken by it under this Agreement.
- (e) References to the Trustee acting on behalf of CULS Holders means the Trustee acting on behalf of the CULS Holders it represents or, if applicable, with the consent of the requisite number of CULS Holders required under and in accordance with the Trust Deed. The Trustee shall be entitled to seek instructions from the CULS Holders which it represents to the extent required by the Trust Deed as to any action to be taken by it under this Agreement.

1.3 **Third Party Rights**

- (a) A person who is not Party has no right to enforce or to enjoy the benefit of any term of this Agreement.
- (b) Subject (in the case of the Trustee) to the terms of the Trust Deed and notwithstanding any term of any Senior Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

1.4 **Loan Document**

This Agreement is designated a Loan Document for the purposes of the Term Loan Credit Agreement.

2. **Ranking of Senior Debt and Subordinated Debt**

- 2.1 The Senior Debt and the Subordinated Debt will rank for all purposes and at all times in the following order:
 - (a) *first*, the Senior Debt and the Trustee Fees and Expenses *pari passu* as between themselves; and
 - (b) *second*, the Subordinated Debt.
- 2.2 This Agreement does not purport to rank any of the Senior Debt as between themselves or any of the Subordinated Debt as between themselves.

3. **Undertakings of the Company**

3.1 **Undertakings of the Company to the Senior Creditors**

- (a) During the Subordination Period and except as provided below, the Company undertakes to the Senior Creditors that it shall not:
 - (i) make any Payment in respect of any Subordinated Debt, whether in cash or kind from any source;

- (ii) allow any Subsidiary to acquire any of the Subordinated Debt (including, without limitation, by way of sub-participation or any other agreement or arrangement having an economic effect substantially similar to a sub-participation) or knowingly acquire a beneficial interest in all or any part of the share capital of a company to whom any Subordinated Debt is owed;
 - (iii) exercise any set-off or exercise any similar actions in relation to any Subordinated Debt;
 - (iv) allow to exist or receive the benefit of any Security Interest, guarantee, indemnity or other assurance against loss in respect of any Subordinated Debt;
 - (v) convert any Subordinated Debt into shares of the Company or any other member of the Group;
 - (vi) allow any Subordinated Debt to be subordinated to any person other than in accordance with this Agreement; or
 - (vii) take or omit to take any action which could reasonably be expected to impair the priority or subordination achieved or intended to be achieved by this Agreement.
- (b) Notwithstanding paragraph (a) above, the Company may:
- (i) do anything prohibited by paragraph (a) above with the prior written consent of the Senior Representative(s);
 - (ii) make any repayment in respect of the principal amount of the CULS on the Maturity Date provided that:
 - (A) no Senior Default has occurred and is continuing; or
 - (B) no Senior Payment Default has occurred and is continuing,
 and no Senior Default or Senior Payment Default would occur or arise as a result of such repayment;
 - (iii) make an optional payment or prepayment of the CULS pursuant to Condition 7.2 provided that:
 - (A) no Senior Default has occurred and is continuing; or
 - (B) no Senior Payment Default has occurred and is continuing; or
 - (C) no Insolvency Event has occurred which has not been discharged;
 - (iv) redeem the CULS on the occurrence of a Relevant Event (as that term is defined in the Conditions) pursuant to Condition 7.4 provided that:
 - (A) no amendment is made to Condition 7.4 or to the definition of Relevant Event or to any related provision after the date of this Agreement without the prior written consent of the Senior Representative(s); and
 - (B) before that redemption, all outstanding amounts of the Senior Debt will have been repaid in full,
 and provided further that:
 - (C) no Senior Default has occurred and is continuing; or
 - (D) no Senior Payment Default has occurred and is continuing; or
 - (E) no Insolvency Event has occurred which has not been discharged;
 - (v) effect a Permitted Conversion; and

- (vi) make any payment of interest in respect of the CULS in accordance with the Conditions or payment of any other amount to the Trustee (solely in its capacity as trustee) in respect of the Subordinated Debt if, in each case, such payment is payable under the Trust Deed (as in effect on the date of this Agreement) or the Conditions (as in effect on the date of this Agreement) on the due date therefor provided that:
 - (A) no Senior Default has occurred and is continuing; or
 - (B) no Senior Payment Default has occurred and is continuing; or
 - (C) no Insolvency Event has occurred which has not been discharged; and
- (vii) make any payment of any amount due and payable under the Conditions or the Trust Deed (as in effect on the date of this Agreement) in respect of the Subordinated Debt following the taking of any Enforcement Action permitted to be taken in accordance with this Agreement by the Subordinated Creditors provided that the proceeds thereof are promptly applied by, or turned over by, the recipient of such sum in accordance with the terms of this Agreement (including, without limitation, Clause 2 (*Ranking of Senior Debt and Subordination Debt*) and Clause 6 (*Turnover of Receipts*),
 (any payment permitted by sub-paragraphs (i), (ii), (iii), (iv), (vi) or (vii) above, a **“Permitted Subordinated Payment”**).

3.2 *Undertakings of Subordinated Creditors to Senior Creditors*

- (a) During the Subordination Period and except as provided below, the Trustee undertakes to the Senior Creditors that it shall not on behalf of any CULS Holder (and no CULS Holder shall be permitted to exercise any right under the Trust Deed):
 - (i) to demand or receive Payment of, or any distribution in respect or on account of, any Subordinated Debt, whether in cash or in kind or allow any Subordinated Debt owed to it to be discharged;
 - (ii) to exercise any set-off or other similar rights in relation to any Subordinated Debt;
 - (iii) to receive the benefit of any Security Interest, guarantee, indemnity or other assurance against loss in respect of any Subordinated Debt;
 - (iv) to convert any Subordinated Debt into shares of the Company or any other member of the Group;
 - (v) to take any step that results in any Subordinated Debt to be subordinated to any other person otherwise than in accordance with this Agreement; or
 - (vi) to take or omit to take any action which could reasonably be expected to impair the priority or subordination achieved or intended to be achieved by this Agreement.
- (b) Notwithstanding paragraph (a) above, any Subordinated Creditor may:
 - (i) do anything prohibited by paragraph (a) above with the prior written consent of the Senior Representative(s);
 - (ii) receive any Permitted Subordinated Payment; and
 - (iii) participate in a Permitted Conversion.

3.3 *Effect of a Senior Default or Senior Payment Default*

- (a) Any failure by the Company to make a Payment to a Subordinated Creditor due under the Subordinated Documents as a result of the occurrence of a Senior Default or Senior Payment Default shall not constitute a CULS Default of any kind under the Conditions.

- (b) Notwithstanding paragraph (a) of this Clause:
 - (i) nothing in this Clause shall prevent the service of a CULS Enforcement Notice by the Trustee on behalf of the Subordinated Creditors;
 - (ii) the Company shall not be released from the obligation to make Payment to Subordinated Creditors under the Subordinated Documents by the operation of Clause 3 (*Undertakings of the Company*), even if its obligation to make such Payment is restricted at any time by the terms of thereof; and
 - (iii) the accrual and/or capitalisation of interest (if any) in accordance with the Subordinated Documents shall continue notwithstanding the occurrence of a Senior Default or Senior Payment Default.

3.4 ***Cure of a CULS Enforcement Notice***

If:

- (a) at any time following the occurrence of a Senior Default or Senior Payment Default, such Senior Default or Senior Payment Default ceases to be continuing; and
- (b) the Company promptly pays to the Subordinated Creditors an amount equal to any Payments to such Subordinated Creditors which have accrued under the Subordinated Documents and which would have been Permitted Payments but for such Senior Default or Senior Payment Default,

then, any CULS Enforcement Notice which may have been issued as a result thereof shall be automatically waived immediately without any further action being required on the part of the Trustee.

3.5 ***Notice and cure of a Senior Default and/or Senior Payment Default***

- (a) Following the occurrence of a Senior Default or Senior Payment Default, the Company shall promptly (and any Senior Representative may at any time) notify the Trustee in writing of the occurrence thereof but any failure by the Company (or omission by the Senior Representatives) to deliver any such notice shall not affect whether or not a Senior Default or Senior Payment Default has occurred.
- (b) A Senior Default or Senior Payment Default (as the case may be) shall cease to be continuing upon the earliest to occur of:
 - (i) the date on which the relevant Senior Representative(s) delivers a notice in writing to the Company and the Trustee (such notice not to be unreasonably withheld or delayed) confirming that, for the purposes of this Agreement, such Senior Default or Senior Payment Default (as the case may be) is waived, remedied or cured in accordance with the relevant Senior Documents or otherwise ceases to exist; and
 - (ii) the full and final discharge to the satisfaction of the relevant Senior Representative(s), whether or not as a result of enforcement, of the Senior Liabilities.
- (c) The Company shall, promptly upon a Senior Default or Senior Payment Default ceasing to be continuing, notify the Trustee in writing of the same.

4. **Amendments to the Subordinated Documents**

During the Subordination Period, neither the Company nor any Subordinated Creditor may amend, waive or release any term of any Subordinated Document without the prior written consent of the Senior Representative(s) (such consent not to be unreasonably withheld or delayed), except for an amendment, waiver or release:

- (a) which in the opinion of Trustee (acting in accordance with the Trust Deed), is proper to make and is of a formal, minor or technical nature or to correct a manifest error; or

- (b) if the Company has delivered a certificate signed by two directors to the Trustee and each Senior Representative no later than 15 days before such amendment, waiver or release it to take effect certifying that such amendment, waiver or release would not prejudice any Senior Debt, any Senior Creditor or impair the subordination achieved or intended to be achieved by this Agreement.

5. Subordination on Insolvency

5.1 Subordination

Prior to the Senior Discharge Date, upon the occurrence of an Insolvency Event, the claims against the Company in respect of Subordinated Debt will be postponed and subordinated in right of payment to the claims against the Company in respect of the Senior Debt and the Trustee's Fees and Expenses.

5.2 Exercise of Rights

Prior to the Senior Discharge Date, upon the occurrence of an Insolvency Event:

- (a) the Appointed Senior Representative may:
 - (i) determine whether the Subordinated Creditors may claim, enforce and prove for any Subordinated Debt;
 - (ii) file claims and proofs, give receipts and take any proceedings as it considers reasonably necessary to recover that Subordinated Debt;
 - (iii) do anything which it sees fit to recover that Subordinated Debt (but may not waive or (unless such discharge arises as a result of other steps taken under this Clause) discharge the Subordinated Debt without the consent of the Trustee); and
 - (iv) receive all distributions on that Subordinated Debt (up to a maximum of an amount equal any shortfall with respect to the Senior Debt) for application against the Senior Debt and any amount in excess thereof shall be paid to the Trustee or, if the Trustee so directs, to the liquidator for application in accordance with the Trust Deed;
- (b) if and to the extent that the Appointed Senior Representative is not entitled to do anything mentioned in paragraph (a) above or does not wish to do so, the Trustee must, on behalf of each CULS Holder, so far as is permitted by law (at the expense of the Senior Creditors *pro rata* and *pari passu*), do so in good time and as requested by the Appointed Senior Representative, subject, in the case of the Trustee, to it being indemnified and/or secured and/or prefunded to its satisfaction by the Company or the CULS Holders, and each CULS Holder shall be deemed to have agreed to the taking of such action;
- (c) the Trustee irrevocably authorises the Appointed Senior Representative to take any action referred to in paragraph (a) above and each CULS Holder shall be deemed to have agreed to such authorisation; and
- (d) the Trustee shall, upon receiving notice in writing from any Senior Representative of the occurrence of any Insolvency Event and at the Company's expense:
 - (i) hold all payments and distributions in cash or in kind received or receivable by it in respect of any Subordinated Debt from the Company or from any other source (up to a maximum of an amount equal to the Senior Debt as notified to it in writing by the Appointed Senior Representative) on trust for the Appointed Senior Representative (on behalf of the Senior Creditors);
 - (ii) promptly pay and transfer any such payment or distribution it actually receives under paragraph (i) above in its capacity as trustee to the Appointed Senior Representative (or as it may direct) for application first against the Senior Debt; and

- (iii) direct the trustee in bankruptcy, liquidator, assignee or other person distributing the assets of the Company or their proceeds to pay all payments and distributions on the Subordinated Debt (up to a maximum of an amount equal to the Senior Debt as notified to it in writing by the Appointed Senior Representative) directly to the Appointed Senior Representative (or as it may direct).

5.3 *Further assurance*

- (a) Subject to paragraph (b) below, the Trustee shall, at the Company's expense, take whatever action the Appointed Senior Representative may require to give effect to this Clause and each CULS Holder shall be deemed to have consented to the taking of any such action.
- (b) The Parties acknowledge and agree that no provision of this Agreement shall require the Trustee to do anything which could be expected (i) to be illegal or contrary to applicable law or regulation; or (ii) to cause it to expend or risk its own funds or (but without prejudice to its obligation to comply with the express provisions of this Agreement, so long as it may do so without expending or risking its own funds) otherwise incur any liability in the performance of any of its duties or in the exercise of any of its rights, powers or discretions hereunder.

6. **Turnover of Receipts**

6.1 *Non-permitted receipts*

If:

- (a) any Subordinated Creditor receives or recovers a Payment or other distribution (including by way of set-off) in respect of any of the Subordinated Debt from the Company other than as allowed under this Agreement; or
- (b) any Subordinated Creditor receives the proceeds of any enforcement of any Security Interest or any guarantee or other assurance against financial loss for any Subordinated Debt,

that Subordinated Creditor shall hold the amount received or recovered by it (including by way of set-off) (up to a maximum of an amount equal to the Senior Debt as notified to it in writing by the Appointed Senior Representative) on trust for the Appointed Senior Representative (on behalf of the Senior Creditors) and:

- (i) immediately pay that amount, less any properly incurred and documented third party costs and expenses (if any) incurred by it in recovering that amount, to the Appointed Senior Representative (or as it may direct) for application against the Senior Debt in accordance with this Agreement; and
- (ii) if the amount received by the Appointed Senior Representative is more than the Senior Debt, the Appointed Senior Representative must promptly pay (or procure payment of) the excess amount to the Trustee for application against the Subordinated Debt,

provided that the Trustee shall only be obliged under this Clause to pay to the Appointed Senior Representative amounts actually received or recovered by it (including by way of set-off) in its capacity as Trustee and held on trust in such capacity and nothing shall oblige it to pay any amount equivalent to that distributed in accordance with the terms of the Trust Deed where the Trustee (having made reasonable enquiries in respect thereof, including as to its obligations under this Agreement) is unaware of any matter or thing that would have prevented it from making such distribution.

6.2 *Non-permitted discharge*

If, for any reason, any of the Subordinated Debt is discharged by a Subordinated Creditor in any manner other than as allowed under this Agreement, that Subordinated Creditor must immediately pay an amount (in the case of the Trustee, up to the amount then held on trust by it in its capacity as Trustee), equal to the amount discharged, less any properly incurred and documented third party costs and expenses (if any) incurred by it in recovering that amount, to the Appointed Senior Representative

(or as it may direct) for application against the Senior Debt *pari passu* in the manner set out in sub-paragraphs (i) and (ii) of Clause 6.1 (*Non-permitted receipts*) above, as if such amount had been received in the circumstances set out in paragraphs (a) or (b) of that Clause. Notwithstanding the foregoing of this Clause, nothing shall oblige the Trustee to pay any amount equivalent to that distributed in accordance with the terms of the Trust Deed where the Trustee (having made reasonable enquiries in respect thereof, including as to its obligations under this Agreement) is unaware of any matter or thing that would have prevented it from making such distribution.

7. Enforcement by Subordinated Creditors

7.1 *Restriction on Enforcement by Subordinated Creditors*

During the Subordination Period, no Subordinated Creditor may take any Enforcement Action against the Company in respect of any of the Subordinated Debt.

7.2 *Permitted Enforcement by Subordinated Creditors*

- (a) The restriction in Clause 7.1 (*Restriction on Enforcement by Subordinated Creditors*) shall not apply in respect of the Subordinated Debt:
- (i) if:
 - (A) a CULS Default (other than as described or referred to in sub-paragraphs (ii) or (iii) below) (the “**Relevant CULS Default**”) has occurred and is continuing;
 - (B) the Senior Representative(s) has or have received from the Trustee written notice of the Relevant CULS Default specifying the event or circumstance giving rise thereto;
 - (C) a CULS Standstill Period with respect to the Relevant CULS Default has elapsed or otherwise terminated, even if, at the end of the CULS Standstill Period or, at any later time, a further CULS Standstill Period has begun as a result of any other CULS Default; and
 - (D) the Relevant CULS Default is continuing at the end of the relevant CULS Standstill Period;
 - (ii) in circumstances where the Senior Creditors take any Enforcement Action against the Company, provided that the Trustee (on behalf of the CULS Holders) may only take the same (and no other) Enforcement Action against the Company as that taken by the Senior Creditors and not against any other member of the Group; or
 - (iii) unless otherwise directed by the Appointed Senior Representative or the Appointed Senior Representative has taken, or has given notice that it intends to take, action on behalf of the Subordinated Creditors in accordance with Clause 5.2 (*Exercise of Rights*) in respect of any Enforcement Action in the insolvency of the Company for any Subordinated Debt if a failure to make such claim would result in no subsequent claim being permitted by law in respect of that Subordinated Debt and that Subordinated Creditor (A) takes no other action and (B) applies any proceeds arising from such claim in accordance with Clause 6.1 (*Non-permitted receipts*).
- (b) Promptly upon the occurrence of a CULS Default, the Trustee shall, by notice (a “**CULS Enforcement Notice**”) in writing, notify the Senior Representatives of the occurrence of such CULS Default.

7.3 *CULS Standstill Period*

In relation to a Relevant CULS Default, a “**CULS Standstill Period**” shall mean the period beginning on the date (the “**CULS Standstill Period Start Date**”) the Senior Representative(s) receive(s) a CULS Enforcement Notice in respect of such Relevant CULS Default and ending on the earliest to occur of:

- (a) the date falling 179 days after the CULS Standstill Period Start Date;

- (b) the date of an Insolvency Event (other than where the Insolvency Event occurs as a result solely of action taken by the Trustee in relation to any Subordinated Creditors);
- (c) the expiry of any CULS Standstill Period outstanding at the date of such first mentioned CULS Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy); and
- (d) the date on which the Senior Representatives consent to the taking of Enforcement Action in respect of that Relevant CULS Default by the Subordinated Creditors.

8. Consents

- 8.1 No Subordinated Creditor will have any remedy against any Senior Creditor by reason of any transaction entered into between a Senior Creditor and the Company (including any Senior Document) which may conflict with or constitute a default under any Subordinated Document.
- 8.2 Provided always that the Trustee is notified in writing, any waiver or consent granted by or on behalf of any Senior Creditor in respect of any Senior Document will also be deemed to have been given by each Subordinated Creditor, if any transaction or circumstance would, in the absence of that waiver or consent by that Subordinated Creditor, conflict with a term of or constitute a default under any Subordinated Document. Notwithstanding the foregoing of this Clause, no such waiver or consent shall relate to any of the protections afforded to the Trustee under the Trust Deed or any provision or matter affecting the Trustee in a personal capacity.

9. Protection of Subordination of Subordinated Debt to Senior Debt

9.1 *Continuing subordination*

The subordination provisions in this Agreement in respect of Subordinated Debt constitute a continuing subordination and will benefit the ultimate balance of all of the Senior Debt, regardless of any intermediate payment or discharge in whole or in part.

9.2 *Waiver of defences*

The subordination of Subordinated Debt in this Agreement and the obligations of the Subordinated Creditors under this Agreement will not be affected by any act, omission, matter or thing (whether or not known to the Subordinated Creditors or any Senior Creditor) which, but for this provision, would reduce, release or prejudice the subordination or any of those obligations, including:

- (a) any time or waiver granted to, or composition with, any person;
- (b) any release of any person under the terms of any composition or arrangement;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any person;
- (d) any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (e) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any person;
- (f) any amendment of a Senior Document or any other document or security;
- (g) any unenforceability, illegality or invalidity of any obligation of any person under any Senior Document or any other document or security; or
- (h) any insolvency or similar proceedings.

9.3 *Immediate recourse*

Each Subordinated Creditor waives any right it may have of first requiring any Senior Creditor (or any trustee or other agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming the benefit of this Agreement.

9.4 *Appropriations*

Prior to the Senior Debt Discharge Date, the Senior Creditors may, subject to the provisions of this Agreement:

- (a) apply any moneys received under this Agreement to any item of account or liability in respect of the Senior Debt in such order or in such manner as they may determine in accordance with the Senior Documents; and
- (b) hold any moneys or distributions received under this Agreement in a suspense account (bearing interest at a market rate usual for accounts of that type) unless and until such moneys are sufficient in aggregate in order to bring about the Senior Discharge Date.

9.5 *Non-competition*

Until the Senior Debt Discharge Date, no Subordinated Creditor, unless otherwise directed by the Appointed Senior Representative or as permitted by this Agreement, will under any circumstance in respect of the Subordinated Debt:

- (a) be subrogated to any rights, security or moneys held, received or receivable by any Senior Creditor (or any trustee or other agent on its behalf) or be entitled to any right of contribution or indemnity in respect of any payment made or moneys received on account of the Subordinated Creditor's liability under this Agreement;
- (b) claim, rank, prove or vote as a creditor of any person or estate in competition with any Senior Creditor (or any trustee or other agent on its behalf); or
- (c) receive, claim or have the benefit of any payment, distribution or security from or on account of any person,

in each case, other than as permitted by this Agreement.

9.6 *Subrogation by the Subordinated Creditors*

If any Senior Debt is paid out of any proceeds received in respect of or on account of the Subordinated Debt in accordance with this Agreement, the Subordinated Creditors will, to that extent, be subrogated to the Senior Debt so paid (and all securities and guarantees for that Senior Debt) but not before the Senior Debt Discharge Date.

10. Information by Subordinated Creditors

The Trustee shall, on request by any Senior Representative, notify all Senior Representatives of details of the principal outstanding amount of the Subordinated Debt and shall exercise its rights under the Trust Deed to ascertain the same from the agent appointed from time to time as the Company's transfer and/or paying agent under the CULS.

11. Preservation of Subordinated Debt

Notwithstanding any term of this Agreement postponing, subordinating or preventing the payment of any of the Subordinated Debt:

- (a) that Subordinated Debt will, solely as between the Company and each Subordinated Creditor, remain owing or due and payable in accordance with the terms of the relevant Subordinated Documents; and
- (b) interest and default interest will accrue on payments due but unpaid accordingly.

12. Responsibility of the Appointed Senior Representative

12.1 *Rights and responsibility of the Appointed Senior Representative*

The Appointed Senior Representative will not be liable to any Subordinated Creditor for the manner of exercise of or for any non-exercise of its powers under this Agreement or failure to collect or preserve any Subordinated Debt.

12.2 *Indemnity*

The Company hereby indemnifies the Appointed Senior Representative (and every attorney appointed by it) in respect of any loss or liability incurred by it in connection with the exercise or purported exercise by it of any of its rights, powers and discretions under this Agreement, unless that liability or loss arises as a result of the Appointed Senior Representative's negligence or wilful misconduct or breach of any provision of this Agreement.

12.3 *Non-derogation*

Nothing contained in this Agreement in any manner affects the rights or remedies of any Senior Creditor under any Senior Document.

13. **Treatment of distribution in respect of the Subordinated Debt**

13.1 *Non-cash distributions*

If any Senior Creditor receives any distribution otherwise than in cash in respect of the Subordinated Debt from the Company or from any other source, the Senior Debt will not be deemed reduced by the distribution until and except to the extent that the realisation proceeds are applied in cash towards the Senior Debt in accordance with this Agreement.

13.2 *Transfer of distributions*

Until the Senior Debt Discharge Date, the Trustee (at the Company's expense) and the Company shall, subject to Clause 5.2 (*Exercise of rights*), do anything which any Senior Representative may reasonably require as being necessary or desirable to transfer to the Appointed Senior Representative Agent all payments and distributions which must be made to or held on trust for the Senior Creditors pursuant to this Agreement, including endorsements and execution of formal transfers.

13.3 *Currencies*

- (a) All moneys received or held by a Senior Creditor under this Agreement at any time on or after the enforcement of this Agreement in a currency other than a currency in which the Senior Debt is denominated may be sold for any one or more of the currencies in which the Senior Debt is denominated and which the relevant Senior Representative considers necessary or desirable.
- (b) The Company hereby indemnifies the Senior Creditors against any loss or liability incurred in relation to any sale, unless that loss or liability arises as a result of such Senior Creditor's negligence, wilful misconduct or breach of any provision of this Agreement. The Senior Creditors will have no liability to any Party in respect of any loss resulting from any fluctuation in exchange rates after any such sale.

14. **Changes to the Parties**

14.1 *The Company*

During the Subordination Period, the Company shall not assign or transfer any of its rights or obligations under this Agreement without the prior consent of the Senior Representatives.

14.2 *The Senior Representatives*

The Company shall procure that no person shall become an agent, trustee, security agent, security trustee or similar representation in respect of any Senior Debt unless, at the same time, it accedes to this Agreement as an Additional Senior Representative in accordance with Clause 15 (*Changes to Senior Debt*).

14.3 *The Trustee*

- (a) The existing Trustee shall not resign, nor shall the Company replace or substitute the existing Trustee, unless, at the same time, the replacement or substitute trustee (the "New Trustee") to be appointed for and on behalf of the CULS Holders accedes to this Agreement as a New Trustee in accordance with this Clause.

- (b) A New Trustee shall accede to this Agreement by delivering to the Appointed Senior Representative an Accession Agreement, duly executed by the New Trustee and the Company, together with a copy of any supplemental trust deed or amendment to the Trust Deed to be executed by the New Trustee to effect its appointment.
- (c) No consent is required from any Senior Representative in order for a New Trustee to accede to this Agreement. Upon receipt of a duly executed Accession Agreement from the New Trustee, the Appointed Senior Representative shall counter-sign it on behalf of the other Senior Representatives (and each other Senior Representative hereby authorises the Appointed Senior Representative to execute such Accession Agreement on its behalf), whereupon the New Trustee shall accede to this Agreement and shall have all the rights, benefits and obligations of the Trustee as if it were the existing Trustee.

15. Changes to Senior Debt

15.1 If:

- (a) the Company refinances, replaces, renews or increases any Senior Debt;
- (b) borrows or incurs any Liabilities which are to constitute Senior Debt under this Agreement; or
- (c) any existing Senior Representative is to be replaced,

the Company shall:

- (i) give not less than 10 Business Days' notice to the existing Senior Representatives and the Trustee of (A) such refinancing, replacement or renewal of Senior Debt, borrowing or incurrence of further Liabilities or replacement of existing Senior Representative and (B) the details of the person to accede to this Agreement as an Additional Senior Representative and (if applicable) the Additional Senior Creditors which it is to represent under this Agreement; and
- (ii) deliver to the Appointed Senior Representative (with a copy to the Trustee) a Accession Agreement, duly executed by the Additional Senior Representative and the Company, together with a copy of the document to be designated as an Additional Senior Document.

15.2 No consent is required from any Subordinated Creditor in order for (a) a document to be designated as an Additional Senior Document in accordance with this Clause; (b) an Additional Senior Representative to become a party to this Agreement; or (c) a person or persons to be designated as Additional Senior Creditors in accordance with this Clause.

15.3 Without prejudice to the Subordinated Documents, no consent is required from any Subordinated Creditor under this Agreement in order for the Company to increase the amount of any Senior Debt or the aggregate amount of all Senior Debt.

15.4 On the date of counter-signature by the Appointed Senior Representative of an Accession Agreement duly executed by the Additional Senior Representative and the Company:

- (a) such Additional Senior Representative will become Party to this Agreement;
- (b) (if applicable) the lenders or creditors which such Additional Senior Representative represents will be designated Additional Senior Lenders; and
- (c) (if applicable) the relevant document will be designated as an Additional Senior Document,

and, by the execution of the Accession Agreement by the Additional Senior Representative and the Company and the counter-signature by the Appointed Senior Representative, any Additional Senior Debt shall have all the rights, benefits and obligations enjoyed by the Senior Debt under this Agreement.

15.5 Each Senior Representative authorises the Appointed Senior Representative to execute any Accession Agreement on its behalf.

- 15.6 On the unconditional and irrevocable repayment in full of all any Senior Debt, the relevant Senior Representative will, as soon as reasonably practicable following a written request by the Company, confirm the same in writing to the other Senior Representatives, the Trustee and the Company.

16. Notices

16.1 *Mode of Service*

- (a) Except as specifically provided otherwise in this Agreement, any notice, demand, consent, agreement or other communication (a “**Notice**”) to be served under or in connection with this Agreement will be in writing, in English and will be made by letter or by facsimile transmission to the party to be served.
- (b) The address and facsimile number of each Party for the purposes of this Clause are:
- (i) in the case of the Company:
[intentionally left blank]
- (ii) in the case of the Initial Senior Representative:
[intentionally left blank]
- (iii) in the case of the Trustee:
[intentionally left blank]
- (iv) and, in the case of any Party which accedes to this Agreement, the address and facsimile number which are stated in the relevant Accession Agreement.
- (c) Any Notice to be served by any Party will be effective only if it is expressly marked for the attention of the department or officer (if any) specified in conjunction with the relevant address and facsimile number referred to in this Clause.

16.2 *Deemed Service*

- (a) Subject to Clause 16.2(b), a Notice will be deemed to be given as follows:
- (i) if by letter, when delivered by hand or by courier; and
- (ii) if by facsimile, when delivered.
- (b) A Notice given under Clause 16.2(a) but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

17. Miscellaneous

17.1 *Power of attorney for the obligations of the Subordinated Creditors*

The Trustee (on behalf of each CULS Holder), by way of security for the obligations of that Subordinated Creditor under this Agreement, irrevocably and severally appoints (and each CULS Holder shall be deemed to have appointed) the Appointed Senior Representative and any of its delegates or sub-delegates to be its attorney to take any action, in such manner as the attorney sees fit, which any Subordinated Creditor is obliged to take under this Agreement but has failed to take within five Business Days of a written notice from any Senior Representative (unless an Event of Default is outstanding, in which case no such notice shall be required), provided that such attorney shall not be entitled to take any action that imposes new or additional obligations on, releases the rights or protections of, or alters the rights, obligations or protections of, the Trustee. The Trustee (on behalf of each CULS Holder) ratifies and confirms whatever any attorney does or purports to do under its appointment under this Clause.

17.2 *Certificates and determinations*

Any certification or determination by a Senior Creditor of a rate or amount under this Agreement will be, in the absence of manifest error, conclusive evidence of the matters to which it relates.

17.3 *Amendments*

No amendment of this Agreement shall be binding on any Party unless evidenced in a written document executed by such Party.

17.4 *Termination*

Unless otherwise agreed in writing by the Parties, this Agreement shall remain valid and in force until the Maturity Date.

18. Severability

If a term of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that will not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other term of this Agreement; or
- (b) the legality, validity or enforceability in any other jurisdiction of that or any other term of this Agreement.

19. Waivers and Remedies Cumulative

19.1 The rights of each Senior Creditor under this Agreement:

- (a) may be exercised as often as necessary;
- (b) are cumulative and not exclusive of its rights under the general law; and
- (c) may be waived only in writing and specifically.

19.2 Delay in exercise or non-exercise of any right is not a waiver of that right.

20. Conflict with and Override of the Conditions and Trust Deed

Unless expressly stated otherwise in this Agreement, this Agreement overrides anything in the Trust Deed or the Conditions to the contrary and, in the event of conflict between any provision of the Trust Deed or the Conditions and this Agreement, this Agreement shall prevail.

21. Counterparts

This Agreement may be executed in any number of counterparts. This has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

22. Governing Law

This Agreement, and any non-contractual obligations arising out of or in connection with it, are governed by Guernsey law.

23. Enforcement

23.1 The courts of Guernsey have exclusive jurisdiction to settle any dispute including a dispute relating to non-contractual obligations arising out of or in connection with this Agreement.

23.2 The Guernsey courts are the most appropriate and convenient courts to settle any such dispute and the Trustee and the Company waive objection to those courts on the grounds of inconvenient forum or otherwise in relation to proceedings in connection with this Agreement.

23.3 This Clause is for the benefit of the Senior Creditors only. To the extent allowed by law, a Senior Creditor may take:

- (a) proceedings in any other court; and
- (b) concurrent proceedings in any number of jurisdictions.

THIS AGREEMENT has been duly executed on the day and year first before written.

PART 4

DETAILS OF THE COMPANY'S PORTFOLIO

1. Introduction

The information in this Part 4 is based on the unaudited valuation of the Company's assets as at 30 June 2014 (being the most recent valuation of the Company's assets prior to the publication of this Prospectus).

2. Overview of the Company's Portfolio

2.1 US micro cap portfolio

	<i>% of net assets</i>
<i>US micro cap verticles</i>	
<i>US\$198.3m</i>	30.3
<i>US micro cap co-investments</i>	
<i>US\$118.7m</i>	18.1
<i>US micro cap (other)</i>	
<i>US\$57.1m</i>	8.7
<i>Total US micro cap portfolio US\$374.1m</i>	<u>57.1</u>

2.2 European micro cap portfolio

	<i>% of net assets</i>
<i>US\$194.8m</i>	29.8
<i>Total European micro cap portfolio US\$194.8m</i>	<u>29.8</u>

2.3 Real estate

	<i>% of net assets</i>
<i>US\$116.3m</i>	17.8
<i>Total real estate investments US\$116.3m</i>	<u>17.8</u>

2.4 *Listed investments*

	<i>% of net assets</i>
<i>Equities</i>	—
<i>UK gilts</i>	
<i>US\$44.1m</i>	6.7
<i>Corporate bonds</i>	
<i>US\$16.4m</i>	2.5
<i>Total listed investments US\$60.5m</i>	<u>9.2</u>

2.5 *Other (w/Cash, Mezzanine and Bank Debt)*

	<i>% of net assets</i>
<i>US\$76.7m</i>	11.7
<i>Total other (w/Cash, Mezzanine and Bank Debt) US\$76.7m</i>	<u>11.7</u>

3. **Largest Investments**

As at 30 June 2014, the Company's 10 largest investments by value, which together represented 57.3 per cent. of the unaudited net assets of the Company, are as set out in the following table.

JZ Capital Partners Limited Largest Investments as of 30 June 2014

<i>Investee Company</i>	<i>Sector</i>	<i>Market Value (USD in 000's)</i>	<i>% Net Assets</i>
1 Factor Energia, S.A.	European	82,865	12.7
2 JZCP Bright Spruce, Ltd.	Other	50,000	7.6
3 Industrial Service Solutions	Micro-Cap	37,362	5.7
4 Greenpoint	Real Estate	32,750	5.0
5 Accutest Holdings, Inc.	Micro-Cap	32,562	5.0
6 Dental Services Group, Inc.	Micro-Cap	31,416	4.8
7 Grupo Ombuds	European	30,582	4.7
8 Toro Finance	European	26,852	4.1
9 Amptek, Inc.	Micro-Cap	25,490	3.9
10 Milestone Aviation Group Limited	Micro-Cap	25,126	3.8
		<u>375,005</u>	<u>57.3</u>

PART 5

FINANCIAL INFORMATION

1. Introduction

- 1.1 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 are recognised auditors for Guernsey companies and regulated by the Institute of Chartered Accountants in England and Wales in the conduct of audit business.
- 1.2 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, the Specialist Fund Market and the Channel Islands Securities Exchange.
- 1.3 Save for the historical information of the Company for the three financial years ended 28 February 2014 set out, or incorporated by reference, in paragraphs 2 and 3 of this Part 5, 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.
- 1.4 The financial information set out in this Part 5 does not constitute statutory accounts (as defined in section 434(3) of the Companies Act) of the Company.

2. Published Annual Reports and Accounts for the Three Financial Years Ended 28 February 2014

2.1 Introduction

Unless otherwise indicated, the historical information of the Company for the three financial years ended 28 February 2014 set out, or incorporated by reference, in this paragraph 2.1 was audited by Ernst & Young LLP. In respect of the Company's audited financial statements for those years, Ernst & Young LLP gave unqualified opinions that such financial statements:

- (a) gave a true and fair view of the state of the Company's affairs as at 29 February in 2012 and 28 February in 2013 and 2014 (as appropriate) 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) there was nothing to report in respect of matters that Ernst & Young LLP was required to report on by exception.

2.2 **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 annual report and accounts.

<i>Nature of Information</i>	<i>Annual Report and Accounts for Year Ended</i>		
	<i>29 February 2012 Page No(s)</i>	<i>28 February 2013 Page No(s)</i>	<i>28 February 2014 Page No(s)</i>
Income Statement	30	32	35
Balance Sheet	31	33	36
Reconciliation of movements in Shareholders' funds	32	34	37
Cashflow statement	33	35	38
Notes to the financial statements (including accounting policies)	34 – 63	36 – 77	39 – 80
Independent auditors' report	29	26	28

2.3 **Selected Financial Information**

Set out in the table below is a summary of the Company's financial results for the three financial years ended 28 February 2014, which has been extracted without material adjustment from the audited financial statements of the Company for those financial years.

	<i>29 February 2012</i>	<i>As at 28 February 2013</i>	<i>28 February 2014</i>
	<i>Capital</i>		
Total assets (US\$'000)	711,405	731,574	804,255
Net Asset Value (US\$'000)	615,462	630,182	666,456
NAV per Ordinary Share (basic) (US\$)	9.47	9.69	10.25
<i>Income</i>			
Total income (US\$'000)	75,798	68,090	86,898
Earnings/(loss) per Ordinary Share (cents) ⁽¹⁾	69.28	55.14	85.29

(1) Basic and diluted profit per Ordinary Share using the weighted average number of Ordinary Shares in issue during the year.

2.4 **Operating and Financial Review Incorporated by Reference into this Prospectus**

The published annual reports and accounts of the Company for the three financial years ended 28 February 2014 included descriptions of the Company's financial condition (in both capital and revenue terms), changes in its financial condition and details of the Company's portfolio of investments for each of those years and the list in the table below is intended to enable investors to identify easily those specific items of information regarding such matters which are incorporated by reference into this Prospectus. The page numbers in the following table refer to the relevant pages of the relevant annual report and accounts.

<i>Section</i>	<i>Annual Report and Accounts for Year Ended</i>		
	<i>29 February 2012 Page No(s)</i>	<i>28 February 2013 Page No(s)</i>	<i>28 February 2014 Page No(s)</i>
Performance highlights	—	2	2
Directors' report	6 – 8	6 – 8	5 – 7
Chairman's statement	2 – 3	3 – 5	3 – 4
Investment Adviser's report	9 – 13	9 – 15	11 – 16
Directors' remuneration report	23 – 24	20	23

Investors should note that statements regarding current circumstances and forward-looking statements made in the annual reports and accounts referred to in the table above speak as at the date of the relevant annual report and accounts and, therefore, such statements do not necessarily remain up-to-date as at the date of this Prospectus. Information included in this Prospectus, to the extent applicable, automatically updates and supersedes information included in the annual reports and accounts referred to in the table above and incorporated by reference into this Prospectus.

2.5 *Availability of Annual Reports and Accounts for Inspection*

Copies of the published annual reports and accounts of the Company for the three financial years ended 28 February 2014 are available for inspection at the inspection at the address set out in paragraph 16 of Part 7 of this Prospectus.

3. Related Party Transactions

Related party transactions for the Company undertaken in the three financial years ended 29 February 2012 and 28 February 2013 and 2014 are set out in the respective audited report and accounts for those years which are incorporated by reference into this Prospectus: in Note 27 on pages 62 for the year ended 29 February 2012, in Note 26 on page 74 for the year ended 28 February 2013 and in Note 27 on page 78 for the year ended 28 February 2014. Apart from those related party transactions as set out in the audited report and accounts incorporated by reference into this Prospectus and referred to in this paragraph 3 of Part 5, the Company has not entered into any related party transactions within the meaning of IFRS between 28 February 2014 (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.

4. Significant Change

Save as for the Company's entry into the Jefferies Finance Credit Agreement on 16 June 2014 (as summarised and detailed in paragraph 8 of Part 7), there has been no significant change in the financial or trading position of the Company since 28 February 2014 (being the end of the last financial period of the Company for which audited financial information has been published).

5. Expense Accounting

In accordance with IFRS, costs of the Issues are to be apportioned to the debt liability and the conversion feature. The portion attributed to the conversion feature is immediately expensed to the income statement. For the portion of transaction costs that are attributed to the debt liability, these are deducted from the carrying amount of the financial liability and amortised as part of the effective interest rate.

The Company's investment management, administration and secretarial fees, any finance costs and all other expenses are charged through the income statement and are allocated to the revenue column in that statement.

6. NAV Calculations

6.1 The 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 in paragraph 2.2 of this Part 5 of this Prospectus. The NAV is published monthly through a 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.

6.2 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 at the quoted market prices or binding dealer price quotations (bid prices for long positions), without any deduction for transaction costs;

- (b) real estate investments use the NAV of JZCP Realty Fund, Ltd (the wholly-owned subsidiary through which the Company obtains exposure to real estate). The underlying fair value of the investments is based on the values of the properties themselves and the fair value techniques used in determining the underlying valuations are:
- i. 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 of the relevant property, multiplied by the property's square footage;
 - ii. discounted cash flow analysis, using the relevant rental stream, less expenses, for future periods, discounted at a market capitalisation rate or interest rate; and
 - iii. relevant rental stream less expenses divided by the market capitalisation rate; this method approximates the enterprise value construct used for non-real estate assets.

For each of these techniques third-party debt is deducted to arrive at fair value. The valuation of real estate investments will as at the end of each financial year, commencing with the current financial year, be supported by independent professional valuations to the extent determined to be appropriate to the circumstances. 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 parties in a sales 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 debtor or a group of debtors 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 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. 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 (this is 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.

6.3 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 the 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 and the Channel Islands Securities Exchange if required by their rules.

6.4 The published unaudited NAV per Ordinary Share as at 30 June 2014 (being the most recent valuation of the Company's assets prior to the publication of this Prospectus) was US\$10.07 per Ordinary Share.

PART 6

TAXATION

The information in this Part 6, which is intended as a general guide only, is based on current legislation and current practice of HM Revenue and Customs regarding UK taxation and may be subject to change. It summarises advice received by the Directors as to the position of Shareholders and CULS Holders who are resident and, if individuals, domiciled in the UK for tax purposes and who hold their Ordinary Shares and CULS as an investment (and may not apply to certain classes of investors, such as dealers in securities, persons who acquire (or are deemed to acquire) their securities by reason of an office or employment, insurance companies and collective investment schemes). Any change in the Company's tax status or in taxation legislation in the UK, or any other tax jurisdiction affecting the Company's investments, Shareholders or CULS Holders, could affect the value of the investments held by the Company or affect the Company's ability to achieve its investment objective or alter the post-tax returns to Shareholders or CULS Holders.

Investors who are in any doubt as to their tax position, or who are subject to tax in a jurisdiction other than the UK are strongly recommended to consult their professional adviser.

1. 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, 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 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.

2. UK-resident investors

2.1 CULS

2.1.1 Taxation of Interest

Under current tax legislation, while the CULS are admitted to trading on the Specialist Fund Market, payments of interest on the CULS will be made by the Company without deduction at source of UK income tax. For individual CULS Holders, the amount of interest paid on the CULS will form part of the recipient's income for the purposes of UK income tax.

The provisions of the accrued income scheme may apply to individuals transferring CULS and to individuals to whom CULS are transferred. In circumstances where the CULS are transferred cum interest, the charge to tax on income that may arise to the transferor, and the relief which may be allowed to the transferee, will be in respect of an amount representing interest on the CULS which has accrued since the preceding interest date. In circumstances where the CULS are transferred ex interest, the charge to tax on income that may arise to the transferee, and the relief which may be allowed to the transferor, will be in respect of an amount representing interest on the CULS which has accrued from the date of transfer to the following interest date. These amounts will be taken into account in calculating any chargeable gain or allowable loss arising on a disposal of the CULS.

Individual CULS Holders who are resident in the UK will be subject to UK income tax on the interest at the rate of 20 per cent. for basic rate taxpayers, 40 per cent. for higher rate taxpayers, and 45 per cent. for additional rate taxpayers.

The UK tax treatment of a CULS Holder who is within the charge to UK corporation tax will depend on, among other things, the accounting treatment of CULS in the CULS Holder's hands. CULS Holders within the charge to UK corporation tax should therefore consult their own accounting and tax advisers concerning the tax liabilities that may arise as a result of holding CULS.

2.1.2 *Disposal or Conversion*

UK resident individuals who convert their CULS into Ordinary Shares should be deemed not to have made a disposal of their CULS for the purposes of capital gains tax. Instead, they should be treated as having acquired their Ordinary Shares at the same time and for the same base cost as their CULS. UK resident individual CULS Holders may be subject to capital gains tax in the normal way on a disposal of their CULS other than by way of conversion into Ordinary Shares. The rate of capital gains tax is 18 per cent. for basic rate taxpayers and 28 per cent. for higher and additional rate taxpayers.

The UK tax treatment of a CULS Holder within the charge to UK corporation tax in respect of a disposal or conversion of CULS will depend on, among other things, the accounting treatment of the CULS in the individual entity accounts for the CULS Holder. CULS Holders within the charge to UK corporation tax should therefore consult their own accounting and tax advisers concerning the tax liabilities that may arise as a result of the disposal or conversion of CULS.

2.1.3 *Stamp Duty and Stamp Duty Reserve Tax*

The issue of CULS should not be subject to stamp duty or stamp duty reserve tax (“SDRT”).

No UK stamp duty will be payable on the transfer of the CULS provided that all instruments effecting or evidencing the transfer are not executed in the UK and no matters or actions done in relation to the transfer are performed in the UK.

Provided that the CULS are not registered in any register kept in the UK by or on behalf of the Company any agreement to transfer the CULS will not be subject to UK SDRT, whether or not the transactions are effected in certificated form or uncertificated through CREST.

2.1.4 *Provision of Information*

CULS Holders who are individuals should note that HMRC has the power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the UK who either pays interest to, or receives interest for, the benefit of an individual. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the CULS Holders are resident for tax purposes.

2.2 **Ordinary Shares**

2.2.1 *Dividends*

No tax will be withheld when the Company pays a dividend. However, individual Shareholders resident in the UK (for tax purposes) will be entitled to tax credits in respect of dividends paid by the Company. The tax credit will be 10 per cent. of the aggregate of the dividend and the tax credit itself (equivalent to one-ninth of the cash dividend). UK-resident individual Shareholders, including those who hold their Ordinary Shares through an ISA, who are not liable to income tax in respect of their dividends, will not be entitled to the tax credit. The income tax charge in respect of the dividends for basic rate taxpayers will be at the rate of 10 per cent. and such Shareholders will have no further liability to tax on their dividends. A higher rate taxpayer will be liable to income tax on the sum of the dividend plus the tax credit (to the extent that, taking that sum as the top slice of their income, it falls above the threshold for the higher rate of income tax) at the rate of 32.5 per cent., against which they can offset the 10 per cent. tax credit, resulting in an effective tax rate of 25 per cent. An additional rate taxpayer will be liable to income tax on the sum of the dividend plus the tax credit (to the extent that, taking that sum as the top slice of their income, it falls above the threshold for the additional rate of income tax) at the rate of 37.5 per cent. against which they can offset the 10 per cent. tax credit resulting in an effective tax rate of 30.6 per cent.

A company resident in the UK for tax purposes will not generally be liable to UK corporation tax on any dividend received from the Company but will not be able to claim a repayment of the tax credit attaching to the dividends.

2.2.2 *Gains Arising on Sale or Other Disposal*

UK resident individual Shareholders will generally, subject to any available exemption or relief and subject to their circumstances, be subject to capital gains tax in respect of any gain arising on a disposal, or deemed disposal, of Ordinary Shares (including Ordinary Shares arising on conversion of CULS).

Shareholders within the charge to UK corporation tax will be subject to corporation tax on capital gains in respect of any gain arising on the disposal, or deemed disposal of Ordinary Shares. Indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax but not create or increase any allowable loss.

2.2.3 *Stamp Duty and Stamp Duty Reserve Tax*

The issue of Ordinary Shares should not be subject to UK stamp duty or SDRT.

No UK stamp duty will be payable on a transfer of the Ordinary Shares, provided that all instruments effecting or evidencing the transfer are not executed in the UK and no matters or actions done in relation to the transfer are performed in the UK, whether or not the transactions are effected in certificated form or uncertificated through CREST.

Provided that the Ordinary Shares are not registered in any register kept in the UK by or on behalf of the Company and that the Ordinary Shares are not paired with shares issued by a company incorporated in the UK, any agreement to transfer the Ordinary Shares will not be subject to UK SDRT.

2.3 **Other considerations**

2.3.1 *Offshore funds*

The Company does not expect to be treated as an offshore fund for the purposes of UK taxation and the provisions contained in Part 8 of the Taxation (International and Other Provisions) Act 2010. This is on the basis that an investor should not expect to be able to realise their investment at a value calculated by reference to NAV.

2.3.2 *Controlled Foreign Companies*

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 chargeable profits for an accounting period could be apportioned to them, may be liable to United Kingdom corporation tax in respect of their share of the Company's undistributed 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.

2.3.3 *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 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 non-resident where the transferor (i.e. the 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 HM Revenue and Customs 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.

2.3.4 *Attribution of chargeable gains*

The attention of UK Ordinary Shareholders resident in the United Kingdom is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 under which, in certain circumstances where the Company would be a close company if UK resident, a portion of chargeable gains made by the Company can be attributed to such Ordinary Shareholder whose aggregated interest, together with those of persons connected with him, in the Company would cause more than 25 per cent. of any gain to be attributed to him.

2.4 **ISAs**

CULS and Ordinary Shares are eligible to be held in a stocks and shares ISA, now known as a New ISA or NISA. From 1 July 2014, all stocks and shares ISAs automatically became NISAs. The annual subscription limit is, with effect from 1 July 2014, £15,000 and any subscriptions made to an ISA since 6 April 2014 will count against the £15,000 NISA subscription limit for 2014-15. Accordingly, CULS acquired pursuant to the Issues and Ordinary Shares arising on conversion of CULS (or acquired through the market) can be included in a NISA, subject to the applicable subscription limit. Investments held in a NISA will be free of UK tax on both capital gains and income. The opportunity to invest in a NISA is restricted to certain UK resident individuals aged 18 or over although individuals aged under 18 may, in certain circumstances, be eligible to invest in a Junior ISA or JISA. Individuals wishing to invest through a NISA or JISA should consult their professional advisers regarding their eligibility.

PART 7

ADDITIONAL INFORMATION

1. Incorporation and Conduct of Business

- 1.1 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 JZ Equity Partners Plc 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.
- 1.2 The Company has been incorporated with an indefinite life, however, the rights attaching to the ZDP Shares (as set out in the Articles) provide that the ZDP Shares will be redeemed by the Company on 22 June 2016.
- 1.3 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.
- 1.4 Save as disclosed in this paragraph 1.4 of this Part 7, 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 has a direct investment in the following subsidiary (being the only wholly-owned subsidiary of the Company through which it holds its interests in real estate):

<i>Entity</i>	<i>Place of Incorporation</i>	<i>% Interest</i>
JZCP Realty Fund, Ltd	Cayman Islands	100%

The above subsidiary (JZCP Realty Fund, Ltd) controls the following 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%
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%

The Company has a direct investment in the following subsidiary (being a wholly-owned subsidiary of the Company through which it holds its interests in collective investment vehicles):

<i>Entity</i>	<i>Place of Incorporation</i>	<i>% Interest</i>
JZCP Bright Spruce Ltd	Cayman Islands	100%

- 1.5 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.

2. Share Capital

- 2.1 As at 1 March 2011 (the first date in the period covered by the historical financial information on the Company incorporated by reference into Part 5 of this Prospectus), the authorised and issued share capital of the Company was as follows:

	<i>Authorised</i>		<i>Issued and Fully Paid (£)</i>	
	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
<i>Ordinary Shares</i>	N/A	Unlimited	42,913,132	Nil par value
<i>Limited Voting Ordinary Shares</i>	N/A	Unlimited	22,105,478	Nil par value
<i>ZDP Shares</i>	N/A	Unlimited	20,707,141	Nil par value

- 2.2 The only changes that occurred in the Company's share capital during the period commencing on 1 March 2011 and ending on 28 February 2014 (the last date in the period covered by the historical financial information on the Company incorporated by reference into Part 5 of this Prospectus) were as follows:

- on 3 March 2011, 300,000 limited voting ordinary shares ("LVOs") were converted into and redesignated as Ordinary Shares on a one for one basis;
 - on 25 August 2011, 6,893,895 Ordinary Shares were converted into LVOs on a one for one basis following the request of a number of US shareholders;
 - on or around 1 December 2011, 1,000,000 LVOs were converted into and redesignated as Ordinary Shares on a one for one basis; and
 - on 3 July 2012, shareholders resolved to convert all of the remaining LVOs into Ordinary Shares on the basis that one LVO would convert into one Ordinary Share.⁷
- 2.3 As at 28 February 2014 (the most recent balance sheet date of the Company incorporated by reference into Part 5 of this Prospectus) and as at the date of this Prospectus, the issued share capital of the Company was as follows:

	<i>No Issued and Fully Paid</i>	<i>Nominal Amount</i>
<i>Ordinary Shares</i>	65,018,607	Nil par value
<i>ZDP Shares</i>	20,707,141	Nil par value

- 2.4 As at 28 February 2014 (the most recent balance sheet date of the Company incorporated by reference into Part 5 of this Prospectus) and as at the date of this Prospectus:

- the Company had no shares which did not represent capital;
- no shares in the Company were held by the Company in treasury;
- no convertible securities, exchangeable securities or securities with warrants had been issued by the Company and remained outstanding;

⁷ The changes to the Company's share capital during the period commencing on 1 March 2011 and ending on 28 February 2014 suggests that 65,018,610 Ordinary Shares should be on issue rather than 65,018,607 Ordinary Shares (being the issued share capital of the Company as at 28 February 2014). The difference is accounted for by rounding on an individual shareholder basis in the final conversion of LVOs into Ordinary Shares.

- (d) save in connection with the Issues, 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.
- 2.5 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 Shareholders *pro rata* to their existing holding in the Company.
- 2.6 All of the Ordinary Shares are in registered form and may be held in certificated or uncertificated form.

3. Articles of Incorporation

- 3.1 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 Part 7 of this Prospectus.
- 3.2 The Articles contain provisions, *inter alia*, to the following effect:

(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 3.2(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 3.2(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 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, 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 3.2(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 3.2(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 3.2(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 ZDP Shares, as the context may require (for the purposes of this paragraph 3 of Part 7 only, 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 3.2(c).

(b) ***Rights attaching to the ZDP Shares***

Income

- (i) The 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 ZDP Shares in accordance with paragraph 3.2(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 ZDP Shares an amount equal to 215.80p per 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 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 3.2(b)(ii)(A), such amount as represents the assets of the Company available for distribution shall be paid to the holders of the ZDP Shares *pro rata* to the entitlement amounts of the 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 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 ZDP Shares; and
 - (B) upon any ZDP Liquidation Resolution, ZDP Recommended Resolution, or ZDP Reconstruction Resolution (each being defined in paragraphs 3.2(b)(x), (xi) and (xv) respectively),and, save as otherwise provided in paragraphs 3.2(b)(iv) and (v), on a show of hands each holder of 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 ZDP Share held by him.
- (iv) Notwithstanding any other provision of the Articles, on any vote on a ZDP Liquidation Resolution, each holder of the 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 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 ZDP Liquidation Resolution shall be by means of a poll.
- (v) Notwithstanding any other provision of the Articles, on any vote on a ZDP Recommended Resolution or ZDP Reconstruction Resolution, each holder of the ZDP Shares present in person or by proxy shall, on a poll, have such number of votes in respect of each 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 3.2(b)(xiii) or any arrangement referred to in paragraphs 3.2(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 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 ZDP Reconstruction Resolution or 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 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 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 ZDP Shares in issue immediately thereafter would have a cover of not less than 2.1 times. For this purpose, the cover of the 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 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 ZDP Shares, being 22 June 2016 (the “**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 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 ZDP Recommended Resolution or ZDP Reconstruction Resolution, releasing the Directors from their obligations to convene an extraordinary general meeting at which the ZDP Liquidation Resolution is to be proposed or otherwise vary the effect of paragraphs 3.2(b)(iv) and (v) or 3.2(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 ZDP Liquidation Resolution, the ZDP Reconstruction Resolution or a ZDP Recommended Resolution; or
 - (D) pass any resolution to wind up the Company, other than the ZDP Liquidation Resolution, the ZDP Reconstruction Resolution or a ZDP 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 3.2(l)); or
 - (G) pass any resolution authorising or permitting any increase in the borrowing limit referred to in paragraph 3.2(k).
- (vii) Notwithstanding anything in the Articles to the contrary, one of the rights attaching to the Ordinary Shares and the ZDP Shares shall be that the passing and implementation of any ZDP Liquidation Resolution, ZDP Reconstruction Resolution or ZDP Recommended Resolution shall be in accordance with the rights attached to the Ordinary Shares and the 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 ZDP Shares at 369.84p per Share on the ZDP Repayment Date. The ZDP Shares shall not be redeemed otherwise than in accordance with this paragraph 3.2(b)(viii).
- (ix) Redemption of the ZDP Shares is subject to any restrictions imposed by law.
- (x) If the Company is unable to redeem all of the ZDP Shares on 22 June 2016 then, subject to paragraphs 3.2(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 ZDP Repayment Date at which a special resolution (the “**ZDP 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 3.2(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 ZDP Repayment Date (and before the passing of the ZDP Liquidation Resolution) there is proposed any resolution or resolutions recommended by the Directors and complying with the provisions of paragraph 3.2(b)(xii) (a “**ZDP Recommended Resolution**”) the effect of which would be that the holders of the ZDP Shares would, in consideration or in consequence of the repurchase or other repayment in respect of their ZDP Shares, receive by not later than 21 days after the 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 ZDP Liquidation Resolution (ignoring any option any holders of the ZDP Shares may be given to elect to receive their entitlement otherwise than in cash), then paragraph 3.2(b)(x) shall not apply.

- (xii) Any 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 3.2(b)(x) if all the holders of the ZDP Shares receive an offer recommended by the Directors and complying with the provisions of paragraph 3.2(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 ZDP Repayment Date (and before the passing of the 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 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 ZDP Liquidation Resolution (ignoring any option any holders of the ZDP Shares may be given to elect to receive alternative consideration pursuant to the offer), then paragraph 3.2(b)(x) shall not apply.
- (xiv) Any such offer as is referred to in paragraph 3.2(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 3.2(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 ZDP Repayment Date (and before the passing of the ZDP Liquidation Resolution) there is proposed any resolution or resolutions recommended by the Directors and complying with the provisions of paragraph 3.2(b)(xvi) (a “**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 ZDP Shares shall receive not later than 21 days after the 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 ZDP Liquidation Resolution on the ZDP Repayment Date in accordance with paragraph 3.2(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 3.2(b)(x) shall not apply.
- (xvi) Any 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.

(c) ***Restrictions on Shares***

This paragraph 3.2(c) is without limitation to, and should be read in conjunction with, the restrictions on Shares or other securities of the Company in paragraph 3.2(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 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) (i) 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
 - (ii) 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 3.2(f)(i) shall not invalidate the relevant allotment or grant. For the purposes of paragraph 3.2(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 above provisions of paragraph 3.2(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 3.2(i) should be read in conjunction with paragraph 3.2(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 UK 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 3.2(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 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 Restricted 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 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 Subscribers**") 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 3.2(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 Securities 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 Holder would constructively 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 does not exceed that as at the Grandfathering Date;
 - (B) this paragraph 3.2(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 3.2(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 3.2(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 3.2(i)(v)(A).

Any Ordinary Shares acquired in contravention of this paragraph 3.2(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 Holder will not, immediately after such acquisition, constructively own in breach of this paragraph 3.2(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 3.2(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 3.2(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 3.2(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 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.

(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 3.2(1) 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 3.2(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.

4. Directors

- 4.1 As at the date of this Prospectus, 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 Ordinary Shares</i>	<i>% of Issued Share Capital</i>
<i>Director</i>		
David Macfarlane (Chairman)	50,000	0.077
Patrick Firth	4,000	0.006
Christopher Waldron	2,000	0.003
James Jordan	30,000	0.046
Tanja Tibaldi	2,000	0.003

Save as disclosed in this paragraph 4.1 of this Part 7, 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.

- 4.2 The Directors and persons connected with the Directors for the purposes of the Disclosure and Transparency Rules intend to apply for CULS under the Issue as set out in the following table.

	<i>Nominal Amount of CULS (£)</i>
<i>Director</i>	
David Macfarlane (Chairman)	10,000
Patrick Firth	10,000
Tanja Tibaldi	5,000

- 4.3 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 a result a majority of Directors are resident in the United Kingdom; or (g) if he or she becomes prohibited by law from acting as a Director. The Directors are entitled to the remuneration referred to in paragraph 4.4 of this Part 7, 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.

- 4.4 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\$</i>
David Macfarlane (Chairman)	140,000
Patrick Firth	70,000
Christopher Waldron	60,000
James Jordan	60,000
Tanja Tibaldi	60,000

- 4.5 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.
- 4.6 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.
- 4.7 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.
- 4.8 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

Previous directorships and partnerships: Duet India Group plc, Mancal Energy (UK) Limited, Platinum Investment Trust plc, Prospekt Medical Limited, Tasmanian Fine Wine Pty Limited, TurfTrax plc (formerly Arteon plc).

Patrick Firth

Current directorships and partnerships: Associated Partners GP Limited, BH Credit Catalysts Limited, Celtic Pharma Holdings GP Limited, Celtic Pharma Holdings GP III Limited, FF&P Alternative Strategy Income Subsidiary Limited, FF&P Asset Management (Guernsey) Limited, FF&P Enhanced Opportunities PCC Limited, FF&P Venture Funds Subsidiary Limited, GLIF BMS Holdings Limited, GLI Finance Limited (formerly Greenwich Loan Income Fund Limited), Ingenious International Asset Management Limited, FP Holdings 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, L&S Distribution V 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, MRIF Guernsey GP Limited, Patria Brazil Fund 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.

Previous directorships and partnerships: Deephaven Event Fund Ltd, Deephaven Global Convertibles Select Opportunities Fund Ltd, Deephaven Global Multi Strategy Fund Ltd (formerly Deephaven Market Neutral Fund Ltd), Stratos Ventures General Partner 1 Limited, Star Asia Finance, Limited, FF&P Alternative Strategy Income Subsidiary No 2 Limited, JPMorgan Progressive Multi-Strategy Fund Limited, Maple Leaf Canada Fund Limited, Moneda Latin American Fund PCC Limited, CLL Management Ltd (formerly Cardona Lloyd Limited), CLL Hedge Portfolio Ltd (formerly Cardona Lloyd Hedge Portfolio Limited), 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).

James Jordan

Current directorships and partnerships: Alpha Trust Andromeda Fund, 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, Leucadia National Corporation.

Previous directorships and partnerships: Consolidated-Tomoka Land Company, Florida East Coast Industries, JZ Equity Partners Plc.

Tanja Tibaldi

Current directorships and partnerships: Balam Properties, LLC, Balam Holdings Inc, Goldprima Limited, 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: Fairway Investment Partners, JZ Equity Partners Plc.

Christopher Waldron

Current directorships and partnerships: BH Credit Catalysts Limited, Crystal Amber Fund 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, Global High Yield Asset Holder (A) Limited, Global High Yield Asset Holder (C) Limited, Global Capital Holdings 1 Limited, Global Capital Holdings 2 Limited, Multi-Credit Capital Holdings 1 Limited, Multi-Credit Capital Holdings 2 Limited, Multi-Credit Asset Holder (C) Limited), Omnium Investments PCC 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, LCF Edmond de Rothschild (CI) Limited, LCF Edmond de Rothschild Asset Management (CI) Limited, LCF Edmond de Rothschild Holdings (CI) Limited, Optimal Tracker Fund PCC Limited, Prosperity Quest II GP Limited, Prosperity Quest II Unlisted Limited.

4.9 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.

5. Substantial Share Interests

5.1 Under Chapter 5 of the Disclosure and Transparency Rules, subject to certain limited 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 a 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 3 per cent. and each 1 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 two 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.

5.2 So far as the Company is aware, as at 18 July 2014 (being the latest practicable date prior to the publication of this Prospectus), the following persons (other than the Directors) had notifiable interests in 3 per cent. or more of the Company's issued share capital or voting rights:

	<i>No of Ordinary Shares</i>	<i>% of Issued Share Capital</i>
<i>Shareholder</i>		
Edgewater Growth Capital Partners	13,494,037	20.75
John W. Jordan	7,719,240	11.87
David W Zalaznick	7,717,377	11.87
Rothschild Wealth Management	5,501,480	8.46
Third Avenue Management LLC	5,076,656	7.81
Abrams Capital Management L.P.	4,914,389	7.56
Leucadia Financial Corporation	4,527,563	6.96

	<i>No of ZDP Shares</i>	<i>% of ZDP Share Capital</i>
<i>Shareholder</i>		
Investec Wealth & Investment	3,023,789	14.6
Bestinvest	2,680,896	12.95
Brooks Macdonald Asset Management	2,054,175	9.92
Rathbones	1,492,979	7.21
Premier Fund Managers Ltd	1,476,247	7.13
Brewin Dolphin Ltd	935,428	4.52
CG Asset Management Limited	881,428	4.26

- 5.3 None of the Company's major shareholders of Ordinary Shares detailed at paragraph 5.2 of this Part 7 have different voting rights from the Shareholders (being a holder of Ordinary Shares).
- 5.4 The Company is not aware of any person who, immediately following the Issues, 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.

6. Investment Advisory, Administration and Custodian Arrangements

6.1 Investment Advisory Agreement

- 6.1.1 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 investment 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.
- 6.1.2 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 Part 2 of this Prospectus.
- 6.1.3 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 2 of this Prospectus.
- 6.1.4 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.
- 6.1.5 The services of the Investment Adviser to the Company are not exclusive, and the Investment Adviser and its affiliated parties 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 investment 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 or its affiliated parties 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 or any of its affiliated parties 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.

- 6.1.6 The Investment Adviser and its affiliated parties 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 its affiliated parties (collectively, the **"indemnified parties"**) and hold them harmless from and against all damages, liabilities, costs and expenses incurred by the indemnified parties 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 indemnified parties 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 willful misfeasance, bad faith or gross negligence by the Investment Adviser or any of its affiliated parties 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.
- 6.1.7 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, 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; (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 license, permission, authorisation or consent necessary for the performance of its duties under the Investment Advisory Agreement.
- 6.1.8 The Investment Advisory Agreement is personal to the parties and is not capable of assignment.
- 6.1.9 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.

6.2 *Administration Agreement*

- 6.2.1 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 the 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).
- 6.2.2 The Company pays to the Administrator an annual fee in respect of the services and an initial set-up fee. Details of these fees, as well as costs and expenses are set out in Part 2 of this Prospectus.
- 6.2.3 The liability of the Administrator is limited including, among others, such that it will not be liable to the Company or any other person for any loss, damages, liabilities and all reasonable proper costs and expenses whatsoever and howsoever incurred by any of them 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 that is equal to a multiple of the fees payable 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 against any of them 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 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; (e) any claim arising out of the investment activities of the Company. Certain other losses, including those related to the investments and assets of the Company, the calculation of NAV and ensuring the Company complies with law, are also excluded.
- 6.2.4 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 are not so remedied within the specified timeframe; or if the continued performance of the Administration Agreement ceases to be lawful.
- 6.2.5 The Administration Agreement is governed by Guernsey law.

6.3 *Custodian Agreement*

- 6.3.1 The Company has completed various account applications (and a number of related forms and information) including: (a) a relationship application, which if accepted will 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, 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.

- 6.3.2 The Custodian is entitled to a minimum annual safekeeping fee of US\$2,500 and US\$5,000 for domestic and global custody respectively. Details of these fees are set out in Part 2 of this Prospectus.
- 6.3.3 The Custodian is not liable for any loss 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 from and indemnify it against all actions, proceedings, damages, loss and liability arising from transactions contemplated under the Custodian Agreement. The Company has agreed to indemnify the Custodian (for itself and as trustee for each of its branches and subsidiaries and for the directors, officers and employees of the Custodian and each of its branches and subsidiaries) from and against any and all losses of any kind or nature arising directly or indirectly out of the performance of the services under the Custodian Agreement other than losses which result from the negligence, wilful default or fraud of the Custodian or any of its branches or subsidiaries or of any sub-custodian.
- 6.3.4 The Custodian Agreement may be terminated by the Company giving to the Custodian not less than 30 days' written notice, or earlier in the event of breach, and by the Custodian immediately by transferring the securities held to the Company or another custodian chosen by the Company or the Custodian.
- 6.3.5 The Custodian Agreement is governed by the laws of the State of New York.

7. UK Transfer Agent Agreement

- 7.1 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.
- 7.2 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 2 of this Prospectus.
- 7.3 The Company has agreed to indemnify the Transfer and Paying Agent for any and all liabilities suffered or incurred by the 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.
- 7.4 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.

- 7.5 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.
- 7.6 The UK Transfer Agent Agreement is governed by English law.

8. Jefferies Finance Credit Agreement

- 8.1 On 16 June 2014, the Company, as borrower together with, among others, Jefferies Finance LLC ("**Jefferies Finance**"), as lender entered into a New York law governed US dollar credit agreement (the "**Jefferies Finance Credit Agreement**"). The Jefferies Finance Credit Agreement provides for a one year credit term loan facility in an aggregate principal amount of not in excess of US\$50 million ("**Jefferies Finance Facility**"). The proceeds of the Jefferies Finance Facility are to be used solely to make 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 investments within the Group) and for general corporate purposes.
- 8.2 The remaining principal amount outstanding under the Jefferies Finance Facility must be repaid in full on 16 June 2015. Interest accrues on the principal amount outstanding under the Jefferies Finance Facility at a fixed rate of 7 per cent. per annum and is payable quarterly in arrears. During an event of default however, all obligations (including all amounts outstanding under the Jefferies Finance 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 (i.e. 9 per cent.). The Company may make certain optional prepayments under the Jefferies Finance 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 Jefferies Finance as at the date of it extending the Jefferies Finance Facility to the Company.
- 8.3 The Company's subsidiaries (from time to time) jointly and severally, guarantee as primary obligors, the payment and performance of the Company's secured obligations under the Jefferies Finance Facility, including the payment of principal and interest on the same.
- 8.4 The Jefferies Finance Facility contains the customary events of default, which entitle the lenders thereunder, upon the occurrence of certain events or circumstances, to terminate the Jefferies Finance Facility and demand the repayment of all amounts outstanding under the 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, 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, or the termination of, or an event of default under, or permitting the termination of, a material agreement.

9. Jefferies Finance Pledge Agreement

In connection with the Jefferies Finance Credit Agreement and also on 16 June 2014, the Company, as borrower entered into a New York law governed pledge agreement in favour of Jefferies Finance, as collateral agent for the benefit of the secured parties under the Jefferies Finance Credit Agreement (the “**Jefferies Finance Pledge Agreement**”). Pursuant to the Jefferies Finance Pledge Agreement, the Company and future subsidiary guarantors (from time to time), as pledgers, assignors and debtors together with any successors in such capacities (the “**Pledgors**”) pledge and grant to Jefferies Finance, as collateral security for the payment and performance of the Company’s secured obligations under the Jefferies Finance Facility (including the payment of principal and interest on the same), a lien on and security interest in, all of its right, title and interest in, to and under, and with respect to each Pledgor: (a) certain present and further pledged interests and shares in specified portfolio companies; (b) shares or interests of a successor corporation formed by or resulting from any consolidation or merger in which a specified portfolio company is not the surviving entity; (c) present and further pledged debt in specified portfolio companies and their subsidiaries; and (d) distributions including in respect of pledged interests and shares and pledged debt. The Pledgors also pledge and grant to Jefferies Finance all books and records pertaining to such collateral and all proceeds and products of the foregoing.

10. 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**”). The Deutsche Bank Facility allows for an aggregate amount outstanding of not in excess of approximately US\$52 million and at present a margin loan in the amount of approximately US\$37 million is outstanding against securities owned by the Company and held in a margin account with Deutsche Bank.

11. Issue Arrangements

By way of the placing agreement between the Company, the Investment Adviser and JPMC (the “**Placing Agreement**”), JPMC agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for £38,861,140 in nominal amount of Initial CULS at the Initial Issue Price.

If the Company elects, in its absolute discretion (but subject to Shareholder Approval), to issue the Further CULS, the nominal amount of such Further CULS and the Further Issue Price will be determined following a process of “bookbuilding” by JPMC as Placing Agent and will be set forth in the Supplementary Prospectus and Further Issue Pricing Announcement. There will be no withdrawal rights under section 87Q of the FSMA in the event that a Supplementary Prospectus is issued as there is no offer of securities to the public within the meaning of the Prospectus Directive.

The Initial Issue and, if the Company elects to issue the Further CULS, the Further Issue are conditional, *inter alia*, upon:

- (a) the Company having made an application for Admission of the Initial CULS to trading on the Specialist Fund Market as of 8.00 am on 30 July 2014; and
- (b) the Placing Agreement having become unconditional in all respects (save as for Admission) and not having been terminated in accordance with its terms prior to such Admission.

The Further Issue is also conditional upon Shareholder Approval, as well as entry into a placing agreement, the Supplemental Trust Deed and conditions precedent referenced in those documents.

In the event that these conditions are not satisfied, the Initial Issue or (as the case may be) the Further Issue will not proceed and any application monies which have been received will be returned (at the applicant’s sole risk) without payment of interest, as soon as possible thereafter.

Conditional on Admission, the Company will pay to JPMC a commission equal to 1 per cent. of the aggregate value, at the Initial Issue Price, of the Initial CULS issued pursuant to the Initial Issue (plus VAT, if applicable). The Company will also pay all other costs and expenses incurred in connection with the Issues and the application for Admission, including JPMC's out-of-pocket expenses and legal fees.

Under the Placing Agreement, the Company has given certain warranties and indemnities which are standard for this type of agreement to JPMC concerning, *inter alia*, the accuracy of the information contained in this Prospectus.

JPMC may terminate the Placing Agreement in certain limited circumstances including, *inter alia*, if there is a fundamental change or development in economic, financial, political, diplomatic or other market conditions or any change in any government regulation which, in JPMC's reasonable opinion (acting in good faith), is likely to be prejudicial to the success of the Issues or to dealings in the CULS.

12. Material Contracts

12.1 Save for the Investment Advisory Agreement, Administration Agreement, Custodian Agreement, UK Transfer Agent Agreement, Jefferies Finance Credit Agreement and Jefferies Finance Pledge Agreement, Deutsche Bank Account Agreement, Placing Agreement, Subordination Agreement and Trust Deed, 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.

12.2 If the Initial Issue proceeds, the Company will enter into the Trust Deed and the Subordination Agreement, and, if the Company elects, in its absolute discretion (but subject to Shareholder Approval), to issue Further CULS and the Further Issue proceeds, the Company will also enter into the Supplemental Trust Deed.

13. Mandatory offers and compulsory acquisition of Ordinary Shares

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.

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.

14. Investment and other restrictions

14.1 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

certain of the Listing Rules and the Company's investment policy provides that, in accordance 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:

- 14.1.1 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);
 - 14.1.2 it will not conduct any trading activity which is significant in the context of the Company's activities as a whole;
 - 14.1.3 it may invest up to 40 per cent. of its gross assets (considered at the time the relevant new investment is made) in businesses outside the United States; and
 - 14.1.4 it will, at all times, invest and manage its assets:
 - (a) in a way which is consistent with its object of spreading investment risk; and
 - (b) in accordance with its published investment policy.
- 14.2 The Company's investment policy is set out in Part 2 of this Prospectus.

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 4.2 and 11 of this Part 7, no persons involved in the Issues have any interests that are material to the Issues.
- 15.3 No application is being made for the CULS 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 July 2014:

- (a) the Articles;
- (b) the annual report and accounts of the Company for the three financial years ended 28 February 2014;
- (c) the written letter of consent from JPMC referred to in paragraph 15.4 of this Part 7;
- (d) the Trust Deed;
- (e) the Supplemental Trust Deed (if the Company decides, in its absolute discretion (but subject to Shareholder Approval), to issue Further CULS); and
- (f) the Subordination Agreement.

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, GYI 3QL.

PART 8

DEFINITIONS

The following definitions apply throughout this Prospectus unless the context otherwise requires:

“Administration Agreement”	the administration agreement dated 3 September 2012 between the Administrator and the Company, a summary of which is set out in paragraph 6.2 of Part 7 of this Prospectus;
“Administrator”	Northern Trust International Fund Administration Services (Guernsey) Limited;
“Admission”	the admission of the CULS issued pursuant to the Issues to trading on the London Stock Exchange’s Specialist Fund Market;
“AIC”	the Association of Investment Companies;
“AIC Code”	the AIC Code of Corporate Governance;
“Articles”	the articles of incorporation of the Company (as amended from time to time);
“Auditors”	means the auditors of the Company from time to time, being (at the date of this Prospectus) Ernst & Young LLP;
“Benefit Plan Investor”	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;
“Board”	the board of directors of the Company (or any duly authorised committee thereof) from time to time;
“business day”	any day other than a Saturday, Sunday or public holiday in the United Kingdom or Guernsey;
“certificated form”	evidenced by a certificate (i.e. not in uncertificated form);
“Channel Islands Securities Exchange” or “CISE”	Chanel Islands Stock Exchange Ltd;
“Companies Law”	the Companies (Guernsey) Law 2008 (as amended);
“Company”	JZ Capital Partners Limited (with registration no. 48761);
“Condition”	a condition of the CULS as described in Part A of Part 3 of this Prospectus;
“Controlled Foreign Corporation”	has the meaning given to it the US Code;

“Conversion Price”	the initial conversion price of £6.0373 per Ordinary Share as may be adjusted from time to time in accordance with the provisions of this Prospectus and the Trust Deed. 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 provisions of the Trust Deed;
“Conversion Rights”	the right of each CULS Holder (and where applicable, the Trustee on their behalf) 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 provisions of this Prospectus and the Trust Deed;
“Credit Agreement” or “Jefferies Finance Credit Agreement” or “Term Loan Credit Agreement”	the credit agreement dated 16 June 2014 between the Company, as borrower together with, among others, Jefferies Finance LLC, as lender, a summary of which is set out in paragraph 8 of Part 7 of this Prospectus;
“CREST”	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;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001, No. 3755);
“CULS”	the Initial CULS and, if the Company decides, in its absolute discretion (but subject to Shareholder Approval), to issue Further CULS, the Further CULS;
“CULS Default”	has the meaning given to it in the Subordination Agreement;
“CULS Holder”	a holder of CULS;
“CULS Register”	the register of CULS Holders maintained on behalf of the Company;
“Custodian”	HSBC Bank (USA) NA;
“Custodian Agreement”	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 6.3 of Part 7 of this Prospectus;
“Directors”	the directors of the Company from time to time;
“Disclosure and Transparency Rules”	the disclosure and transparency rules made by the FCA pursuant to section 73A of the FSMA;
“EBITDA”	earnings before interest, tax, depreciation and amortisation;
“Enforcement Action”	has the meaning given to it in the Subordination Agreement;
“ERISA”	the United States Employee Retirement Income Security Act of 1974 (as amended);
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST;
“Excluded Jurisdictions”	the United States, Canada, Australia, Japan, New Zealand and the Republic of South Africa;
“FATCA”	the US Foreign Account Tax Compliance Act 2010 (as amended);

“FCA”	the Financial Conduct Authority;
“FSMA”	the Financial Services and Markets Act 2000 (as amended);
“Further CULS”	the further tranche, if issued by the Company, in its absolute discretion (but subject to Shareholder Approval), during the period from the date of this Prospectus to (and including) the date 12 months after the date of this Prospectus, of 6.00 per cent. convertible unsecured subordinated loan stock due 2021 of the Company in an aggregate nominal amount up to £38,861,140 to be consolidated and form a single series with the Initial CULS;
“Further Issue”	the further placing of up to £38,861,140 in nominal amount of Further CULS by JPMC on behalf of the Company pursuant to the Placing Agreement;
“Further Issue Date”	the date of issue of the Further CULS and will be set forth in Supplementary Prospectus and Further Issue Pricing Announcement;
“Further Issue Price”	the price at which the Company will, if it so elects, offer the Further CULS pursuant to the Further Issue, such price to be determined following a process of “bookbuilding” by JPMC as Placing Agent and will be set forth in Supplementary Prospectus and Further Issue Pricing Announcement;
“Further Issue Pricing Announcement”	the announcement published by the Company containing the nominal amount and the issue price of the Further CULS if the Company decides, in its absolute discretion (but subject to Shareholder Approval), to issue the Further CULS;
“Guernsey Code”	the Guernsey Financial Services Commission’s “Finance Sector Code of Corporate Governance”
“HMRC”	HM Revenue & Customs;
“IFRS”	International Financial Reporting Standards as adopted by the European Union and described in paragraph 1.2 of Part 5 of this Prospectus;
“Initial CULS”	the initial tranche of 6.00 per cent. convertible unsecured subordinated loan stock due 2021 of the Company, with the rights described in Part A of Part 3 of this Prospectus;
“Initial Issue”	the initial placing of £38,861,140 in aggregate nominal amount of Initial CULS by JPMC on behalf of the Company pursuant to the Placing Agreement;
“Initial Issue Date”	the date of issue of the Initial CULS;
“Initial Issue Price”	£10 per £10 in nominal amount, being the price at which the Initial CULS are being offered pursuant to the Initial Issue;
“ISA”	an individual savings account available to certain UK resident individuals which broadly can include cash or qualifying stocks and shares, the returns on which are not subject to UK tax;
“Insolvency Event”	has the meaning given to it in the Subordination Agreement;
“Interest Payment Date”	the date on which interest will be payable on the CULS in accordance with the conditions;

“Investment Adviser”	Jordan/Zalaznick Advisers, Inc.;
“Investment Advisory Agreement”	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 6.1 of Part 7 of this Prospectus;
“IPEVCA”	the International Private Equity and Venture Capital Associate guidelines;
“Issues”	the Initial Issue and the Further Issue (or, as the context so requires, either of them);
“JISA” or “Junior ISA”	an ISA, available to certain UK resident individuals aged 18 and under;
“JPMC”	J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove);
“Liabilities”	has the meaning given to it in the Subordination Agreement;
“Listing Rules”	the listing rules made by the FCA pursuant to section 73A of the FSMA;
“London Stock Exchange”	London Stock Exchange plc;
“Main Market”	the London Stock Exchange’s market for larger and established companies, being a regulated market for the purposes of MiFID;
“Maturity Date”	the date that the CULS will be redeemed on, being 30 July 2021, unless previously redeemed, purchased or converted and, in each case, cancelled;
“MiFID”	the Markets in Financial Instruments Directive 2004/39/EC (as amended);
“NAV” or “Net Asset Value”	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);
“Net Issue Proceeds”	the proceeds of the relevant Issue after deducting the costs payable by the Company in connection with such Issue;
“New ISA” or “NISA”	with effect from 1 July 2014, an ISA, available to certain UK resident individuals with an annual subscription limit of £15,000;
“Non-ERISA Plan”	collectively, 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;
“Official List”	the list maintained by the UK Listing Authority pursuant to Part VI of the FSMA;
“Ordinary Shares”	ordinary shares of no par value in the capital of the Company;
“Original Trust Deed”	the trust deed to be entered into by the Company and the Trustee constituting the Initial CULS, the principal terms of which are summarised in Part A of Part 3 of this Prospectus;
“Placing Agent”	JPMC;

“Placing Agreement”	the placing agreement between the Company, the Investment Adviser and JPMC, a summary of which is set out in paragraph 11 of Part 7 of this Prospectus;
“Pounds Sterling”	the lawful currency of the United Kingdom;
“Prospectus”	this document, including the information incorporated by reference into this document by Paragraphs 2 and 3 of Part 5 of this document;
“Prospectus Directive”	means 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;
“Prospectus Rules”	the prospectus rules made by the FCA pursuant to section 73A of the FSMA;
“Qualified Purchaser”	has the meaning given to it the US Investment Company Act;
“Register”	the register of members of the Company;
“RIS”	a regulatory information service that is on the list of regulatory information services maintained by the FCA;
“Senior Creditor”	has the meaning given to it in the Subordination Agreement;
“Senior Debt”	has the meaning given to it in the Subordination Agreement;
“Senior Default”	has the meaning given to it in the Subordination Agreement;
“Senior Document”	has the meaning given to it in the Subordination Agreement;
“Senior Payment Default”	has the meaning given to it in the Subordination Agreement;
“Senior Representative”	has the meaning given to it in the Subordination Agreement;
“Shareholder Approval”	the passing of an ordinary resolution to authorise the Directors in accordance with Article 4(8) of the Articles to allot equity securities of the Company, as if Article 4(8) of the Articles does not apply to any such allotment, provided that the power is limited to the allotment of equity securities up to an aggregate amount of 10 per cent. of the issued Ordinary Shares, so as to act as the pre-emption right disapplication authority to allow the Further Issue of Further CULS;
“Shareholders”	holders of Ordinary Shares;
“Specialist Fund Market” or “SFM”	Specialist Fund Market of the London Stock Exchange;
“Subordination Agreement”	the subordination agreement to be entered into by, <i>inter alios</i> , the Company and the Trustee, the form of which is set out in Part B of Part 3 of this Prospectus;
“Subordinated Debt”	has the meaning given to it in the Subordination Agreement;
“Subsidiary”	a subsidiary of the Company and shall have 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 “entity”) 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;
“Supplemental Trust Deed”	the supplemental trust deed to the Trust Deed to be entered into prior to the issue date of the Further CULS (if issued) between the Company and the Trustee constituting the Further CULS;
“Supplementary Prospectus”	a supplement to this Prospectus published by the Company for use in connection with the Further Issue, if the Company decides, in its absolute discretion (but subject to Shareholder Approval), to issue the Further CULS;
“Takeover Code”	the City Code on Takeovers and Mergers (as amended from time to time);
“Trust Deed”	the Original Trust Deed and, if Further CULS are issued, as supplemented, amended and varied by the Supplemental Trust Deed;
“Trustee”	the trustee from time to time of the CULS, which on the issue of the Initial CULS will be The Law Debenture Trust Corporation p.l.c.;
“Trustee Fees and Expenses”	has the meaning given to it in the Subordination Agreement;
“UK Corporate Governance Code”	the UK Code on Corporate Governance issued by the Financial Reporting Council;
“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 7 of Part 7 of this Prospectus;
“UK Transfer and Paying Agent”	Equiniti Limited;
“uncertificated form”	recorded in the Register or the CULS Register (as the context so requires) as being held in uncertificated form in CREST and title to which may be transferred by means of CREST;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“United States” or “US”	the United States of America (including each of its states and the District of Columbia), its territories, possessions and other areas subject to its jurisdiction;
“US Code”	the United States Internal Revenue Code of 1986 (as amended);
“US Holder”	has the meaning assigned to “United States Person” in section 957(c) of the US Code;
“US Persons”	any “US Persons” as such term is defined in Regulation S under the US Securities Act;
“US Investment Company Act”	the United States Investment Company Act of 1940 (as amended);
“US Securities Act”	the United States Securities Act of 1933 (as amended);
“US Securities Exchange Act”	the United States Securities Exchange Act of 1934 (as amended);
“VAT”	value added tax; and
“ZDP Shares”	zero dividend redeemable preference shares of no par value in the capital of the Company issued on or around 22 June 2009.

