

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Existing Ordinary Shares in the Company before the date that the Existing Ordinary Shares are marked "ex-entitlement" to the Open Offer by the London Stock Exchange, please immediately forward this document, together with the accompanying Round 1 Application Form and Proxy Form, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Existing Ordinary Shares, please contact immediately your stockbroker, bank or other agent through whom the sale or transfer was effected. However, this document and any accompanying documents should not be sent or transmitted in or into, any jurisdiction where to do so might constitute a violation of local securities law or regulations including, but not limited to, the United States, Canada, Japan, Australia, the Republic of Ireland or the Republic of South Africa.

This document is not a prospectus for the purposes of the Prospectus Rules and has not been prepared in accordance with the Prospectus Rules. Accordingly, this document has not been, and will not be, reviewed or approved by the FCA pursuant to sections 85 and 87 of FSMA, the London Stock Exchange or any other authority or regulatory body.

This document is issued in connection with a "private placement" within the meaning of the Isle of Man Companies (Private Placement) (Prospectus Exemptions) Regulations 2000 and, accordingly, is exempt from the provisions of the Isle of Man Companies Acts relating to the content of prospectuses and other technical rules relating to prospectuses.

You should read the whole of this document. Your attention is drawn in particular to the letter from the Directors of The Hotel Corporation plc which is set out in Part I of this document and which contains the unanimous recommendation of the Directors that Shareholders vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting referred to below. In addition, your attention is drawn to Part II of this document entitled "Risk Factors" which contains a discussion of certain factors that should be considered by Shareholders when considering whether or not to make an investment in the Company.

The Hotel Corporation plc

(Incorporated in Isle of Man with registered number 111066C)

Proposed Capital Reorganisation

**Placing and Open Offer of 12,454,765 New Ordinary Shares
at 20 pence per share and issue of up to 4,151,485 Warrants**

**Proposed change of name to Specialist Investment Properties plc
and**

Notice of Extraordinary General Meeting

The Existing Ordinary Shares are admitted to trading on AIM, a market operated by the London Stock Exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. An application will be made to the London Stock Exchange for the New Ordinary Shares to be issued pursuant to the Capital Raising to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence at 8.00 a.m. on 25 February 2016.

A notice convening an Extraordinary General Meeting of the Company to be held at Burleigh Manor, Peel Road, Douglas, Isle of Man, IM1 5EP on 8 February 2016 at 11.00 a.m. is set out at the end of this document. A Form of Proxy for use at the meeting accompanies this document. To be valid, Forms of Proxy must be completed and returned so as to be received at the offices of the Company's Transfer Agents Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA not later than 11.00 a.m. on 6 February 2016. The completion and depositing of a Form of Proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting should you wish to do so. Please refer to the detailed notes in the Notice of Extraordinary General Meeting and Form of Proxy.

If you hold Existing Ordinary Shares in CREST you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Neville Registrars (CREST Participant ID 7RA11) so that it is received no later than 11 a.m. on 6 February 2016. The completion and return of a CREST Proxy Instruction will not preclude Shareholders who hold their Ordinary Shares in CREST from attending and voting in person at the Extraordinary General Meeting, or any adjournment thereof, should they wish to do so.

The distribution of this document and/or the accompanying documents, and/or the transfer of Open Offer Entitlements or Excess Open Offer Entitlements through CREST, in jurisdictions other than the UK, including the United States, Canada, Japan, Australia, the Republic of Ireland and the Republic of South Africa, may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

None of the New Ordinary Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements has been or will be registered under the US Securities Act or under the applicable state securities laws of the United States or under the applicable securities laws of Japan, Canada, Australia, or the Republic of Ireland. Subject to certain exceptions, the New Ordinary Shares, the Open Offer Entitlements and the Excess Open Offer Entitlements may not be offered, sold, taken up, delivered or transferred in or into the United States, Australia, Canada, the Republic of South Africa the Republic of Ireland or Japan and, subject to certain exceptions, Round 1 Application Forms are not being posted to and no Open Offer Entitlements or the Excess Open Offer Entitlements will be credited to a stock account of any person in the United States, Australia, Canada, the Republic of South Africa, the Republic of Ireland and Japan. The attention of Overseas Shareholders and other recipients of this document who are residents or citizens of any country other than the United Kingdom is drawn to the section entitled "Overseas Shareholders" at paragraph 8 of Part IV of this document.

Sanlam Securities UK Limited (“Sanlam”), which is regulated in the United Kingdom by the Financial Conduct Authority, is acting as Nominated Adviser exclusively for the Company in connection with the Proposals and is not acting for any other person and will not be responsible to any other person for providing the protections afforded to customers of Sanlam, or for advising any other person in connection with the Proposals. Its responsibilities as the Company’s nominated adviser under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed to the London Stock Exchange and not to the Company, any Shareholder or any other person in respect of his decision to acquire New Ordinary Shares in reliance on any part of this document. No representation or warranty, express or implied, is made by Sanlam as to any of the contents of this document.

Shore Capital, which is regulated in the United Kingdom by the Financial Conduct Authority, is acting as financial adviser and broker exclusively for the Company in connection with the Capital Raising and is not acting for any other person and will not be responsible to any other person for providing the protections afforded to customers of Shore Capital, or for advising any other person in connection with the Proposals. No representation or warranty, express or implied, is made by Shore Capital as to any of the contents of this document.

The latest time and date for acceptance and payment in full under the Open Offer is 3 p.m. on 2 February 2016. The procedure for acceptance and payment is set out in Part IV of this document and, where relevant, in the Round 1 Application Form.

Qualifying non-CREST Shareholders will find a Round 1 Application Form accompanying this document.

Qualifying CREST Shareholders (none of whom will receive a Round 1 Application Form) will receive a credit to their stock accounts in CREST in respect of the Open Offer Entitlements which will be enabled for settlement on 18 January 2016. Applications under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim arising out of a sale or transfer of Existing Ordinary Shares prior to the date on which the Existing Ordinary Shares were marked “ex-entitlement” by the London Stock Exchange. If the Open Offer Entitlements are for any reason not enabled by 3.00 p.m. or such later time as the Company may decide on 18 January 2016, a Round 1 Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements credited to its stock account in CREST. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer. Applications for Excess Shares pursuant to the Excess Application Facility may be made by the Qualifying Shareholder provided that their Open Offer Entitlement has been taken up in full.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

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DIRECTORS AND ADVISERS

Directors	Derek William Short (Non-executive Director) David Peter Craine (Non-executive Director)
Company Secretary	David Craine Burleigh Manor Peel Road Douglas Isle of Man IM1 5EP
Nominated Adviser	Sanlam Securities UK Limited 10 King William St London EC4N 7TW
Financial Adviser to the Capital Raising	Shore Capital & Corporate Limited Bond Street House 14 Clifford Street London W1S 4JU
Broker to the Placing	Shore Capital Stockbrokers Limited Bond Street House 14 Clifford Street London W1S 4JU
Legal advisers to the Company as to Isle of Man law	Appleby (Isle of Man) LLC 33 Athol Street Douglas Isle of Man IM1 1LB
Legal advisers to the Company as to English law	DMH Stallard LLP 6 New Street Square New Fetter Lane London EC4A 3BF
Legal advisers to the Nominated Adviser and Broker	DAC Beachcroft 100 Fetter Lane London EC4A 1BN
Transfer Agents and Receiving Agent to the Open Offer	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA

CAPITAL REORGANISATION AND CAPITAL RAISING STATISTICS

Number of Existing Ordinary Shares in issue as at the date of this document	49,819,050
Share Consolidation and creation of New Shares and Deferred Shares	1 New Share and 1 New Deferred Share for every 20 Existing Ordinary Shares
Number of New Shares in issue following Capital Reorganisation	2,490,953
Basis of Open Offer	of 5 Open Offer Shares for every 20 Existing Ordinary Shares
Issue Price for each New Ordinary Share under the Open Offer	20 pence
Closing price of Existing Ordinary Shares on 14 January 2016	0.925 pence
Indicative price of Existing Ordinary Shares after the Capital Reorganisation	18.5 pence
Number of New Ordinary Shares to be issued pursuant to the Capital Raising (at the Issue Price)*	12,454,765
Number of Ordinary Shares in issue immediately following the Capital Raising*	14,945,718
New Ordinary Shares as a percentage of the Enlarged Share Capital*	83.3 per cent.
Number of Warrants to be issued pursuant to the Capital Raising*	4,151,485
Gross proceeds of the Capital Raising*	£2.5 million
Net proceeds of the Capital Raising*	c.£2.4 million
Minimum gross proceeds of the Capital Raising	£2.0 million
ISIN following Capital Reorganisation	IM00BZ97VJ22
SEDOL following Capital Reorganisation	BZ97VJ2

** This figure assumes all shares available under the Open Offer are subscribed for by Shareholders*

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for entitlement under the Open Offer	close of business on 14 January 2016
Announcement of the Capital Raising (Open Offer and Placing)	7am on 15 January 2016
Posting of this document, Forms of Proxy and, to Qualifying non-CREST Shareholders only, the Application Forms	15 January 2016
Ex-entitlement date for the Open Offer	8 a.m. on 15 January 2016
Open Offer (Round 1) Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	By 18 January 2016
Latest recommended time and date for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 28 January 2016
Latest time and date for depositing Open Offer Entitlements (Round 1) into CREST	3.00 p.m. on 29 January 2016
Latest time and date for splitting Round 1 Application Forms (to satisfy bona fide market claims only)	3.00 p.m. on 29 January 2016
Latest time and date for receipt of completed Round 1 Application Forms and payment in full under Round 1 of the Open Offer or settlement of relevant CREST instruction (as appropriate)	3.00 p.m. on 2 February 2016
Expected time and date of announcement of results of Round 1 of the Open Offer	7.00 a.m. on 3 February 2016
Posting of Application Form for Round 2 of the Open Offer (only to shareholders who took up full entitlement in Round 1 of the Open Offer)	3 February 2016
Excess (Round 2) Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	By 4 February 2016
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 6 February 2016
Extraordinary General Meeting	11.00 a.m. on 8 February 2016
Announcement of results of the Extraordinary General Meeting	8 February 2016
Capital Reorganisation Record Date (every 20 or more Existing Ordinary Shares of 5p each will be consolidated into one Consolidated Ordinary Share of 100p each; each	close of business on 8 February 2016

Consolidated Ordinary Share will then be sub-divided into one New Ordinary Share of 1p each and one Deferred Share of 99p each)	
Amendment and admission of ordinary shares (post Capital Reorganisation)	8.00 a.m. on 9 February 2016
Latest recommended time and date for requesting withdrawal of Excess Open Offer Entitlements from CREST	4.30 p.m. on 17 February 2016
Latest time and date for depositing Open Offer Entitlements (Round 2) into CREST	3 p.m. on 19 February 2016
Latest time and date for splitting Round 2 Application Forms (to satisfy bona fide market claims only)	3 p.m. on 19 February 2016
Latest time and date for receipt of completed Round 2 Application Forms and payment in full under Round 2 of the Open Offer or settlement of relevant CREST instruction (as appropriate)	3 p.m. on 22 February 2016
Expected time and date of announcement of results of Round 2 of the Open Offer	7.00 a.m. on 23 February 2016
Admission effective and dealings in the New Ordinary Shares (i.e. all the Open Offer shares) commence	8.00 a.m. on 25 February 2016
Expected date for crediting of New Ordinary Shares in uncertificated form to CREST stock accounts	8.00 a.m. on 25 February 2016
Expected date of despatch of share certificates in respect of New Ordinary Shares in certificated form	within 10 business days of Admission

Notes:

- (1) *If you have any questions on the procedure for acceptance and payment relating to the Open Offer or the application procedures please contact Neville Registrars on 0121 585 1131 from within the UK or on + 44 121 585 1131 if calling from outside the UK. Calls to the 0121 585 1131 number are charged at your network providers standard rate. Other network providers' costs may vary. Lines are open 9.00 am to 5.00 pm (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Capital Raising nor give any financial, legal or tax advice.*
- (2) *The dates set out in the Expected Timetable of Principal Events above and mentioned throughout this document and the Application Form may be adjusted by Hotel Corporation which event details of the new dates will be notified to AIM and, where appropriate, to Shareholders.*
- (3) *All references to time in this document are to time in London.*

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“Act”	the Isle of Man Companies Acts 1931 to 2004 (as amended)
“Admission”	the admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	the AIM market operated by the London Stock Exchange
“AIM Rules for Companies”	the AIM Rules for Companies, as published and amended from time to time by the London Stock Exchange
“Applicant”	a Qualifying Shareholder or a person entitled by virtue of a <i>bona fide</i> market claim who lodges a Round 1 Application Form under the Open Offer
“Application Forms”	together the Round 1 Application Form and the Round 2 Application Form and Application Form shall mean either of them as the context requires
“Articles”	the existing articles of association of the Company as at the date of this document
“Board”	the board of directors of the Company from time to time
“Business Day”	any day (excluding Saturdays and Sundays) on which banks are open in London for normal banking business and the London Stock Exchange is open for trading
“Capital Raising”	together, the Open Offer, subsequent Placing and issue of Warrants, details of which are set out in this document
“Capital Reorganisation”	the proposed consolidation and subdivision of every 20 Existing Ordinary Shares into one New Share and one New Deferred Share as described in this document
“Capital Reorganisation Record Date”	the close of business on 8 February 2016
“CCSS”	the CREST courier and sorting service, established by Euroclear UK & Ireland to facilitate, <i>inter alia</i> , the deposit and withdrawal of certified securities
“certificated” or “certificated form”	not in uncertificated form
“Company” or “Hotel Corporation”	The Hotel Corporation plc, a company incorporated in Isle of Man with registered number 111066C
“Consolidation”	the proposed 1 for 20 consolidation of Existing Ordinary Shares
“Consolidated Ordinary Share(s)”	temporary ordinary shares of £1 each following the Consolidation
“CREST”	the relevant system for the paperless settlement of trades and the holding of uncertificated securities operated by Euroclear UK & Ireland in accordance with the CREST Regulations
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, the CREST International Manual, the CREST Rules, the Registrars Service Standards, the Settlement Discipline Rules, the CCSS Operations Manual, the Daily Timetable, the CREST Application Procedure and the CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear UK

	on 15 July 1996 and as amended from time to time)
“CREST member”	a person who has been admitted by Euroclear UK & Ireland as a system-member (as defined in the CREST Regulations)
“CREST participant”	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
“CREST payment”	shall have the meaning given in the CREST Manual issued by Euroclear UK & Ireland
“CREST Regulations”	the Uncertified Securities Regulations 2005 of the Isle of Man, as amended
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
“Directors”	the directors of the Company at the date of this document whose names are set out on page 13 of this document
“Enlarged Share Capital”	the issued share capital of the Company as enlarged by the Capital Raising
“enabled for settlement”	in relation to Open Offer Entitlements or Excess Open Offer Entitlements, enabled for the limited purpose of settlement of claim transactions and unmatched stock event transactions (each as described in the CREST Manual issued by Euroclear UK & Ireland)
“Euroclear UK & Ireland” or “Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders who validly accept the Open Offer in respect of their full Open Offer Entitlements may apply for additional Open Offer Shares
“Excess CREST Open Offer Entitlement”	in respect of each Qualifying CREST Shareholder, the entitlement to apply for Open Offer Shares in addition to his Open Offer Entitlement credited to that Shareholder’s stock account in CREST, pursuant to the Excess Application Facility, which is conditional on the Shareholder taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
“Excess Open Offer Entitlement”	an entitlement for each Qualifying Shareholder to apply for Open Offer Shares in addition to his Open Offer Entitlement pursuant to the Excess Application Facility, which is conditional on the Shareholder taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
“Excess Shares”	Open Offer Shares in addition to the Open Offer Entitlement for which Qualifying Shareholders may apply under the Excess Application Facility
“Excluded Territories”	the United States, Australia, Canada, Japan, the Republic of South Africa, the Republic of Ireland and any other jurisdiction where the extension or availability of the Open Offer would breach any applicable law or regulations
“Existing Ordinary Shares”	the existing issued ordinary shares of 5 pence each as at the date of this document
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for 11.00 a.m. on 8 February 2016 (or any adjournment of it), notice of which is set out at the end of this document
“FCA”	the Financial Conduct Authority of the United Kingdom
“Framework Facility”	a framework agreement between the Company and Heritage Square

Agreement”	upon which loans shall be made by Heritage Square to the Company in order to facilitate the Company’s acquisition of certain properties in connection with the furtherance of its investment strategy, further details of which are set out in paragraph 3.2 of Part V of this document
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Heritage Square”	Heritage Square Limited
“Investing Policy”	the investing policy adopted by the Company following shareholder approval on shareholders 16 September 2015, details of which are set out in paragraph 2 of Part I of this document
“ISIN”	International Securities Identification Number
“Issue Price”	20 pence per New Ordinary Share
“London Stock Exchange”	London Stock Exchange plc
“Member Account ID”	the identification code or number attached to any member account in CREST
“Money Laundering Regulations”	the Money Laundering Regulations 2007 (as amended)
“NAV” or “Net Asset Value”	in relation to a Share, means its net asset value on the relevant date calculated in accordance with the Company’s normal accounting policies
“New Deferred Shares” or “Deferred Shares”	the new Deferred Shares of £0.99 each created pursuant to the Capital Reorganisation
“New Shares”	the new Ordinary Shares of £0.01 each created pursuant to the Capital Reorganisation
“New Ordinary Shares”	the 12,454,765 ordinary shares of £0.01 each to be issued pursuant to the Capital Raising
“Notice” or “Notice of EGM”	the notice of the Extraordinary General Meeting set out at the end of this document
“Open Offer”	the invitation to Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price on the terms of and subject to the conditions set out or referred to in Part IV of this document and, where relevant, in the Round 1 Application Form
“Open Offer Entitlement”	the <i>pro rata</i> basic entitlement for Qualifying Shareholders to apply to subscribe for 5 Open Offer Shares for every 20 Existing Ordinary Shares held by them on the Record Date pursuant to the Open Offer
“Open Offer Shares”	the 12,454,765 New Ordinary Shares for which Qualifying Shareholders are being invited to apply under the terms of the Open Offer
“Ordinary Shares”	ordinary shares of 1 pence each in the capital of the Company following the Capital Reorganisation
“Overseas Shareholders”	Shareholders who are resident in, or who are citizens of, or who have registered addresses in, territories other than the United Kingdom
“Placees”	persons procured by Shore Capital who have agreed conditionally to subscribe for Placing Shares under the Placing pursuant to a placing letter, subject to clawback (in the same proportion as their respective subscriptions) in respect of New Ordinary Shares in respect of which valid acceptances are received pursuant to the Open Offer
“Placing”	the conditional Placing at the Issue Price of the Placing Shares, as described in Part I of this document
“Placing Agreement”	the conditional placing agreement dated 14 January 2016 between the

	Company, Shore Capital and Sanlam relating to the Placing, details of which are set out in paragraph 3.4 of Part V of this document
“Privileged Relation”	in relation to a Shareholder who is an individual Shareholder (or a deceased or former individual Shareholder) means a spouse, civil partner (as defined in the Civil Partnerships Act 2004) child or grandchild (including step or adopted or illegitimate child and their issue).
“Placing Shares”	the New Ordinary Shares to be issued by the Company to the Placees pursuant to the Placing, comprising a maximum of 10,000,000 New Ordinary Shares which have not been subscribed for pursuant to the Open Offer
“Property Investment Adviser”	Puma Investments
“Proposals”	the Capital Reorganisation, the Capital Raising and the change of name
“Prospectus Rules”	the rules made by the FCA under Part VI of FSMA in relation to offers of transferable securities to the public and admission of transferable securities to trading on a regulated market
“Proxy Form”	the Proxy Form relating to the Extraordinary General Meeting being sent to Shareholders with this document
“Puma Investments”	Puma Investment Management Limited
“Qualifying CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company on the Record Date are held in uncertificated form
“Qualifying non-CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company on the Record Date are held in certificated form
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the Company’s register of members at the Record Date
“Receiving Agent”	Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA
“Record Date”	the close of business on 14 January 2016
“Resolutions”	the resolutions set out in the notice of the Extraordinary General Meeting at the end of this document
“Round 1 Application Form”	the application form which accompanies this document for Qualifying non-CREST Shareholders for use in connection with the Open Offer
“Round 2 Application Form”	the application form to be sent to Qualifying Shareholders, provided that they take up their Open Offer Entitlement in full, to apply for Excess Shares
“Round 1 of the Open Offer”	the part of the Open Offer relating to the Open Offer Entitlements
“Round 2 of the Open Offer”	the part of the Open Offer relating to the Excess Shares
“Sanlam”	Sanlam Securities UK Limited, the Company’s nominated adviser
“Shareholders”	holders of Existing Ordinary Shares
“Shore Capital”	as the context admits, Shore Capital Stockbrokers Limited, the Company’s broker in relation to the Placing or Shore Capital & Corporate Limited, the Company’s financial adviser in relation to the Capital Raising
“stock account”	an account within a member account in CREST to which a holding of a

	particular share or other security in CREST is credited
“Subdivision”	the proposed subdivision, subsequent to the Consolidation, of Existing Ordinary Shares into one New Share and one New Deferred Share
“subsidiary”	a “subsidiary undertaking” as that term is defined in the Companies Act 2006 of the UK
“Transfer Agent”	Neville Registrars Limited of Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA
“UK Listing Authority”	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“uncertificated” or “uncertificated form”	recorded on the relevant register or other record of the share or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“£” or “Pounds”	UK pounds sterling, being the lawful currency of the United Kingdom
“United States”, “USA” or “US”	the United States of America, its territories and possessions and any state of the United States of America and the District of Columbia
“US Securities Act”	the United States Securities Act of 1933 (as amended)
“Warrants”	the 4,151,485 warrants to subscribe for new Ordinary Shares in the capital of the Company at a price equal to the closing market price of such shares on the last dealing day prior to Admission at any time until the third anniversary of Admission

Part I - Letter from the Directors

The logo for The Hotel Corporation plc, featuring the company name in a serif font with 'The Hotel' in orange and 'Corporation plc' in white, set against a dark blue rectangular background.

The Hotel Corporation plc

(Incorporated in Isle of Man with registered number 111066C)

Directors

Derek William Short (Non-executive Director)
David Peter Craine (Non-executive Director)

Registered Office

Burleigh Manor
Peel Road
Douglas
Isle of Man IM1 5EP

15 January 2016

Dear Shareholder,

**Proposed Capital Reorganisation
Placing and Open Offer of 12,454,765 New Ordinary Shares each at 20 pence per share and issue
of up to 4,151,485 Warrants**

**Proposed change of name to Specialist Investment Properties plc,
and
Notice of Extraordinary General Meeting**

1. Introduction

In September 2015, following more than a year in which your Board had been actively seeking an opportunity to deploy its public company status and remaining cash to enhance shareholder value, Shareholders approved a new investment strategy. This was based on proposals from one of the Company's major Shareholders that the Company adopt the Investing Policy and deploy the Company's cash in a specialised segment of the investment property market in the United Kingdom. The purpose of this document is to put forward measures to facilitate implementation of the Investing Policy.

The Company currently holds approximately £300,000 in cash. In order to increase the cash resources available to the Board, the Company is proposing to issue new equity through an Open Offer to Shareholders to seek to raise up to £2.5 million. Under the Open Offer the Company will offer up to 5 of the New Ordinary Shares to Qualifying Shareholders for every 20 Existing Ordinary Shares held on the Record Date at the Issue Price.

In light of the fact that the Open Offer represents a significant multiple of capital relative to the existing market capitalisation of the Company, the Company has conditionally placed an aggregate of 10,000,000 New Ordinary Shares with Placees at the Issue Price, thereby providing assurance that the Capital Raising will provide minimum gross proceeds of approximately £2.0 million for the Company. To the extent that the Open Offer is subscribed by Qualifying Shareholders by amounts in excess of the

difference between the Open Offer amount (£2.5 million) and the Placing (£2.0 million) the Placing will be reduced accordingly. In the event that the Open Offer is subscribed in full, there will be no New Ordinary Shares available for the Placing. In addition, on Admission of the New Ordinary Shares, Shareholders will also receive one Warrant for every three New Ordinary Shares subscribed by them pursuant to the Capital Raising. The Warrants will give Shareholders the ability to subscribe for new Ordinary Shares in the future at the closing mid-market price of the Ordinary Shares on the last dealing day prior to Admission. The Warrants will be unlisted and will not be admitted to trading on AIM.

Qualifying Shareholders may subscribe for Open Offer Shares on the basis of 5 Open Offer Shares for every 20 Existing Ordinary Shares held on the Record Date. Shareholders subscribing for their full entitlement under the First Round of the Open Offer may also apply for additional New Ordinary Shares through the Excess Application Facility in the Second Round of the Open Offer.

In order to facilitate the Capital Raising, the Company proposes to undertake a Capital Reorganisation involving a Consolidation and Subdivision.

The Capital Raising and Capital Reorganisation are conditional, *inter alia*, on the passing of Resolution 1 by Shareholders at the Extraordinary General Meeting, notice of which is set out at the end of this document. Should Shareholders' approval not be obtained at the Extraordinary General Meeting, the Capital Raising and Capital Reorganisation will not proceed. If Resolution 1 is passed, the New Ordinary Shares are expected to be allotted, conditionally on Admission, on the business day following the date of the Extraordinary General Meeting. Admission of the New Ordinary Shares, upon which the Capital Raising is conditional, is expected to occur at 8.00 a.m. on 25 February 2016.

The net proceeds of the Capital Raising will be used to fund the acquisition of investment properties in line with the Company's Investing Policy (described below) and to provide further working capital for the Company.

The purpose of this document is to provide you with information about the background to and the reasons for the Proposals to explain why the Board considers the Proposals to be in the best interests of the Company and its Shareholders as a whole and why the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting, notice of which is set out at the end of this document.

2. Background to and reasons for the Capital Raising

2.1 Investing Policy

At an Extraordinary General Meeting held on 16 September 2015 the Company adopted a new Investing Policy. The Investing Policy adopted is for the Company to become an investment property company, acquiring and holding freehold properties (and, in rare cases, long lease-hold properties) in specialised sectors of the property market. The initial and primary focus is to make investments in purpose-built homes for adults with learning difficulties requiring support from carers (for example adults with autism), purpose-built care homes for the elderly and infirm and converted dwellings accommodating young adults/late teens requiring extensive support from social services. The Investing Policy for the Company will also allow it to invest in other specialist areas such as wedding and conference centres, other leisure facilities and, if sufficiently non-mainstream, residential or commercial property.

2.2 Specialised Investment Property Sectors

The areas listed above are outside of the classic investment property mainstream of commercial buildings let to businesses of good covenant on full repairing and insuring leases with five yearly upward only rent reviews. However, in many cases they can offer strong long-term security of income streams and,

because they are more complex and specialised, offer higher initial yields. In many cases they also offer inflation indexed rents.

The specialist children's homes sector, which will be the initial investment focus of the Company, is underpinned by the Children and Families Act, which places legal responsibility on local authorities to look after those young people. Local authorities are generally unable to place those with emotional or behavioural difficulties or complex care needs into foster homes and consequently they are placed in care facilities. These facilities are often run by outsourced specialist care providers who require leased residential accommodation. To execute this initial investment focus, the Company has entered into a Joint Venture with a children's care specialist who will work with the Company to identify assets to purchase, develop relationships with operators and provide expert industry knowledge. Details of the joint venture agreement are set out in paragraph 3.3 of part V of this document.

The Board believes that it can acquire and provide as landlord leased properties to these care providers. If acquired on prudent debt/equity gearing ratios, these properties can offer attractive returns on equity and the prospect of medium term capital growth as the chosen specific property category grows and becomes better appreciated by mainstream property investors. The Company intends to limit its leverage to approximately 70 per cent. of the total asset value in normal circumstances.

2.3 Initial Programme

The Property Investment Adviser has initially identified four properties for the Company to look to acquire. The acquisitions would comprise a combined investment of around £1.3 million, of which it is expected that around 70 per cent. can be financed by debt. The Company would seek to raise the debt initially from Heritage Square a specialist property lender advised by Puma Investments as the Company believes this offers faster execution at competitive pricing. As the Company acquires more properties and builds up a portfolio of income producing properties, it will look to refinance this initial debt with a longer term facility. Two of the properties are already in operation as care facilities for children and available as sale-and-leaseback opportunities while the two other properties would be open market purchases of standard homes for conversion. The adaptation work required is modest with a subsequent local authority compliance check prior to receipt of a designated change of use.

The Company would endeavour to acquire each home with an existing lease in place and with an established care operator. In relation to the two open market purchases, leases would be entered into with the care operator on acquisition which would be subject only to approval of the change of use. The Company will target such leases to be for a minimum term of 20 years (25 years on properties initially identified) on full repair and insuring (FRI) basis, with annual rent increases linked to the consumer price index (CPI). The care operator for the four properties has recently secured a substantial, term care placement contract with Birmingham City Council and needs additional space. This contract will support the care provider's ability to meet the lease payments. The care provider is a well-established operator with over 10 years' experience, already operates a network of 19 residential care units, one specialist school and has 36 young people in its care. It is a substantial enterprise with 250 staff based within five local authorities and also undertakes ad hoc work nationwide.

The Property Investment Adviser has additionally identified a pipeline of similar transactions which it will introduce to the Company for the Company to seek to execute within two to three months of the close of the Capital Raising. The Property Investment Adviser would then aim to identify further acquisitions which would be part financed through raising further equity in a larger fundraising or raisings.

2.4 Corporate Structure

The Company is an ideal vehicle for such investments as it is an offshore investment company, largely avoiding double taxation for underlying Shareholders. The Company is resident for tax purposes in the Isle of Man. It is managed and controlled outside of the United Kingdom and generally is not expected to

be subject to United Kingdom taxation, but this status could be subject to changes in taxation legislation in the future. In any event the Company and or its subsidiaries intends to register as a non-resident landlord under the HMRC scheme. As such the registered company or companies will be subject to United Kingdom taxation on profits at the current rate being 20 per cent. of its taxable profit. It is not expected that registration will give rise to a material liability to UK taxation in the Company's first year of implementing its new investing policy. Furthermore, it is expected that any liability to United Kingdom capital gains tax (in the event of any future property disposals) will be *de minimis* based on current taxation legislation.

2.5 *Property Investment and Management*

The Company intends to adopt a conventional offshore real estate investment trust REIT like structure. The Board will be responsible for approving the investment strategy, making investments, monitoring performance, determining dividends, organising accounting, company administration and reporting to Shareholders. The sourcing, evaluating, structuring and negotiation of the investments will be delegated to the Property Investment Adviser under a property investment advisory agreement. The Property Investment Adviser will also be responsible for monitoring of the investments, organising property administration and rent collection.

2.6 *Property Investment Adviser*

The Company announced today that it had entered into a property investment advisory agreement with Puma Investments. Puma Investments is a subsidiary of the Shore Capital group of companies. This agreement is summarised in paragraph 3.1 of Part V of this document.

The asset management division of Shore Capital, including Puma Investments, has a long and successful track record of investing in property and property-related schemes, dating back to the launch of Puma Property in 2002 which achieved an IRR of close to 40 per cent. per annum. Its track record in smaller companies is now nearly 20 years. It currently manages six Venture Capital Trusts ("VCTs") which specialise in property and construction related deals. Each VCT is a five year life vehicle and the first five Puma VCTs launched, the last of which liquidated in 2014, were each rated the top performer in their peer group by the independent research house Martin Churchill's Tax Efficient Review (September 2014). The VCTs have raised close to £200 million to date.

Puma Investments also manages a discretionary portfolio service invested in four specialised EIS companies (two focused on construction and two on pubs) and advises Heritage Square, a specialist property lender. An affiliate within the group is the property adviser to two investment property funds in Germany, Puma Brandenburg and Brandenburg Realty. In total the fund management group has around £800 million under management and has a large dedicated group of around 45 investment and property professionals.

Puma Investments has demonstrated that it has strong fund-raising capability. The latest VCT, VCT 11, listed in May 2015 having raised over £30 million, making it the largest limited life VCT raising in that tax year (2014/5). Brandenburg Realty also closed in 2015, raising €150 million in equity. The EIS companies have raised £28 million since inception in 2014.

2.7 *Puma Investments' Track Record in the Care Sector*

Puma Investments has substantial experience in the care sector having been involved in the construction and development of 12 homes for adults with learning difficulties, nine of which have been completed. It has been similarly involved in five care homes for the elderly, two of which have been completed and three of which are in construction.

2.8 *Deal Flow*

Puma Investments has strong deal flow in the relevant sectors, including supported living properties and care homes for the elderly. Puma Investments has the platform to assist the Company in executing the investment strategy, working with experienced developers who have a strong track record experience of developing quality assets in these robust sectors of the property market.

2.9 *Financial Returns*

The returns from the investment strategy are likely initially to be in the form of net income available for distribution. In due course, it is expected that there will also be the potential for capital growth as the specialised sectors become more acceptable for institutional investment and the portfolio which can be offered to third parties grows in size.

Initial assessments indicate a strong potential for income generation, most of which could be distributed in dividends after covering the Company's overheads. The Company will target an initial dividend yield of seven per cent. per annum.

2.10 *Investment Advisory Arrangements*

The Property Investment Adviser will be entitled to a fee for the duration of its appointment equal to 0.5 per cent. per annum of the gross property asset value held by the Company, i.e. a percentage of the property assets which will exclude any un-invested cash. The properties held will be independently professionally valued each year. These fees will be payable in four quarterly instalments accruing on the last day of each quarterly period at the rate of 0.125 per cent. of the gross property asset value as at the most recent annual valuation date.

The Property Investment Adviser will also be entitled to receive a performance related fee of 20 per cent. of the increase in the adjusted Net Asset Value per share over each five year performance fee period, subject to a high water mark and a simple 8 per cent. p.a. hurdle. The Property Investment Adviser may also charge an acquisition fee of up to 0.5 per cent. of the acquisition price of properties acquired (such fee to be waived for 2016). Additionally, under the Framework Facility Agreement Heritage Square is entitled to charge an arrangement fee of up to 2 per cent. on the value of the debt provided, some or all of which, may be payable to Puma Investments (such fee to be waived for 2016). Further details on the Framework Facility Agreement are set out in paragraph 3.2 of Part V of this document.

3. Capital Reorganisation

The mid-market price of the Existing Ordinary Shares as at the close of business on 14 January 2016 was 0.925p which is substantially below their nominal (or par) value of 5p per Ordinary Share. The issue of new shares by the Company at a price below their nominal value is prohibited under Isle of Man law and accordingly the ability of the Company to raise funds by way of the issue of further equity is restricted.

Consequently, the Company is proposing the Capital Reorganisation to reduce the nominal (or par) value of the Existing Ordinary Shares substantially below that of their market price in order to provide the Company with the ability to make future share issues (including the Capital Raising). In addition, the share price levels at which the Existing Ordinary Shares have recently traded means that small absolute movements in the share price represent large percentage movements resulting in share price volatility. The Board believes that the bid offer spread at these price levels can be disproportionate and to the detriment of Shareholders. Accordingly, the Board has decided to implement a share reorganisation so that:

each holding of every 20 or more Existing Ordinary Shares will be consolidated into 1 New Share and one Deferred Share.

Holders of fewer than 20 Existing Ordinary Shares will not be entitled to receive a New Share or Deferred Share following the Capital Reorganisation. Shareholders with a holding in excess of 20 Existing Ordinary Shares, but which is not exactly divisible by 20, will have their holding of New Shares rounded down to the nearest whole number of New Shares following the Capital Reorganisation. Fractional entitlements, whether arising from holdings of fewer or more than 20 Existing Ordinary Shares, will be sold in the market and the proceeds will be retained for the benefit of the Company.

The Existing Ordinary Shares have been admitted to CREST. Application will be made for the New Shares to be admitted to CREST, all of which may then be held and transferred by means of CREST. It is expected that the New Shares arising as a result of the Capital Reorganisation in respect of Existing Ordinary Shares held in uncertificated form, i.e. in CREST, will be credited to the relevant CREST accounts on 9 February 2016 and that definitive share certificates in respect of the New Shares arising as a result of the Capital Reorganisation from Existing Ordinary Shares held in certificated form will be despatched to relevant Shareholders within 10 business days of completion of the Capital Reorganisation. No temporary documents of title will be issued. Share certificates in respect of Existing Ordinary Shares will cease to be valid at close of business on 8 February 2016 and, pending delivery of share certificates in respect of New Shares will be certified against the register. The Capital Reorganisation Record Date is 8 February 2016.

As a consequence of the Capital Reorganisation, each Shareholder's holding of New Shares will (ignoring fractional entitlements) immediately following the Capital Reorganisation becoming effective be one twentieth of the number of Existing Ordinary Shares held by them on the Capital Reorganisation Record Date. However, each Shareholder's proportionate interest in the Company's issued ordinary share capital will remain unchanged as a result of the Capital Reorganisation.

The rights attaching to the New Shares will be identical in all respects to those of the Existing Ordinary Shares.

The Deferred Shares created will be effectively valueless as they will not carry any rights to vote or dividend rights. In addition, holders of Deferred Shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of New Ordinary Shares have received a payment of £10,000,000 on each such share. The Deferred Shares will not be listed or traded on the Official List or AIM and will not be transferable save that upon the death of any holder of the Deferred Shares such shares will be permitted to be transmitted under the terms of the deceased Shareholder's will provided that the persons to whom they are to be transmitted are a Privileged Relation of the deceased Shareholder. No share certificates will be issued in respect of the Deferred Shares, nor will CREST accounts of shareholders be credited in respect of any entitlement to Deferred Shares.

Rights attaching to any shares in the Company which may be issued to holders of the Share Options shall not be affected by the Capital Reorganisation.

The ISIN of the New Shares will be IM00BZ97VJ22 following the Capital Reorganisation

4. Details of the Capital Raising

4.1 Rationale for Capital Raising structure

The Directors have given consideration as to the best way to structure the proposed equity fundraising, having regard to current market conditions, the composition of the Company's shareholder register, the level of the Company's share price and the importance of pre-emption rights to Shareholders. After considering these factors, the Directors have concluded that the structure of the fundraising by way of the

Capital Raising is the most suitable option available to the Company and its Shareholders as a whole. The Open Offer provides an opportunity for all Qualifying Shareholders to participate in the Capital Raising, and includes an Excess Application Facility.

The Issue Price represents a 8.1 per cent. premium to the adjusted closing middle market price of 18.5 pence per Existing Ordinary Share on 14 January 2016 (being the last Business Day before the announcement of the Capital Raising), after taking into account the proposed Capital Reorganisation.

4.2 *Principal terms of the Placing*

The Company is proposing to raise up to £2.5 million (before expenses) pursuant to the Capital Raising and has conditionally placed an aggregate of 10,000,000 New Ordinary Shares at the Issue Price which are subject to clawback in respect of New Ordinary Shares which are the subject of valid acceptances pursuant to the Open Offer (only to the extent that those valid acceptances under the Open Offer exceed the difference between the total number of Open Offer Shares and the Placing Shares). In the event the Open Offer is subscribed in full, there will be no New Ordinary Shares available for the Placing.

The New Ordinary Shares will, upon issue, rank equally with each other and with the New Shares including the right to receive dividends and other distributions declared following Admission.

The Company has entered into the Placing Agreement with Shore Capital and Sanlam to set out the parties' respective obligations in respect of the Capital Raising. Details of the Placing Agreement are set out in paragraph 3.4 of Part V of this document.

The Placing Shares have been placed subject to clawback in respect of the Open Offer and conditionally, *inter alia*, on the passing of Resolution 1 and on Admission. It is expected that Admission will take place on 25 February 2016.

4.3 *Principal terms of the Open Offer*

Subject to the fulfilment of the conditions set out below and in Part IV of this document, Qualifying Shareholders are being given the opportunity to subscribe for up to 12,454,765 Open Offer Shares at the Issue Price of 20 pence per Open Offer Share, *pro rata* to their holdings of Existing Ordinary Shares on the Record Date on the basis of:

5 Open Offer Shares for every 20 Existing Ordinary Shares

Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlement in full, to apply for Excess Shares through the Excess Application Facility, provided only that they have already taken up their Basic Entitlement in full on or before the first round closing date.

The allotment and issue of the Open Offer Shares is conditional, *inter alia*, on the passing of Resolution 1 at the Extraordinary General Meeting and upon Admission.

The Open Offer Shares will, upon issue, rank *pari passu* with the Placing Shares to be issued pursuant to the Placing, and with the New Shares following Admission.

Fractions of Open Offer Shares will not be allotted and each Qualifying Shareholder's entitlement under the Open Offer will be rounded down to the nearest whole number.

Qualifying Shareholders with holdings of New Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating the Open Offer Entitlements.

4.4

Excess Application Facility (subject to eligibility)

To the extent that Open Offer Shares are not taken up by Qualifying Shareholders in Round 1 of the Open Offer those Open Offer Shares will be made available for subscription under the Excess Application Facility.

The Excess Application Facility, in Round 2 of the Open Offer, will enable Qualifying Shareholders, being Shareholders who took up their full Open Offer Entitlement in Round 1 of the Open Offer, to apply for Excess Shares.

The Excess Open Offer Entitlement and/or Excess CREST Open Offer Entitlement of each Qualifying Shareholder will be calculated as a percentage of the Excess Application Facility on the following basis:

- (a) *Numerator* – Number of Open Offer Shares taken up by the Qualifying Shareholder in Round 1 of the Open Offer.
- (b) *Denominator* – The number of Open Offer Shares taken up by all Qualifying Shareholders who validly accepted the Open Offer in respect of their full Open Offer Entitlement in Round 1 of the Open Offer.

If the result is not a whole number, the Qualifying Shareholder's Excess Open Offer Entitlement and/or Excess CREST Open Offer Entitlement will be rounded down to the nearest whole number.

Qualifying non-CREST Shareholders who wish to apply to subscribe for more than their Open Offer Entitlement should apply for their full Open Offer Entitlement in the Round 1 Application Form. They will subsequently receive a Round 2 Application Form where Qualifying non-CREST Shareholders will be able to apply for their Excess Open Offer Entitlement. Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 6.2.10 of Part IV of this document for information on how to apply for Excess Shares pursuant to the Excess Application Facility. Applications for Excess Shares will be allowed in Round 2 of the Open Offer, which will only occur to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Open Offer Entitlements in Round 1 of the Open Offer.

Application will be made for the Open Offer Entitlements and Excess CREST Open Offer Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Open Offer Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST at 8.00 a.m. on 18 January 2016 and 4 February 2016 respectively. Such Open Offer Entitlements and Excess CREST Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on those dates. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Qualifying non-CREST Shareholders will receive a Round 1 Application Form with this document, and subject to taking up their Open Offer Entitlement in full, a Round 2 Application Form, which sets out their entitlement to Excess Shares as shown by the number of Excess Open Offer Entitlements allocated to them. Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements on 18 January 2016.

Shareholders should note that the Open Offer is not a rights issue and Open Offer Entitlements are therefore not transferable. In particular, Qualifying CREST Shareholders should note that although the Open Offer Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. Qualifying non-CREST Shareholders should note that neither the Round 1 Application Form nor the Round 2 Application Form are negotiable documents and cannot be traded. Qualifying Shareholders

should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer. If applications are made for less than all of the Open Offer Shares available, then a lower number of Open Offer Shares will be issued and the balance of the Open Offer Shares will be issued to Placees.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part IV of this document.

For Qualifying non-CREST Shareholders, completed Round 1 Application Forms and Round 2 Application Forms, accompanied by full payment, should be returned by post or by hand (during normal business hours only) to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA so as to arrive as soon as possible and in any event so as to be received no later than 3 p.m. on 2 February 2016 and 3 p.m. on 22 February 2016 respectively. For Qualifying CREST Shareholders the relevant CREST instructions must have been settled as explained in this document by no later than 3 p.m. on 2 February 2016 and 3 p.m. on 22 February 2016 for Open Offer Entitlements and Excess Open Offer Entitlements respectively.

4.5 *Principal terms of the Warrants*

Each three New Ordinary Shares issued pursuant to the Capital Raising will be accompanied by one Warrant to subscribe for a new Ordinary Share at a price equal to the closing middle market price of the Ordinary Shares on the last dealing day prior to Admission for a period of three years from Admission. The Warrants will be issued in certificated form only and will be non-transferable, unlisted and will not be admitted to trading on AIM. Further details on the terms of the Warrants are set out in Part IV of this document.

4.6 *Other information relating to the Capital Raising*

The Capital Raising is conditional, *inter alia*, upon:

- the passing of Resolution 1;
- the Placing Agreement becoming unconditional in all respects (other than Admission) and having not been terminated in accordance with its terms; and
- Admission of the New Ordinary Shares becoming effective by not later than 8.00 a.m. on 25 February 2016 or such later date as the Company, Shore Capital and Sanlam may agree, being no later than 8.00 am on 31 March 2016.

If any of such conditions are not satisfied or, if applicable, waived, the Capital Raising will not proceed.

A summary of the principal terms of the Placing Agreement is set out in paragraph 3.4 of Part V of this document.

The Capital Raising will result in the issue of up to 12,454,765 New Ordinary Shares representing, in aggregate, approximately 83.3 per cent. of the Enlarged Share Capital. A minimum of 10,000,000 New Ordinary Shares will be issued pursuant to the Capital Raising (assuming no take up under the Open Offer and only the Placing Shares being issued) equivalent to approximately 80.6 per cent. of the Enlarged Share Capital (assuming no take up under the Open Offer and only the Placing Shares being issued).

4.7 *Shareholdings*

Following the issue of the New Ordinary Shares pursuant to the Capital Raising, Qualifying Shareholders:

- who take up their maximum entitlements under the Open Offer (including under the Excess Application Facility) will, subject to rounding in the Capital Reorganisation, not suffer any dilution of their interests in the Existing Ordinary Shares; and
- Qualifying Shareholders who do not take up any of their entitlements in respect of the Open Offer will experience a more substantial dilution of approximately 401 per cent. to their interests in the Company (assuming that the minimum number of shares are issued pursuant to the Capital Raising are issued, being the same number of shares as the total number of Placing Shares).

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings for normal settlement in the New Ordinary Shares will commence at 8.00 a.m. on 25 February 2016.

4.8 *Open Offer*

Qualifying non-CREST Shareholders

If you are a Qualifying non-CREST Shareholder you will receive a Round 1 Application Form with this document which gives details of your maximum entitlement under the Open Offer (as shown by the number of Open Offer Entitlements allocated to you). If you wish to apply for Open Offer Shares under the Open Offer (in respect of your Open Offer Entitlement), you should complete the accompanying Round 1 Application Form in accordance with the procedure for application set out in paragraph 6.1.2 of Part IV of this document and on the Round 1 Application Form itself. If you have subscribed for your Open Offer entitlement in full and wish to apply for Excess Shares under the Excess Application Facility, you should complete the Round 2 Application Form in accordance with the procedure for application set out in paragraph 6.1.2 of Part IV of this document and on the Round 2 Application Form itself once received from the Company.

Qualifying CREST Shareholders

If you are a Qualifying CREST Shareholder and do not hold any Ordinary Shares in certificated form, you will receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlement representing your maximum entitlement under the Open Offer except (subject to certain exceptions) if you are an Overseas Shareholder who has a registered address in, or is a resident in or a citizen of an Excluded Territory. Applications by Qualifying CREST Shareholders for Excess CREST Open Offer Entitlements under the Excess Application Facility should be made in accordance with the procedures set out in paragraph 6.2.10 of Part IV of this document, unless you are an Overseas Shareholder in which event, applications should be made in accordance with the procedures set out in paragraph 8 of Part IV of this document.

The latest time for applications under the Round 1 of the Open Offer to be received is 3 p.m. on 2 February 2016. The procedure for application and payment depends on whether, at the time at which application and payment is made, Qualifying non-CREST Shareholder have a Round 1 Application Form in respect of your Open Offer Entitlement or you will have a Round 2 Application Form in respect of your Excess Open Offer Entitlement. Qualifying CREST Shareholder will have credited to your stock account in CREST in respect of such Open Offer Entitlements and subsequently in respect of your Excess CREST Open Offer Entitlement. The procedures for application and payment are set out in Part IV of this document.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

5. Use of proceeds and working capital

The net proceeds of the Capital Raising, which are expected to amount to a minimum of approximately £2.4 million (assuming the Open Offer is taken up in full), will be used, *inter alia*, to acquire properties in specialised care sectors, initially focussed on children's homes and to provide further working capital for the Company. The Board intends that the proceeds of the Capital Raising be deployed within three to six months, subject to retaining sufficient working capital.

6. Dividend Policy

The Company is targeting a dividend yield of seven per cent. per annum, and your Board expects to pay the first dividend in Q1 2017. The Board will thereafter institute a dividend policy targeting a pay-out of approximately 95 per cent. of free cash generated to Shareholders. Dividend payments will be subject to the financial position of the Company and the availability of distributable profits.

7. Related Party Transactions

Puma Investments is a subsidiary of Shore Capital, financial adviser and broker to the Capital Raising and, at the date of this document, a substantial shareholder in the Company. As a consequence, provision of debt by Heritage Square, a specialist property lender managed by, and company advised by, Puma Investments with the arrangement fee charged by Heritage Square which may be payable to Puma Investments under the Framework Facility Agreement and the investment advisory agreement entered into by the Company with Puma Investments and the associated fees to be charged are related party transactions under Rule 13 of the AIM Rules.

The Directors, both of whom are independent in this instance, having consulted with the Company's nominated adviser, Sanlam, consider that the terms of this debt financing and investment advisory agreement are fair and reasonable insofar as shareholders are concerned.

Furthermore, Shore Capital is acting as broker to the Company in regards to the Placing, as well as participating in the Placing by investing £460,000 for 2,300,000 Placing Shares, both of which are also classified as related party transactions under Rule 13 of the AIM Rules.

The Directors, both of whom are independent in this instance, having consulted with the Company's nominated adviser, Sanlam, consider that the terms of the Placing Agreement and participation in the Placing by Shore Capital are fair and reasonable insofar as Shareholders are concerned.

8. Change of Name

As part of the Proposals the Board has proposed that the name of the Company be changed to Specialist Investment Properties plc. The change of name requires the approval of the Shareholders by way of a special resolution (Resolution 2).

9. Irrevocable commitments

Resolution 1 is an ordinary resolution which requires the support of Shareholders holding a majority of the votes cast at the Extraordinary General Meeting (excluding any votes withheld). Resolution 2 is a special resolution requiring the support of Shareholders holding 75 per cent. or more of the votes cast at the Extraordinary General Meeting (excluding any votes withheld).

In aggregate, Shareholders holding Existing Ordinary Shares representing approximately 22.1 per cent. of the votes capable of being exercised at the Extraordinary General Meeting have irrevocably undertaken to vote in favour of the Resolutions at the Extraordinary General Meeting.

10. Extraordinary General Meeting

Set out at the end of this document is a notice convening an Extraordinary General Meeting of the Company, to be held at 11 a.m. on 8 February 2016 at Burleigh Manor, Peel Road, Douglas, Isle of Man, IM1 5EP, British Isles, at which the following Resolutions will be proposed:

To be proposed as ordinary resolutions:

THAT,

- (a) each of the ordinary shares of 5 pence each in the capital of the Company which as at close of business on 8 February 2016 (or such later date as the Directors may determine and communicate to Shareholders via an appropriate announcement to a Regulatory Information Service) are shown in the register of members of the Company to be in issue or held in treasury (the “**Ordinary Shares**”) shall be (i) consolidated and converted into ordinary shares of £1.00 each in the capital of the Company (the “**Consolidated Ordinary Shares**”) on the basis of every 20 Ordinary Shares being consolidated and converted into one Consolidated Ordinary Share, each Consolidated Ordinary Share having the same rights as the Ordinary Shares and (ii) then sub-divided into ordinary shares of 1 pence each in the capital of the Company (the “**Subdivided Ordinary Shares**”) and deferred shares of £0.99 each in the capital of the Company (the “**Deferred Shares**”) on the basis of every Consolidated Ordinary Share being subdivided and converted into one Subdivided Ordinary Share and one Deferred Share, each Subdivided Ordinary Share having the same rights as an Ordinary Share and each Deferred Share having no right to receive notice of, attend or vote at general meetings of the Company, no right to receive any dividend declared by the Company or otherwise participate in the profits of the Company and having the right to payment on a return of capital or on a winding up of the Company only after each of the holders of Subdivided Ordinary Shares has received a payment of £10,000,000 on each such share , provided that:
- (i) where such consolidation and/or subdivision results in any Shareholder being entitled to a fraction of a Consolidated Ordinary Share, Subdivided Ordinary Shares or Deferred Shares, such fraction shall, so far as possible, be aggregated with the fractions of a Consolidated Ordinary Share, Subdivided Ordinary Shares or Deferred Shares to which other Shareholders may be entitled;
- (ii) the Directors of the Company be and are hereby authorised to sell to any person (or appoint any other person to sell to any person), on behalf of the relevant Shareholders, all the Consolidated Ordinary Share, Subdivided Ordinary Shares or Deferred Shares representing, in aggregate, such fractions at the best price reasonably obtainable in the market and that the Company may retain the net proceeds of sale of such Consolidated Ordinary Share, Subdivided Ordinary Shares or Deferred Shares representing such fractions for the benefit of the Company; and
- (iii) any Director of the Company (or any person appointed by the Directors of the Company) shall be and is hereby authorised to execute an instrument of transfer in respect of such Consolidated Ordinary Share, Subdivided Ordinary Shares or Deferred Shares arising pursuant to subparagraph (ii) of this Resolution 1(b) on behalf of the relevant Shareholders and to do all acts and things the Directors consider necessary or expedient to effect the transfer of such shares to, or in accordance with the directions of, any buyer of such shares; and
- (b) the unissued ordinary shares of 5 pence each in the capital of the Company be subdivided into ordinary shares of 1 pence each.

To be proposed as a special resolution:

THAT, that the name of the Company be changed to Specialist Investment Properties plc.

11. Action to be taken by Shareholders

Shareholders will find enclosed with this document a Proxy Form for use at the EGM. The Proxy Form should be completed and returned in accordance with the instructions printed on it so as to arrive at the Company's Transfer Agents, Neville Registrars at Neville House, 18 Laurel Lane, Halesowen, B63 3DA as soon as possible and, in any event not later than 11.00 a.m. on 6 February 2016. Alternatively, CREST members who wish to appoint a proxy or proxies via CREST may do so in accordance with the procedures set out in the notice of EGM and the Form of Proxy. Completion and return of the Proxy Form or appointment of a proxy via CREST will not prevent Shareholders from attending and voting at the EGM, or any adjournment thereof should they so wish.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Extraordinary General Meeting and any adjournment thereof by using the procedures described in the CREST manual. CREST personal members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a Proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CREST specifications and must contain the information required for such instructions, as described in the CREST manual. All messages relating to the appointment of a Proxy or an instruction to a previously appointed Proxy must be transmitted so as to be received by Neville Registrars Limited (ID: 7RA11) no later than 11 a.m. on 6 February 2016. Normal system timings and limitations will apply in relation to the input of CREST Proxy Instructions. It is therefore the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable their CREST sponsor(s) or voting service provider(s) are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 18(4) of the Uncertificated Securities Regulations 2005 of the Isle of Man.

12. Overseas Shareholders

Information for Overseas Shareholders who have registered addresses outside the United Kingdom or who are citizens or residents of countries other than the United Kingdom appears in paragraph 8 of Part IV of this document, which sets out the restrictions applicable to such persons. If you are an Overseas Shareholder, it is important that you read that part of this document.

13. Additional Information

Your attention is drawn to the additional information set out in Parts II to V (inclusive) of this document.

14. Recommendation

Your Directors consider the Proposals and Resolutions to be in the best interests of the Company and Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions at the Extraordinary General Meeting as the Directors have undertaken to do in respect of their own shareholdings which amount, in aggregate, to 58,000 Existing Ordinary Shares, representing approximately 0.1 per cent. of the Company's current issued share capital as at 14 January 2016, being the last practicable date before the publication of this document.

Yours sincerely,

Derek Short and David Craine
Non-Executive Directors

Part II - Risk Factors

An investment in the Company and/or New Ordinary Shares involves a high degree of risk. Accordingly, prospective investors should consider carefully the factors and risks associated with any investment in the Company, the Company's business and the industries in which it operates (as described below), together with all other information contained in this document before investing in any New Ordinary Shares. The Directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not purport to comprise all those risks associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Company's business.

If any of the following risks actually occur the Company's business, financial condition, capital resources, results or future operations could be materially adversely affected. In this event, the price of the New Ordinary Shares could decline and investors may lose all or part of their investment.

The investment offered in this document may not be suitable for all of its recipients. Before making an investment decision, prospective investors should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities. A prospective investor should consider carefully whether an investment in the Company is suitable for him or her in the light of his or her personal circumstances and the financial resources available to him or her.

Risks relating to the Company

No guarantee that the investment objectives of the Company will be met

There can be no guarantee that the investment objectives of the Company will be met. The results of the Company's operations will depend on many factors, including, but not limited to, the availability of opportunities for the acquisition of assets, the performance of any the Property Investment Adviser, the level and volatility of interest rates, relevant future government policy changes, readily accessible funding sources, conditions in the financial and property markets and general economic conditions.

Should the Company not successfully conclude a further equity raise to finance the acquisition of additional properties and dilute central cost overheads the returns to Shareholders may be lower than that targeted.

Additionally, the past performance of the Property Investment Adviser in the same sector as the Company should not be considered as an indication of the future performance of the Company. There can be no guarantee that the Company will have the same opportunities to invest in assets that generate similar returns to other companies and funds. Further, differences between the structure, term, and investment objectives and policies of the Company and those of other companies and funds, including different performance-related fee arrangements, may affect their respective returns.

Property market conditions

Investments in property are relatively illiquid and more difficult to realise than equities or bonds. Property values may be adversely affected by illiquidity in the property market. Rental incomes and the market values of properties are generally affected by overall conditions in the economy, such as growth in GDP, employment trends, changes in inflation and interest rates. Employment levels also may affect the demand for premises.

Risks relating to gearing

It is intended that the Company will incur gearing of up to 70 per cent. in order to fund the acquisition of further properties in the specialised care sectors. There is no certainty that such borrowings will be made available to the Company either at all or on acceptable terms which may adversely affect the future prospects of the Company and, as a consequence, returns to Shareholders. In addition, while it is intended that the Company will incur gearing of up to 70 per cent. of properties acquired there can be no guarantee that, subsequent to properties being acquired, the Company will be able to limit its gearing to 70 per cent. of the total asset value of properties acquired.

If borrowings are not available on suitable terms or at all this will have a material adverse impact on the returns to Shareholders and in particular the level of dividends paid.

Prospective investors should be aware that, whilst the use of borrowings should enhance the Net Asset Value of the New Ordinary Shares where the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. In addition, in the event that the rental income of the Company's portfolio falls for whatever reason, the use of borrowings will increase the impact of such a fall on the net revenue of the Company and accordingly will have an adverse effect on the Company's ability to pay dividends to Shareholders.

Risks relating to interest rates

The interest payable on the Company's borrowings is calculated on a floating rate basis by reference to the relevant banks' base rates and LIBOR. Accordingly, movements in interest rates may have a significant impact on the Company's net profits and ability to pay dividends to Shareholders.

Risks relating to conflicts of interest

The services of the Property Investment Adviser, its respective associates and their respective officers and employees, are not exclusive to the Company. Although the Property Investment Adviser is not currently managing any other fund that has cash awaiting investment and has in place a conflicts of interest and asset allocation policy, in fulfilling its responsibilities to the Company, it may be subject to certain conflicts of interest arising from its relations with third parties to whom it also owes duties or in whom it has an interest. In particular, the Property Investment Adviser may provide investment management, investment advice or other services in relation to a number of funds that may have similar investment policies to that of the Company which may result in the Property Investment Adviser investing funds for other funds as opposed to the Company which may increase the period of time that the proceeds of the Issue are not fully invested.

Risks relating to the economic environment

Global market uncertainty and the weakened economic conditions in the United Kingdom and elsewhere and, in particular, the restricted availability of credit, may reduce the value of the Company's portfolio once it has been acquired, and may reduce liquidity in the real estate market. The performance of the Company would be adversely affected by a further downturn in the property market in terms of market value or a weakening of rental yields. Additionally, a low inflationary environment could result in lower returns for the Company as lease payments may be linked to the consumer price index. Economic factors impacting on people's savings will also impact upon people's ability to pay for the services to be provided from the properties proposed to be invested in by the Company and may therefore impact on the returns of the Company.

Risks relating to the reliance on key individuals

The underperformance or the departure of key skilled professionals from the Property Investment Adviser could have a material adverse effect on the Company's business, financial condition and results of operations.

Risks relating to third party service providers

The Company uses third parties to provide certain administrative services to the Company. Where a service provider needs replacing, whether due to expiry of an existing contract, insolvency, poor performance or any other reason, the Company will be required to appoint a replacement service provider. There is no assurance that contracts can be negotiated on similar terms and less favourable terms could result in increased operation and maintenance costs. Any replacement contractor may be more expensive and there is a further risk that finding a suitable service provider may take a long time, which could potentially lead to downtime for the relevant assets. This could have a material adverse effect on the Company's financial position, results of operation and business prospects.

Additionally the Company will be reliant on the third party operators of the children's home or in the related sectors covered by the Company's Investing Policy. Should these operators underperform or not meet the required standards of care the Company may be unable to attract new residents or be subject to adverse publicity and reputational damage that could impact on the financial performance of the Company.

Offshore status of the Company

The Company is resident for tax purposes in the Isle of Man. It is managed and controlled outside of the United Kingdom and generally is not expected to be subject to material United Kingdom taxation, but this status could be subject to changes in taxation legislation in the future. In any event the Company and or

its subsidiaries intends to register as a non-resident landlord under the HMRC scheme. As such the registered company or companies will be subject to United Kingdom taxation on profits at the current rate being 20 per cent. of its taxable profit. Any change in the Company's tax status or in taxation legislation in any jurisdiction in which the Company operates could affect the Company's business, financial condition and/or prospects and operating results and its ability (if any) to provide returns to Shareholders.

Stamp duty

The Company anticipates that the purchase of residential properties to be used as children's homes will be subject to UK residential stamp duty rates. These rates will be subject to any changes in UK government legislation.

Risks relating to the Company's investments

Risks relating to property and property-related assets

The Company cannot be sure that it will be successful in obtaining suitable investments children's homes or other specialist healthcare properties on financially attractive terms.

The Company will incur certain fixed costs on the acquisition of properties, including stamp duty land tax which will reduce the Net Asset Value per Share immediately following the acquisition. There is no guarantee that the value of the properties will increase to an amount in excess of these costs.

While the Board will seek to spread risk relating to tenant concentration, there is the risk, from time to time and in particular in respect of the early stages of the Company that the Company has a concentrated number of tenants and material exposure to the financial strength and the operational performance of those tenants.

Both the rental income and the market value of the properties acquired by the Company could be affected by the operational performance of the children's home or the related business being carried on in the property and the general financial performance of the operator. The operational performance of a children's home will be affected by local conditions including the type of young person placed at the property and the necessary care required or the relationship between the operator and the local authority. Both rental income and market values may also be affected by other factors specific to the specialist healthcare property market, such as competition. In the event of default by a tenant if it is in financial difficulty or otherwise unable to meet its obligations under the lease, the Company will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveyor's costs in re-letting, maintenance costs, insurances, rates and marketing costs and will have a material adverse impact on the financial condition and performance of the Company and/or the level of dividend cover.

Investments in property are relatively illiquid. Such illiquidity may affect the Company's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices in response to changes in economic, real estate market or other conditions. This could have an adverse effect on the Company's financial condition and results of operations.

The Company may be faced with competition in securing assets and there are an increasing number of entities interested in acquiring investments in children's homes or other specialist healthcare properties. Although this may increase the liquidity of the Company's assets it could result in the Company taking longer than anticipated to invest the proceeds of the Capital Raising and the price of certain assets may increase.

Risks relating to the developments and refurbishment of properties

In the event that the Company undertakes any development (including redevelopment) of property or if the Company invests in property that requires some refurbishment prior to renting the property, the risks of development or refurbishment include, but are not limited to, delays in timely completion of the project, cost overruns, poor quality workmanship, and inability to rent or inability to rent at a rental level sufficient to generate profits.

Certain of the Company's properties may be specifically suited to the particular needs of a certain type of occupant. The Company may need to incur additional capital expenditure on a property in the event that it wanted it to be suitable for other occupants which may have a material effect on the results of operations of the Company and the amount that remains available to distribute to Shareholders.

As the owner of real property, the Company will be subject to environmental regulations that can impose liability for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination. If the Company acquires contaminated land, it could also be liable to third parties for harm caused to them or their property as a result of the contamination. If the Company is found to be in violation of environmental regulations, it could face reputational damage, regulatory compliance penalties, reduced letting income and reduced asset valuation, which could have a material adverse effect on the Company's business financial condition, results of operations, future prospects and/or the price of the New Ordinary Shares.

Risks relating to valuations

The value of property and property related assets is inherently subjective due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the valuations of the properties will reflect the actual realisable sale price even where such sales occur shortly after the relevant valuation date.

The financial markets have seen significant turbulence over recent years resulting in severe liquidity shortages. The turmoil in the credit markets had an immediate effect on the real estate investment market, resulting in some transactions failing and/or prices being renegotiated downwards. This has caused a marked reduction in the volume of transactions. The negotiation of price reductions prior to the completion of transactions remains common for certain properties. Generally, there is greater volatility of pricing in the evidence generated by limited comparable transactions and in these circumstances there is a greater degree of uncertainty than that which exists in a more active and stronger market in forming an opinion of the realisation prices of property assets.

Regulatory risks

The Company cannot be certain that it will be successful in obtaining and/or maintaining Ofsted registration in respect of the children's homes it acquires due to operational or property related issues or changes in Ofsted's requirements. The Company will be reliant on the care operator to adhere to Ofsted's requirements to obtain and/or maintain registration. Additionally, the Company will be subject to meeting the requirements of the Care Quality Commission, who undertake ad hoc inspections, in relation to any supported living and care homes it acquires.

Should a property acquired by the Company fail to obtain or lose its registration with the relevant regulatory body both the rental income and the market value of the properties could be adversely affected.

The regulator may additionally change its requirements relating to the level of facilities required to be provided. This may result in additional capital expenditure costs, relating to redevelopment of the property, being incurred to meet the new requirements to maintain registration.

Changes in government policy and spending

The operators of children's homes are reliant on local authority funding. Local authorities are dependent on funding from the collection of local rates and from direct grants from the government in order to fund the services provided. Funding priorities for social services vary and the availability of funds may have an impact on the services it procures from third operators.

Any cut in public spending or change in public policy could have a material adverse financial effect on the underlying tenant of the Company's properties. Cuts in government spending or changes in public policy may occur for a variety of reasons, the majority of which are outside the control of the Company, including a change in government or a spending or policy review.

Risks relating to the Capital Raising, the New Ordinary Shares

There may be volatility in the price of the New Ordinary Shares

The Issue Price may not be indicative of the market price for the New Ordinary Shares following Admission. The market price of the New Ordinary Shares could be volatile and subject to significant fluctuations due to a variety of factors, including changes in sentiment in the market regarding the Company, the sector or equities generally, any regulatory changes affecting the Company's operations, variations in the Company's operating results and/or business developments of the Company and/or its competitors, the operating and share price performance of other companies in the industries and markets

in which the Company operates, news reports relating to trends in the Company's markets or the wider economy and the publication of research analysts' reports regarding the Company or the sector generally.

The Company is principally aiming to achieve capital growth and, therefore, New Ordinary Shares may not be suitable as a short-term investment. Consequently, the share price may be subject to greater fluctuation on small volumes of shares traded, and thus the New Ordinary Shares may be difficult to sell at a particular price. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the New Ordinary Shares may not reflect the underlying value of the Company. There can be no guarantee that the value of an investment in the Company will increase. Investors may therefore realise less than, or lose all of, their original investment.

Investment risk

An investment in the Company is highly speculative, involves a considerable degree of risk and is suitable only for persons or entities which have substantial financial means and who can afford to hold their ownership interests for an indefinite amount of time.

Dividends

The Company's future dividend payments to Shareholders will depend on a number of factors, including its financial condition and results of operations, contractual restrictions, and other factors considered relevant by the Directors. All final dividends to be distributed by the Company must be recommended by the Directors and approved by Shareholders. Moreover, under Isle of Man law, the Company may pay dividends on its Ordinary Shares only out of profits available for distribution in accordance with Isle of Man company law and under the Articles.

Although the Directors intend to pay dividends to Shareholders in the future, there can be no assurance that the Company will declare and pay, or have the ability to declare and pay, any dividends on the New Ordinary Shares (or the Ordinary Shares) in the future.

Dilution

The proportionate ownership and voting interest in the Company of Shareholders who do not acquire their maximum entitlements under the Open Offer (including under the Excess Application Facility) will be reduced pursuant to the Capital Raising. Subject to certain exceptions, Shareholders in the United States and other Excluded Territories will not be able to participate in the Open Offer.

Pre-emptive rights may not be available for US and other non-UK holders of Ordinary Shares

In the case of an increase in the share capital of the Company for cash, the Shareholders are generally entitled to pre-emption rights pursuant to the Articles unless such rights are waived by a special resolution of the Shareholders at an extraordinary general meeting, and such an issue could dilute the interests of the Shareholders. To the extent that pre-emptive rights are applicable, US and certain other non-UK holders of Ordinary Shares may not be able to exercise pre-emptive rights for their shares unless the Company decides to comply with applicable local laws and regulations and, in the case of US holders, unless a registration statement under the US Securities Act is effective with respect to those rights or an exemption from the registration requirements thereunder is available. The New Ordinary Shares to be issued will not be registered under the US Securities Act. Qualifying Shareholders who have a registered address, or who are resident in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers about whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Open Offer Entitlements or acquire Open Offer Shares.

Other risk factors

Investment risk on AIM

The New Ordinary Shares will be traded on AIM rather than the main market of the London Stock Exchange. AIM is a market designed primarily for emerging or smaller companies. Both types of company carry higher than normal financial risk and tend to experience lower levels of liquidity than larger companies.

Fluctuations in the price of New Ordinary Shares

Stock markets have from time to time experienced severe price and volume fluctuations, a recurrence of which could adversely affect the market price for the New Ordinary Shares. The market price of the New Ordinary Shares may be subject to wide fluctuations in response to many factors, some specific to the Company and some which affect quoted companies generally, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic, political or regulatory conditions, overall market or sector sentiment, legislative changes in the Company's sector and other events and factors outside of the Company's control.

Realisation of investment

Potential investors should be aware that the value of New Ordinary Shares and income from these New Ordinary Shares can go down as well as up and that Admission should not be taken as implying that there will be a liquid market in New Ordinary Shares. The market price of the New Ordinary Shares may not reflect the underlying value of the Company's net assets. The price at which investors may dispose of their New Ordinary Shares in the Company may be influenced by a number of factors, some of which may pertain to the Company, and others of which are extraneous. Investors may realise less than the original amount invested.

The risks above do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority.

The investment offered in this document may not be suitable for all of its recipients. Investors are accordingly advised to consult an investment adviser, who is authorised under the FSMA and who or which specialises in investments of this kind before making a decision to invest.

Part III—Some Questions and Answers about the Placing and Open Offer

The questions and answers set out in this Part III of this document are intended to be in general terms only and, as such, you should read Part IV of this document for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under the FSMA if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

This Part III deals with general questions relating to the Capital Raising and more specific questions relating principally to the Existing Ordinary Shares held by persons resident in the United Kingdom who hold their Existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 8 of Part IV of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlements or apply for Excess Shares pursuant to the Excess Application Facility. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part IV of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor.

The contents of this document should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.

1. What is an open offer?

An open offer is a way for companies to raise money by giving their existing Shareholders a right to acquire further New Ordinary Shares at a fixed price in proportion to their existing shareholdings.

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire an aggregate of up to 12,454,765 New Ordinary Shares at a price of 20 pence per New Ordinary Share. If you hold New Shares (provided that you hold 20 or more such shares) on the Record Date or have a *bona fide* market claim, other than, subject to certain exceptions, where you are a Shareholder with a registered address or located in the United States or another Excluded Territory, you will be entitled to apply for New Ordinary Shares under the Open Offer.

The Open Offer is being made on the basis of 5 New Ordinary Shares for every 20 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to New Ordinary Shares is not a whole number, you will not be entitled to apply for a New Ordinary Share in respect of any fraction of a New Share and your entitlement will be rounded down to the nearest whole number.

The Issue Price represents a 8.1 per cent. premium to the adjusted closing middle market price of 18.5 pence per Existing Ordinary Share on 14 January 2016 (being the last Business Day before the announcement of the Capital Raising), after taking into account the proposed Capital Reorganisation.

Applications by Qualifying Shareholders will be satisfied in full up to the amount of their Open Offer Entitlement. Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlement in full, to apply for Excess Shares through the Excess Application Facility.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying non-CREST Shareholders should also note that their Round 1 Application Forms and Second Application forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note

that, although the Open Offer Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only), and neither the Open Offer Entitlements nor the Excess CREST Open Offer Entitlements will be tradable or listed, and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

2. What is a Placing? Am I eligible to participate in the Placing?

A Placing is where specific investors procured by the Company's brokers agree to subscribe for placed shares. The New Ordinary Shares are being first offered to Qualifying Shareholders pursuant to the Open Offer, with any New Ordinary Shares not being taken up under the Open Offer (up to 10,000,000 Placing Shares) forming the Placing. Unless you are a Placee, you will not participate in the Placing. If you are not participating in the Placing but you are a Qualifying Shareholder your pre-emption rights are being respected through the Open Offer.

3. I hold my Existing Ordinary Shares in certificated form. How do I know whether I am able to acquire Open Offer Shares under the Open Offer?

If you receive a Round 1 Application Form and, subject to certain exceptions, are not a holder with a registered address in or located in the United States or another Excluded Territory, then you should be eligible to acquire New Ordinary Shares under the Open Offer, as long as you have not sold all of your Existing Ordinary Shares before 8.00 a.m. on 15 January 2016 (the time when the Existing Ordinary Shares are expected to be marked "ex-entitlement" by the London Stock Exchange).

4. I hold my Existing Ordinary Shares in certificated form. How do I know how many Open Offer Shares I am entitled to take up?

Subject to Shareholders approving the Resolutions at the Extraordinary General Meeting, if you hold your Existing Ordinary Shares in certificated form and, subject to certain exceptions, do not have a registered address and are not located in the United States or another Excluded Territory, you have been sent a Round 1 Application Form that shows:

- how many Existing Ordinary Shares you held at on the Record Date;
- how many New Ordinary Shares are comprised in your Open Offer Entitlement; and
- how much you need to pay if you want to take up your right to buy all your entitlement to the New Ordinary Shares.

Subject to certain exceptions, if you have a registered address in the United States or another of the Excluded Territories, you will not receive a Round 1 Application Form.

If you would like to apply for any of your Open Offer Entitlement you should complete the Round 1 Application Form in accordance with the instructions printed on it and the information provided in this document. Please return the completed form in the reply-paid envelope provided, by post or by hand (during normal business hours only), to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA with the Round 1 Application Form along with a cheque for the number of New Ordinary Shares you want to apply for and allow at least four Business Days for delivery if sent by first class post from within the United Kingdom so as to be received by no later than 3 p.m. 2 February 2016, after which time Round 1 Application Form will not be valid. Please also see questions 5 and 10 for further help in completing the Round 1 Application Form.

5. I am a Qualifying Shareholder with a registered address in the UK and I hold my Existing Ordinary Shares in certificated form. What are my choices in relation to the Open Offer and what should I do with the Round 1 Application Form?

(a) If you want to take up all of your Open Offer Entitlement

If you want to take up all of the New Ordinary Shares to which you are entitled, all you need to do is sign and send the Round 1 Application Form, together with your cheque for the amount (as indicated in Box 5 of your Round 1 Application Form), payable to “Neville Registrars Limited re Clients Account” and crossed “A/C payee only”, in the reply-paid envelope provided, by post or by hand (during normal business hours only), to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA to arrive by no later than 3 p.m. on 2 February 2016, after which time Round 1 Application Form will not be valid. Within the United Kingdom only, you can use the accompanying reply-paid envelope. You should allow at least four Business Days for delivery if using first-class post within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope.

Full instructions are set out in the Round 1 Application Form. A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for New Ordinary Shares is expected to be despatched to you within 10 business days of Admission.

(b) If you want to take up some but not all of your Open Offer Entitlement

If you want to take up some but not all of the New Ordinary Shares to which you are entitled, you should write the number of New Ordinary Shares you want to take up in Box 8 of your Round 1 Application Form; for example, if you are entitled to take up 100 New Ordinary Shares but you only want to take up 50 shares, then you should write ‘50’ in Box 8.

To work out how much you need to pay for the New Ordinary Shares, you need to multiply the number of Open Offer Shares you want (in this example ‘50’) by the Issue Price, which is the price in sterling of each Open Offer Share (giving you an amount of £10.00 in this example). You should write this amount in Box 9, and this should be the amount your cheque is made out for. You should then sign and return your Round 1 Application Form together with your cheque for that amount, payable to “Neville Registrars Limited – re Clients Account” and crossed “A/C payee only”, in the reply-paid envelope provided, by post, or by hand (during normal business hours only) to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, to arrive by no later than 3 p.m. on 2 February 2016, after which time the Round 1 Application Form will not be valid. Within the United Kingdom only, you can use the accompanying reply-paid envelope. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in Part IV of this document and in the Round 1 Application Form.

A definitive share certificate will then be sent to you for the New Ordinary Shares that you take up. Your definitive share certificate for New Ordinary Shares is expected to be despatched to you within 10 business days of Admission.

(c) If you want to apply for more than your Open Offer Entitlement

Provided that you have agreed to take up your Open Offer Entitlement in full, you can apply for further Excess Shares using the Excess Application Facility. You will receive a Round 2 Application Form and you should write the number of additional New Ordinary Shares you wish to take up, in Box 8 which must not exceed the number of New Ordinary Shares shown in Box 4.

To work out how much you need to pay for the New Ordinary Shares, you need to multiply the number of New Ordinary Shares shown in Box 8 by the Issue Price, which is the price in sterling of each New Ordinary Share. You should write this amount in Box 9. You should then return your Round 2 Application Form together with your cheque for that amount, payable to “Neville Registrars Limited – re Clients Account” and crossed “A/C payee only”, in the reply-paid envelope provided by post or by hand (during normal business hours only) to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, to arrive by no later than 3 p.m. on 22 February 2016, after which time the Round 2 Application Form will not be valid. Within the United Kingdom only, you can use the accompanying reply-paid envelope. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in the Round 2 Application Form.

A definitive share certificate will be sent to you for the New Ordinary Shares that you take up and otherwise successfully apply for using the Excess Application Facility. Your definitive share certificate for New Ordinary Shares is expected to be despatched to you within 10 business days of Admission.

(d) If you do not want to take up your Open Offer Entitlement

If you do not want to take up the New Ordinary Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any New Ordinary Shares in connection with the Open Offer. You will also not receive any money when the New Ordinary Shares you could have taken up are placed, as would happen under a rights issue. New Ordinary Shares not applied for will not be placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer.

If you do not take up your Open Offer Entitlement, then following the Capital Raising, your interest in the Company will be diluted by approximately 401 per cent (assuming that the minimum number of shares are issued pursuant to the Capital Raising are issued, being the same number of shares as the total number of Placing Shares).

6. I hold my Existing Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?

CREST members should follow the instructions set out in Part IV of this document. Persons who hold Existing Ordinary Shares through a CREST member should be informed by such CREST member of the number of New Ordinary Shares they are entitled to take up or apply for under their Open Offer Entitlement.

Provided that you have agreed to take up your Open Offer Entitlement in full, CREST members can apply for further Excess Shares using the Excess Application Facility in Round 2 of the Open Offer. Persons who hold Existing Ordinary Shares through a CREST member should be informed by such CREST member of their Excess CREST Open Offer Entitlement, and should contact their CREST member should they not receive this information.

7. I acquired my Existing Ordinary Shares prior to the Record Date and hold my Existing Ordinary Shares in certificated form. What if I do not receive a Round 1 Application Form or I have lost my Round 1 Application Form?

If you do not receive a Round 1 Application Form but hold your Existing Ordinary Shares in certificated form, this probably means that you are not able to acquire New Ordinary Shares under the Open Offer. Some Qualifying non-CREST Shareholders, however, will not receive a Round 1 Application Form but may still be eligible to acquire New Ordinary Shares under the Open Offer, namely:

- Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 14 January 2016 and who have converted them to certificated form prior to 4.30 p.m. 28 January 2016;
- Qualifying non-CREST Shareholders who bought Existing Ordinary Shares before or on 4.30 p.m. on 14 January 2016 but were not registered as the holders of those shares at the close of business on 14 January 2016; and
- certain Overseas Shareholders.

8. If I buy Existing Ordinary Shares after the Record Date will I be eligible to participate in the Open Offer?

If you bought Existing Ordinary Shares after the Record Date you are unlikely to be able to participate in the Open Offer, as the Existing Ordinary Shares are expected to start trading ex-entitlement on the London Stock Exchange at 8.00 a.m. on 15 January 2016.

If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

If you buy Existing Ordinary Shares at or after 8.00 a.m. on 15 January 2016, you will not be eligible to participate in the Open Offer in respect of those Existing Ordinary Shares.

9. What if I change my mind?

Once you have sent your Round 1 Application Form and/or Round 2 Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of New Ordinary Shares for which you have applied.

10. What if the number of New Ordinary Shares to which I am entitled is not a whole number? Am I entitled to fractions of Open Offer Shares?

Your entitlement to New Ordinary Shares will be calculated at the Record Date. If the result is not a whole number, your Open Offer Entitlement will be rounded down to the nearest whole number.

11. I hold my Existing Ordinary Shares in certificated form. What should I do if I have sold some or all of my Existing Ordinary Shares?

If you hold shares in the Company directly and you sell some or all of your Existing Ordinary Shares before or on 14 January 2016, you should contact the buyer or the person/company through whom you sell your shares. The buyer may be entitled to apply for New Ordinary Shares under the Open Offer. If you sell any of your Existing Ordinary Shares on or after 14 January 2016, you may still take up and apply for the New Ordinary Shares as set out on your Round 1 Application Form.

12. I hold my Existing Ordinary Shares in certificated form. How do I pay?

You should return your Round 1 Application Form with a cheque drawn in pounds sterling on a UK bank or building society account in the accompanying reply-paid envelope (from within the United Kingdom). You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope included in the Round 1 Application Form within the United Kingdom. It is recommended that cheques should be drawn on a personal account of the Qualifying Shareholder who is applying for the New Ordinary Shares or you may be required to supply additional documentation to satisfy Money Laundering Regulations. The funds should be made payable to "Neville Registrars Limited – re Clients

Account". In each case, the cheque should be crossed "A/C Payee only". Payments via CHAPS, BACS or electronic transfer will not be accepted.

The above process will also apply for your Round 2 Application Form which you will receive if you have taken up your Open Offer Entitlement in full in your Round 1 Application Form.

13. Will the Existing Ordinary Shares that I hold now be affected by the Open Offer?

If you decide not to apply for any of the New Ordinary Shares to which you are entitled under the Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be reduced.

14. I hold my Existing Ordinary Shares in certificated form. Where do I send my Application Forms?

You should send your completed Application Forms and monies in the accompanying reply-paid envelope (from within the United Kingdom) by post or by hand to: Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA. You should allow at least four Business Days for delivery if using first class post within the United Kingdom.

If you do not want to take up or apply for New Ordinary Shares then you need take no further action.

15. I hold my Existing Ordinary Shares in certificated form. When do I have to decide whether I want to apply for New Ordinary Shares?

The Receiving Agent must receive your completed Round 1 Application Form and cheque by 3 p.m. on 2 February 2016. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope included with the Round 1 Application Form, within the United Kingdom.

If applicable, the Receiving Agent must receive your completed Round 2 Application Form and cheque by 3 p.m. on 22 February 2016. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope included with the Round 2 Application Form, within the United Kingdom.

16. I hold my Existing Ordinary Shares in certificated form. If I take up my entitlements, when will I receive the certificate representing my New Ordinary Shares?

It is expected that the Transfer Agent will post all new share certificates within 10 business days of admission of any New Ordinary Shares.

17. What should I do if I think my holding of Existing Ordinary Shares (as shown in Box 3 on page 1 of the Round 1 Application Form) is incorrect?

If you bought or sold Existing Ordinary Shares shortly before the Record Date, your transaction may not have been entered on the register of members before the Record Date for the Open Offer. If you bought Existing Ordinary Shares on or before 14 January 2016 but were not registered as the holder of those shares on the Record Date for the Open Offer (14 January 2016), you may still be eligible to participate in the Open Offer. If you are in any doubt, please contact your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure that you claim your entitlement. You will not be entitled to Open Offer Entitlements in respect of any Existing Ordinary Shares acquired on or after 15 January 2016.

18. Will the Capital Raising affect dividends on the Existing Ordinary Shares?

The New Ordinary Shares will, when issued and fully paid, rank equally in all respects with Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

19. What should I do if I live outside the United Kingdom?

Your ability to apply to acquire New Ordinary Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses or who are located in the United States or another Excluded Territory are, subject to certain exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 8 of Part IV of this document.

20. How do I transfer my entitlements into the CREST system?

If you are a Qualifying non-CREST Shareholder, but are a CREST member and want your New Ordinary Shares to be in uncertificated form, you would complete the CREST deposit form (Box 13 on page 4 of the Round 1 Application Form and, if applicable, Box 13 on page 4 of the Round 2 Application Form), and ensure they are delivered to CCSS to be received by 3.00 p.m. on 29 January 2016 at the latest. CREST sponsored members should arrange for their CREST sponsors to do this.

If you have transferred your entitlements into the CREST system, you should refer to Part IV of this document for details on how to pay for the New Ordinary Shares.

21. What happens if Resolution 1 is not passed at the Extraordinary General Meeting?

The Open Offer is conditional, inter alia, upon the passing without amendment of Resolution 1. If for any reason Resolution 1 is not passed, and the other conditions of the Open Offer are not satisfied or waived, by the applicable deadlines the Open Offer will not proceed. Monies received will be returned as soon as reasonably practicable by cheque or CREST payment (as applicable), without interest and at the Applicant's sole risk.

22. Further assistance

Should you require further assistance for queries relating to the Offer or the application procedures please contact Neville Registrars on 0121 585 1131 from within the UK or on + 44 121 585 1131 if calling from outside the UK. Calls to the 0121 585 1131 number is charged at your network providers standard rate. Other network providers' costs may vary. Lines are open 9.00 am to 5.00 pm (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Capital Raising nor give any financial, legal or tax advice.

Part IV—Terms and Conditions of the Open Offer and Warrants

Open Offer of up to 12,454,765 New Ordinary Shares at a price of 20 pence per share

1. Introduction

As explained in Part I of this document, the Company is proposing to issue up to 12,454,765 New Ordinary Shares pursuant to the Capital Raising. Qualifying Shareholders are being offered the opportunity under the Open Offer to acquire Open Offer Shares at the Issue Price, being the same price per share as they are being offered to Placees under the Placing.

The Issue Price represents a 8.1 per cent. premium to the adjusted closing middle market price of 18.5 pence per Existing Ordinary Share on 14 January 2016 (being the last Business Day before the announcement of the Capital Raising), after taking into account the proposed Capital Reorganisation.

This document and, where relevant, the Application Forms contain the formal terms and conditions of the Open Offer.

2. The Open Offer

Subject to the terms and conditions set out below and, where relevant, in the Application Forms, the Company hereby invites Qualifying Shareholders to apply for Open Offer Shares at the Issue Price, payable in full in cash on application, free of all expenses, on the basis of:

- (a) 5 Open Offer Shares for every 20 Existing Ordinary Shares Existing Ordinary Shares held by them and registered in their names on the Record Date and so in proportion for any other number of Existing Ordinary Shares then held; and
- (b) further Open Offer Shares in excess of their Open Offer Entitlement through (but subject to the terms of) the Excess Application Facility.

Holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

Fractions of New Ordinary Shares will not be allocated to Qualifying Shareholders and entitlements to apply for Open Offer Shares will be rounded down to the nearest whole number of New Ordinary Shares.

Qualifying Shareholders may apply for any whole number of New Ordinary Shares up to their Open Offer Entitlement, which, in the case of Qualifying non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown on their Round 1 Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST. The action to be taken in relation to the Open Offer depends on whether, at the time at which application and payment is made, you have a Round 1 Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement.

Not all Shareholders will be Qualifying Shareholders. Overseas Shareholders who are located in, or who are citizens of, or have a registered address in certain overseas jurisdictions (including, without limitation, any Excluded Territory) will not qualify to participate in the Open Offer. The attention of Overseas Shareholders or any person (including, without limitation, a custodian, nominee or trustee) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom is drawn to paragraph 8 of this Part IV.

If you have received a Round 1 Application Form with this document please refer to paragraph 6.1 and paragraphs 7 to 10 of this Part IV.

If you hold your Existing Ordinary Shares in CREST and have received a credit of Open Offer Entitlements to your CREST stock account, please refer to paragraph 6.2 and paragraphs 7 to 10 of this Part IV and also to the CREST Manual for further information on the CREST procedures referred to below.

The Open Offer Shares will be issued fully paid and will be identical to, and rank *pari passu* in all respects with, the Existing Ordinary Shares and the New Ordinary Shares to be issued pursuant to the Placing and will rank for all dividends or other distributions declared, made or paid after the date of issue of the Open Offer Shares. No temporary documents of title will be issued.

It is expected that the results of:

- (a) Round 1 of the Open Offer will be announced at 7.00 a.m. on 3 February 2016; and
- (b) Round 2 of the Open Offer will be announced at 7.00 a.m. on 23 February 2016.

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings for normal settlement in the New Ordinary Shares will commence at 8.00 a.m. on 25 February 2016.

Shareholders should be aware that the Open Offer is not a rights issue. Entitlements to Open Offer Shares will neither be tradeable nor sold in the market for the benefit of Qualifying Shareholders who do not apply for them in the Open Offer.

Qualifying CREST Shareholders should note that although the Open Offer Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying non-CREST Shareholders should note that the Application Forms are not a negotiable document and cannot be traded.

Before making any decision to acquire Open Offer Shares, you are asked to read and carefully consider all of the information in this document, including in particular the important information set out in the letter from the Chairman of the Company in Part I of this document, as well as this paragraph 2 of this Part IV and the Risk Factors set out in Part II of this document. Shareholders who do not participate in the Open Offer will be subject to dilution of their existing shareholdings.

3. The Warrants

Every three New Ordinary Shares issued pursuant to the Open Offer (and Placing) will be accompanied by one Warrant to subscribe for a new Ordinary Share at the closing mid-market price of the Ordinary Shares on the last dealing day prior to Admission. The Warrants will be issued in certificated form only and will be non-transferable unlisted and not admitted to trading on AIM. Definitive certificates in respect of the Warrants are expected to be dispatched within 10 days of Admission. The principal terms of the Warrants are as follows:

- the exercise price of the Warrants shall be equal to the closing price of the Ordinary Shares on the last dealing day prior to Admission;
- the Warrants may be exercised from issue until the date which is three years from the date of Admission of the New Ordinary Shares; and

- Upon exercise of the Warrants, the resulting new Ordinary Shares will be credited as fully paid and will rank *pari passu* in all respects with the Company's existing Ordinary Shares including the right to receive all dividends and other distributions declared, made or paid after their date of issue.

4. The Capital Reorganisation

It is intended that the Company will undertake the Capital Reorganisation such that every 20 Existing Ordinary Shares be consolidated into one Consolidated Ordinary Share and then Subdivided into one New Share and one Deferred Share.

The proportion of the issued ordinary share capital of the Company held by each Shareholder following the Share Consolidation (save for any fractional entitlements) will remain unchanged. Apart from having a different nominal value, each New Share will carry the same rights as set out in the Articles that currently attach to the Existing Ordinary Shares and that will attach to the New Shares (including the Open Offer Shares) issued pursuant to the Capital Raising. Fractional entitlements to New Shares will not be issued and will, so far as possible, be aggregated and be sold at the best price reasonably obtainable in the market for the benefit of the Company.

Any New Ordinary Shares (including Open Offer Shares) to be issued in certificated form in connection with the Capital Raising will be represented by definitive share certificates, which are expected to be despatched within 10 business days of Admission to the persons entitled thereto at the relevant person's registered address. Admission is expected to occur on 25 February 2016 if approved at the General Meeting. Pending the issue of definitive certificates, transfers will be certified against the register. No temporary documents of title in respect of the New Ordinary Shares will be issued.

The Capital Reorganisation is conditional upon the approval of Shareholders at the Extraordinary General Meeting as required by the Act and the Articles.

5. Conditions of the Open Offer

The Open Offer is conditional, *inter alia*, upon:

- the passing of the Resolution 1;
- the Placing Agreement becoming unconditional in all respects (other than Admission) and having not been terminated in accordance with its terms; and
- Admission of the New Ordinary Shares becoming effective by not later than 8.00 a.m. on 31 March 2016.

Further details of the Placing Agreement are set out in paragraph 3.4 of Part V of this document. Further terms of the Open Offer are set out in this Part IV and in the Application Forms.

If the Placing Agreement is terminated in accordance with its terms, or if Resolution 1 is not duly passed, the Open Offer will be revoked and will not proceed. Revocation cannot occur after dealings in the New Ordinary Shares have begun.

6. Procedure for application and payment

Save as provided in paragraph 8 of this Part IV in relation to Overseas Shareholders, the action to be taken by you in respect of the Open Offer depends on whether at the relevant time you have a Round 1 Application Form in respect of your Open Offer Entitlement, or you have an Open Offer Entitlement credited to your CREST account in respect of such entitlements.

Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form on the Record Date will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. Further information on deposit into CREST is set out in paragraph 6.2.6 of this Part IV.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlement in CREST should refer to the CREST manual for further information on the CREST procedures referred to below.

6.1. Action to be taken if you have a Round 1 Application Form in respect of your Open Offer Entitlement

6.1.1. General

Each Qualifying non-CREST Shareholder will have received a Round 1 Application Form accompanying this document. The Round 1 Application Form shows the number of Existing Ordinary Shares registered in the relevant Qualifying non-CREST Shareholder's name on the Record Date. It also shows the number of Open Offer Shares for which such relevant Qualifying non-CREST Shareholder is entitled to apply under the Open Offer, calculated on the basis set out in paragraph 2 of this Part IV. Qualifying non-CREST Shareholders may also apply for less than their maximum Open Offer Entitlement.

The Excess Application Facility enables Qualifying Shareholders who have taken up their full Open Offer Entitlement to apply for Open Offer Shares in excess of their Open Offer Entitlement in Round 2 of the Open Offer.

The instructions and other terms which are set out in the Application Forms constitute part of the terms of the Open Offer.

6.1.2. Procedure for application

Applications for Open Offer Shares (including under the Excess Application Facility) by Qualifying non-CREST Shareholders may only be made on the Application Forms, which is personal to the Qualifying non-CREST Shareholder(s) named on it and is not capable of being split, assigned or transferred except in the circumstances described below.

Qualifying non-CREST Shareholders may apply for Excess Shares in excess of their *pro rata* entitlement to Open Offer Shares by completing Boxes 2, 6, 8 and 9 of the Round 2 Application Form (if received by them) for the total number of Excess Shares for which they wish to make application and submitting the amount payable on such application. Further details on the Excess Application Facility are set out in paragraph 6.1.4 of this Part IV.

A Qualifying non-CREST Shareholder who does not wish to apply for any of the Open Offer Shares to which he or she is entitled should not return a completed Round 1 Application Form to the Receiving Agent. **However, he or she is strongly encouraged to still complete and return the Proxy Form to the Registrars.**

The Round 1 Application Form represents a right for the Qualifying non-CREST Shareholder to apply to subscribe for Open Offer Shares; it is not a document of title and it cannot be traded. It is assignable or transferable only to satisfy *bona fide* market claims in relation to purchases in the market pursuant to the rules and regulations of the London Stock Exchange. Round 1 Application Forms may be split up to 3 p.m. on 29 January 2016 but only to satisfy such *bona fide* market claims. Qualifying non-CREST

Shareholders who have before the 'ex' date sold or transferred all or part of their shareholdings are advised to consult their stockbroker, bank or agent through whom the sale or transfer was effected or another professional adviser authorised under the FSMA as soon as possible, since the invitation to apply for Open Offer Shares (including under the Excess Application Facility) may represent a benefit which can be claimed from them by the purchaser(s) or transferee(s) under the rules of the London Stock Exchange.

Qualifying non-CREST Shareholders who submit a valid application using the Round 1 Application Form and accompanying payment will (subject to the terms and conditions set out in this Part IV, in the letter from the Chairman of the Company in Part I of this document and in the Application Forms) be allocated the Open Offer Shares applied for in full at the Issue Price (subject to the Company's discretion to accept or reject any application for any Open Offer Shares).

Applications will be irrevocable and, once submitted, may not be withdrawn and their receipt will not be acknowledged. The Company reserves the right to treat any application not strictly complying with the terms and conditions of application as nevertheless valid.

The Company may in its sole discretion, but shall not be obliged to, treat a Round 1 Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Round 1 Application Forms received after 3 p.m. on 2 February 2016; or
- (ii) applications in respect of which remittances are received before 3 p.m. on 2 February 2016 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Round 1 Application Form in due course but, in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an Applicant (or as the Applicant may direct) will be sent at the Applicant's own risk.

If Open Offer Shares have already been allotted to a Qualifying non-CREST Shareholder and such Qualifying non-CREST Shareholder's cheque is not honoured upon first presentation or such Qualifying non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Company shall arrange (in its absolute discretion as to manner, timing and terms) to make arrangements for the sale of such Qualifying non-CREST Shareholder's Open Offer Shares in Round 2 of the Open Offer and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Registrar, the Company or any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying non-CREST Shareholders.

If you are a Qualifying non-CREST Shareholder and wish to apply for all or part of the Open Offer Shares to which you are entitled you should complete and sign the Round 1 Application Form in accordance with the instructions printed on it and return it, either by post or by hand (during normal business hours only) together with a pounds sterling cheque to the value of the Open Offer Shares applied for on the Round 1 Application Form, to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA as soon as practicable and, in any event, so as to be received not later than 3 p.m. on 2 February 2016, after which time Round 1 Application Forms will not be accepted. The cheque must be drawn on a United Kingdom branch of a qualifying bank or building society, as further described below. Your Round 1 Application Form will not be valid unless you sign it. If you post your Round 1 Application Form by first class post

in the UK, or in the accompanying reply-paid envelope, you are advised to allow at least four Business Days for delivery.

The Company reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 3 p.m. on 2 February 2016 from an authorised person (as defined in the FSMA) specifying the Open Offer Shares concerned and undertaking to lodge the relevant Round 1 Application Form in due course but, in any event, within two Business Days.

6.1.3. Payments

Cheques must be drawn on the personal account to which you have sole or joint title to the funds. Your cheque should be made payable to "Neville Registrars Limited re Clients Account" and crossed "A/C Payee only". Payments must be made by cheque in pounds sterling drawn on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank or building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques to be cleared through facilities provided by either of these companies and must bear the appropriate sorting code in the top right-hand corner. Third party cheques may not be accepted with the exception of building society cheques where the building society or bank endorsed the building society cheque with the name of the account holder (which must be the same name as printed on the Part 1 Application Form) and their title to funds by stamping and endorsing the building society cheque to such effect. Any application or purported application may be rejected unless these requirements are fulfilled. Post-dated cheques will not be accepted.

Cheques will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity (and withhold definitive share certificates (or crediting to the relevant member account, as applicable) pending clearance thereof). No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid applications in respect of which cheques are not so honoured. All documents, cheques sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

If cheques are presented for payment before the conditions of the Open Offer are fulfilled, the application monies will be credited to a non-interest bearing account by the Receiving Agent. If the Open Offer does not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the Applicant's sole risk), without payment of interest, to Applicants as soon as practicable following the lapse of the Open Offer.

The Company shall as soon as practicable following 2 February 2016 refund any payment received with respect to an application for a number of Open Offer Shares in respect of an Open Offer Entitlement which has been rejected in whole or in part by the Company.

6.1.4. The Excess Application Facility

The Excess Application Facility enables Qualifying Shareholders who have taken up their Open Offer Entitlement in full in round 1 of the Open Offer to apply for additional Open Offer Shares.

Qualifying non-CREST Shareholders who wish to apply for Open Offer Shares in excess of their Open Offer Entitlement must complete the Round 2 Application Form in accordance with the instructions set out on the Round 2 Application Form.

Fractions of Open Offer Shares will not be issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number.

6.1.5. *Effect of application*

By completing and delivering an Application Form you (as the Applicant(s)):

- (i) agree that your application, the acceptance of your application and the contract resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England and Wales;
- (ii) confirm that in making the application you are not relying on any information or representation other than those contained in this document and the Application Forms and you, accordingly, agree that no person responsible solely or jointly for this document or any part of it shall have any liability for any information or representation not contained in this document and that having had the opportunity to read this document you will be deemed to have notice of all the information concerning the Company contained within this document;
- (iii) represent and warrant that you are not citizen(s) or resident(s) of an Excluded Territory or any other jurisdiction in which the application for Open Offer Shares is prevented by law and are not applying on behalf of, or with a view to the re-offer, re-sale or delivery of Open Offer Shares directly or indirectly in, into or within an Excluded Territory or to a resident of an Excluded Territory or to any person you believe is purchasing or subscribing for the purpose of such re-offer, re-sale or delivery;
- (iv) represent and warrant that you are not otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of such person(s) on a non-discretionary basis; and
- (v) will also be asked whether or not you can represent and warrant as follows: (i) you have not received the Application Forms or any other document relating to the Open Offer in an Excluded Territory, nor have you mailed, transmitted or otherwise distributed or forwarded any such document in or into an Excluded Territory; (ii) you are not and were not located in an Excluded Territory at the time you accepted the Application Forms or at the time you returned the Application Forms; and (iii) if you are acting in a fiduciary, agency or other capacity as an intermediary, then either (A) you have full investment discretion with respect to the Open Offer Shares covered by the Application Forms or (B) the person on whose behalf you are acting was located outside an Excluded Territory at the time he or she instructed you to submit the Application Forms.
- (vi) If you are unable to provide such representations and warranties you will be deemed not to have validly submitted an application for Open Offer Shares, save in the discretion of the Company and subject to certain conditions.
- (vii) You should note that applications will be irrevocable. The Company reserves the right (but shall not be obliged) to treat any application not strictly complying in all respects with the terms and conditions of application as nevertheless valid. If you do not wish to apply for Open Offer Shares under the Open Offer you should not complete or return the Application Forms.
- (viii) For queries relating to the Open Offer or the Application Forms please contact Neville Registrars on 0121 585 1131 from within the UK or on + 44 121 585 1131 if calling from outside the UK. Calls to the 0121 585 1131 number is charged at your network providers standard rate. Other network providers' costs may vary. Lines are open 9.00 am to 5.00 pm (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

6.2. Action to be taken if you have Open Offer Entitlements and Excess Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer

6.2.1. General

Save as provided in paragraph 8 of this Part IV in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements equal to the maximum number of Open Offer Shares to which he is entitled under the Open Offer. Qualifying CREST Shareholders may also apply, in Round 2 of the Open Offer, for Open Offer Shares in excess of their Open Offer Entitlement under the Excess Application Facility. Further details of Excess Offer Entitlements can be found in paragraph 6.2.10 of this Part IV.

Excess Open Offer Entitlements will only be credited to the stock account in CREST of Qualifying Shareholders who have taken up their full Open Offer Entitlement to apply for Open Offer Shares.

The CREST stock account to be credited will be an account under the Participant ID and Member ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlement and Excess Open Offer Entitlement have been allocated.

If for any reason the Open Offer Entitlement cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 3 p.m. or such later time as the Company may decide, on 18 January 2016, a Round 1 Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlement credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying non-CREST Shareholders with Round 1 Application Forms will apply to Qualifying CREST Shareholders who receive Round 1 Application Forms.

Qualifying CREST Shareholders who wish to apply for some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. If you have any questions relating to the procedure for acceptance, please contact Neville Registrars on 0121 585 1131 from within the UK or on +44 121 585 1131 if calling from outside the UK. Calls to the 0121 585 1131 number cost 10 pence per minute from a BT landline is charged at your network providers standard rate. Other network providers' costs may vary. Lines are open from 9.00 am to 5.00 pm (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Capital Raising nor give any financial, legal or tax advice. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

6.2.2. Procedure for application and payment

The Open Offer Entitlements and Excess Open Offer Entitlements will have a separate ISIN and constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess Open Offer Entitlements may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as "cum" the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess Open Offer Entitlement(s) will thereafter be transferred accordingly.

6.2.3. USE instructions

Qualifying CREST Shareholders who wish to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements and Excess Open Offer Entitlements in CREST must send (or if they are CREST sponsored members, procure that their CREST sponsor sends) an Unmatched Stock Event (“USE”) instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the Participant ID and Member Account ID specified below, with the number of Open Offer Entitlements or Excess CREST Open Offer Entitlements corresponding to the number of Open Offer Shares applied for (subject to paragraph 6.2.10 of this Part IV); and
- (ii) the creation of a CREST payment in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares or Excess Shares referred to in sub-paragraph (i) above.

6.2.4. *Content of USE instructions in respect of Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Open Offer Entitlements, which is IM00BYNH2C10;
- (iii) the Participant ID of the accepting CREST member;
- (iv) the Member Account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the Participant ID of Neville Registrars, in its capacity as a CREST receiving agent, which is 7RA11;
- (vi) the Member Account ID of Neville Registrars in its capacity as a CREST receiving agent, which is HOTELCOR;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction, which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date, which must be on or before 3 p.m. on 2 February 2016; and
- (ix) the Corporate Action Number for the Open Offer, which will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 3 p.m. on 2 February 2016.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and

- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 2 February 2016 in order to be valid is 3.00 p.m. on that day.

6.2.5. *Contents of USE instructions in respect of Excess CREST Open Offer Entitlements*

The USE Instruction must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of Excess CREST Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement, which is IM00BYNH2D27;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
- (v) the Participant ID of Neville Registrars in its capacity as a CREST receiving agent, which is 7RA11;
- (vi) the Member Account ID of Neville Registrars in its capacity as a CREST receiving agent, which is HOTELCOR;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date, which must be before 3 p.m. on 22 February 2016; and
- (ix) the Corporate Action Number for the Open Offer, which will be available by viewing the relevant corporate action details in CREST.

In order for an application in respect of an Excess CREST Open Offer Entitlement under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 3 p.m. on 22 February 2016.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) should add the following non-mandatory fields to their USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 22 February 2016 in order to be valid is 3.00 p.m. on that day. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlement security.

If the Open Offer does not become unconditional on or before 8.00 a.m. on 25 February 2016 or such later time and date as the Company, Shore Capital and Sanlam determine (being no later than 8.00 a.m.

on 31 March 2016), the Open Offer will lapse, the Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days. The Open Offer cannot be revoked once all conditions have been satisfied.

6.2.6. *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Round 1 Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Round 1 Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements and Excess Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in the Application Forms. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal as are set out in the Application Forms.

The holder of a Round 1 Application Form who is proposing so to deposit the Open Offer Entitlements set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and Excess Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up such entitlements prior to 3 p.m. on 2 February 2016.

In particular, having regard to normal processing times in CREST and on the part of the Registrars, the recommended latest time for depositing a Round 1 Application Form with the CCSS, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Round 1 Application Form as Open Offer Entitlements in CREST, is 3 p.m. on 29 January 2016, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 3 p.m. on 28 January 2016, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements following the deposit or withdrawal (whether as shown in a Round 1 Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and prior to 3 p.m. on 2 February 2016.

In relation to Round 2 of the Open Offer, the recommended latest time for depositing a Round 2 Application Form with the CCSS, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Round 2 Application Form as Excess CREST Open Offer Entitlements in CREST, is 3 p.m. on 19 February 2016, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Excess CREST Open Offer Entitlements from CREST is 3 p.m. on 17 February 2016, in either case so as to enable the person acquiring or (as appropriate) holding the Excess Open Offer Entitlements and Excess CREST Open Offer Entitlements following the deposit or withdrawal (whether as shown in a Round 2 Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Excess Open Offer Entitlements and Excess CREST Open Offer Entitlements prior to 3 p.m. on 22 February 2016.

Delivery of Application Forms with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying non-CREST Shareholder named in the Application Forms or into the name of another person, shall constitute a representation and warranty to the Company and the Registrar by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" on page 2 of the Application Forms, and a declaration to the Company and the Registrar from the relevant CREST member(s) that it/they is/are not citizen(s) or resident(s) of an Excluded Territory and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

6.2.7. *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 3 p.m. on:

- (a) 2 February 2016 will constitute a valid application for Open Offer Entitlements; and
- (b) 22 February 2016 will constitute a valid application for Excess CREST Open Offer Entitlements.

6.2.8. CREST procedures and timings

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 3 p.m. on 2 February 2016 for Open Offer Entitlements and 3 p.m. on 22 February 2016 for Excess Open Offer Entitlements. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

6.2.9. Incorrect or incomplete applications

If a USE instruction includes a CREST payment for an incorrect sum, the Company through the Receiving Agent reserves the right:

- (iii) to reject the application in full and refund the payment to the CREST member in question;
- (iv) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest); and
- (v) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction refunding any unutilised sum to the CREST member in question (without interest).

6.2.10. The Excess Application Facility

Provided that a Qualifying CREST Shareholder chooses to take up their Open Offer Entitlement in full, the Excess Application Facility enables Qualifying CREST Shareholders to apply for a Excess Shares.

An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred. Subject as provided in paragraph 8 of this Part IV in relation to certain Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess CREST Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST. The credit of such Excess CREST Open Offer Entitlement does not in any way give Qualifying CREST Shareholders a right to the Open Offer Shares attributable to the Excess CREST Open Offer Entitlement as an Excess CREST Open Offer Entitlement is subject to scaling back in accordance with the terms of this document.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque. Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the relevant Open Offer Entitlement(s) be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Open

Offer Entitlement(s) claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlement credited to CREST, and allocated to the relevant Qualifying Shareholder, will be transferred to the purchaser. Please note that an additional USE instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

Fractions of Open Offer Shares will not be issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number.

6.2.11. *Effect of valid application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures will thereby:

- (i) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (ii) request that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Articles;
- (iii) agree that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England and Wales;
- (iv) represent and warrant that he is not applying on behalf of any Shareholder, who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of an Excluded Territory and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of this application to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of an Excluded Territory nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (v) represent and warrant that he is not, nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
- (vi) confirm that in making such application he is not relying on any information or representation other than those contained in this document and agrees that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof, shall have any liability for any information or representation not contained in this document and further agree that having had the opportunity to read this document he will be deemed to have had notice of all the information concerning the Company contained therein; and
- (vii) represent and warrant that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements and Excess Open Offer Entitlements by virtue of a *bona fide* market claim.

6.2.12. *Company's discretion as to rejection and validity of applications*

The Company may in its sole discretion:

1. treat as valid (and binding on the CREST member concerned) an application which does not strictly comply in all respects with the requirements as to validity set out or referred to in this paragraph 6 of this Part IV;
2. accept an alternative properly authenticated, dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
3. treat a properly authenticated dematerialised instruction (in this sub-paragraph the “first instruction”) as not constituting a valid application if, at the time at which the Registrar receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent have received actual notice from Euroclear of any of the matters specified in Regulation 18(4)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
4. accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

If you have any doubt as to the procedure for acceptance and payment relating to the Open Offer or the application procedures please contact Neville Registrars on 0121 585 1131 from within the UK or on + 44 121 585 1131 if calling from outside the UK. Calls to the 0121 585 1131 number is charged at your network providers standard rate. Other network providers’ costs may vary. Lines are open 9.00 am to 5.00 pm (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Capital Raising nor give any financial, legal or tax advice.

6.2.13. Issue of Open Offer Shares in CREST

Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after the close of business on 2 February and 22 February 2016 respectively. If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied. On this day, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons’ Open Offer Entitlements with effect from the next business day. The stock accounts to be credited will be accounts under the same Participant IDs and Member Account IDs in respect of which the USE instruction was given.

7. Money Laundering Regulations

7.1. Holders of Application Forms

It is a term of the Open Offer that, in order to ensure compliance with the Money Laundering Regulations, the Transfer Agent may require verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the “verification of identity”).

If within a reasonable period of time following a request, for verification of identity, but in any event by 31 March 2016, the Receiving Agent has not received evidence satisfactory to it, the Company may, in its absolute discretion, elect not to treat as valid the relevant application, in which event the money payable or paid in respect of the application will be returned (without interest and at the Applicant’s risk) to the account of the drawer bank or building society from which sums were originally debited (but in each case without prejudice to any rights the Company may have to take proceedings in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid).

In order to avoid this, payment should be made by means of a cheque drawn by and in the name of the Applicant named on the accompanying Application Form or (where an Application Form has been transferred and/or split to satisfy *bona fide* market claims in relation to transfers of Existing Ordinary Shares through the market prior to 3 p.m. on 2 February 2016), by the person named in Box 11 on the Application Form. If this is not practicable and the Applicant uses a cheque drawn on a building society, the Applicant should:

- (i) ask the building society or bank to endorse on the cheque or draft the name and account number of the person whose building society or bank account is being debited which must be the same name as that printed on the Application Form, such endorsement being validated by a stamp and authorised signature by the building society or bank on the reverse of the cheque;
- (ii) if the Applicant is making the application as agent for one or more persons, indicate on the Application Form whether it is a United Kingdom or European Union regulated person or institution (e.g. a bank or broker), and specify its status. If you have any questions relating to the Open Offer or the application procedures please contact Neville Registrars on 0121 585 1131 from within the UK or on +44 121 585 1131 if calling from outside the UK. Calls to the 0121 585 1131 number is charged at your network providers standard rate. Other network providers’ costs may vary. Lines are open 9.00 am to 5.00 pm (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Capital Raising nor give any financial, legal or tax advice.
- (iii) if the Applicant delivers the Application Form by hand, bring with them the appropriate photographic evidence of identity, such as a passport or driving licence; and
- (iv) third party cheques may not be accepted unless covered by (i) above.

In any event, if it appears to the Receiving Agent that an Applicant is acting on behalf of some other person, further verification of the identity of any person on whose behalf the Applicant appears to be acting will be required.

Neither the Receiving Agent, nor the Company will be liable to any person for any loss suffered or incurred as a result of the exercise of any discretion to require verification. By lodging an Application Form, each Qualifying Shareholder undertakes to provide evidence of his identity at the time of lodging the Application Form, or, at the absolute discretion of the Company, at such specified time thereafter as may be required to ensure compliance with the Money Laundering Regulations.

7.2. Open Offer Entitlements and Excess CREST Open Offer Entitlements

If you hold your Open Offer Entitlements or Excess Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Open Offer Entitlements (and Excess Open Offer Entitlements) as agent for one or more persons and you are not a United Kingdom or European Union regulated person or institution (e.g. a United Kingdom financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the Applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of any failure to provide satisfactory evidence.

8. Overseas Shareholders

8.1. General

The distribution of this document and the Application Forms and the making or acceptance of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer. The comments set out in this paragraph 8 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

No action has been or will be taken by the Company or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or Application Form(s)) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

Application Forms will not be sent to and Open Offer Entitlements and Excess Open Offer Entitlements will not be credited to a stock account in CREST of persons with registered addresses in an Excluded Territory or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements and/or a credit of Excess Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements and/or a credit of Excess Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements and/or a credit of Excess Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be

effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory. Neither the Company nor any of its respective representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements and/or a credit of Excess Open Offer Entitlements to a stock account in CREST in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements and/or a credit of Excess Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Open Offer Shares in respect of the Open Offer unless the Company determines that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Open Offer Entitlements and/or a credit of Excess Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part IV and specifically the contents of this paragraph 8.

The Company reserves the right, but shall not be obliged, to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched from an Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or, in the case of a credit of an Open Offer Entitlement (and/or a credit of Excess Open Offer Entitlements) to a stock account in CREST, to a member whose registered address would be in an Excluded Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to paragraphs 8.2 to 8.5 below.

Notwithstanding any other provision of this document or an Application Form, the Company reserves the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques. The Open Offer Shares have not been and will not be registered under the relevant laws of any Excluded Territory or any state, province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into any Excluded Territory or to, or for the account or benefit of, any person with a registered address

in, or who is resident or ordinarily resident in, or a citizen of, any Excluded Territory except pursuant to an applicable exemption.

No public offer of Open Offer Shares is being made by virtue of this document or the Application Forms into any Excluded Territory. Receipt of this document and/or an Application Form and/or a credit of an Open Offer Entitlement and/or a credit of Excess Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or an Application Form must be treated as sent for information only and should not be copied or redistributed.

8.2. *United States*

None of the New Ordinary Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements have been or will be registered under the US Securities Act or the laws of any state or other jurisdiction of the United States and, therefore, the New Ordinary Shares and the Open Offer Entitlements and the Excess Open Offer Entitlements may not be directly, or indirectly, offered for subscription or purchase, taken up, sold, delivered, renounced or transferred in or into the United States except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Open Offer into the United States and, subject to certain exceptions, none of this document, the Application Forms or the crediting of Open Offer Entitlements (or Excess Open Offer Entitlements) to a stock account in CREST constitutes or will constitute an offer or an invitation to apply for an offer or an invitation to subscribe for any New Ordinary Shares in the United States. Neither this document nor an Application Form will (unless an address within the United Kingdom for services of notices has been notified to the Company) be sent to, and no Open Offer Entitlements (or Excess Open Offer Entitlements) will be credited to, a stock account in CREST of any Qualifying Shareholder with a registered address in the United States. Subject to certain exceptions, Application Forms sent from, or post-marked in, the United States will be deemed to be invalid and all persons subscribing for New Ordinary Shares and wishing to hold such New Ordinary Shares in registered form must provide an address for registration of the New Ordinary Shares outside the United States.

8.3. *Other Excluded Territories*

Due to restrictions under the securities laws of the Excluded Territories and subject to certain exemptions, Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Excluded Territories will not qualify to participate in the Open Offer and will not be sent an Application Form, nor will their stock accounts in CREST be credited with Open Offer Entitlements or Excess Open Offer Entitlements.

The Open Offer Shares have not been and will not be registered under the relevant laws of any Excluded Territory or any state, province or territory thereof and may not be offered, sold, re-sold, delivered or distributed, directly or indirectly, in or into any Excluded Territory or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Excluded Territory except pursuant to an applicable exemption.

No offer of Open Offer Shares is being made by virtue of this document or the Application Forms into any Excluded Territory.

8.4. *Other overseas territories*

Application Forms will be sent to Qualifying non-CREST Shareholders and an Open Offer Entitlement will be credited to the stock account in CREST of Qualifying CREST Shareholders in other overseas

territories. Qualifying Shareholders in jurisdictions other than any Excluded Territory may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and, if relevant, an Application Form.

Qualifying Shareholders who have registered addresses in or who are located or resident in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to apply for Open Offer Shares in respect of the Open Offer.

8.5. Representations and warranties relating to Overseas Shareholders

8.5.1. Qualifying non-CREST Shareholders

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company and/or the Receiving Agent that, except where proof has been provided to the Company's satisfaction that such person's use of an Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Open Offer Shares from within an Excluded Territory; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for Open Offer Shares in respect of the Open Offer or to use an Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis on behalf of, a person located within an Excluded Territory or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not subscribing for Open Offer Shares with a view to the offer, sale, re-sale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into an Excluded Territory or any territory referred to in (ii) above. The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or despatched from an Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; (ii) provides an address in any Excluded Territory for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the warranty required by this paragraph 8.5.1.

8.5.2. Qualifying CREST Shareholders

A CREST member who makes a valid application either on its own behalf or on behalf of one of its clients in accordance with the procedures set out in this Part IV represents and warrants to the Company that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) neither it nor its client is within an Excluded Territory; (ii) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to subscribe for Open Offer Shares; (iii) it is not accepting on a non-discretionary basis on behalf of, or for the account or benefit of, a person located within an Excluded Territory or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) neither it nor its client is subscribing for any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into an Excluded Territory, or any territory referred to in (ii) above. The Company reserves the right to reject any USE instruction from an Excluded Territory or any territory referred to in (ii) above or by a CREST participant who is acting on a non-discretionary basis on behalf of a person located within an Excluded Territory or any territory referred to in (ii) above.

9. Governing law and jurisdiction

The terms and conditions of the Open Offer as set out in this document shall be governed by, and construed in accordance with, the laws of England and Wales. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer. By taking up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

10. Further information

The attention of Shareholders is drawn to the further information set out in this document including the additional information set out in Part V, and the Risk Factors set out in Part II of this document and to the terms and conditions set out on the Application Forms.

Part V—Additional Information

1. Share Capital

The issued share capital of the Company (i) as at the date of this document and (ii) as it is expected to be after implementation of the Capital Raising (assuming full take up under the Open Offer) is set out below:

	Existing Issued and fully paid		Immediately following Admission Issued and fully paid	
	Amount (£)	Number	Amount (£)	Number
Ordinary Shares	2,490,952.50	49,819,050	£149,457.18	14,945,718
Deferred Shares	0	0	£2,466,043.47	2,490,953
Total	2,490,952.50	49,819,050	£2,615,500.65	17,436,671

2. Directors' interests

2.1. The Directors and their respective functions are set out below:

Derek William Short (Non-executive)
David Peter Craine (Non-executive)

2.2. The interests (all of which are beneficial unless stated otherwise) of the Directors and of persons connected with them (within the meaning of section 252 of the Companies Act 2006 of the UK) in the issued ordinary share capital of the Company and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director (i) as at the date of this document and (ii) as they are expected to be on Admission are as follows:

Name	Number Existing Ordinary Shares	of Percentage of Existing Share capital	Number of Ordinary Shares following Admission (note 1)	Percentage of Enlarged Share Capital (following Admission)*
Derek Short	40,000	0.08	2,000	0.01
David Craine	18,000	0.04	900	0.01

Notes

1. Assuming the Directors do not take up any of their Open Offer Entitlements.

2.3. On 14 January 2016, being the last practicable date prior to the publication of this document, the Directors and (so far as is known to the Directors, having made appropriate enquiries) persons connected with them (within the meaning of section 252 of the Companies Act 2006 of the UK) held no options over Existing Ordinary Shares.

2.4. Save as disclosed above, no Director nor their immediate families nor any person connected with a Director within the meaning of section 252 of the Companies Act 2006 of the UK has any

interests (beneficial or non-beneficial) in the share capital of the Company or any of its subsidiaries.

3. Material Contracts

3.1. Property Investment Adviser's agreement

3.1.1. The Company and the Property Investment Adviser are parties to a property investment advisory agreement dated 14 January 2016 pursuant to which the Property Investment Adviser will provide investment advisory services to the Company.

3.1.2. Under the terms of the property investment advisory agreement, the Property Investment Adviser will assist the Company in implementing the investment strategy by assisting the Company with the following:

- (a) sourcing and identify appropriate investment opportunities;
- (b) advising on the negotiation and implementation of acquisitions and disposals of investments;
- (c) advising the Company so as to ensure that the investments of the Company are actively managed with the aim of achieving the investment objective, including arranging for the units comprising each investment to be rented out;
- (d) arranging and co-ordinate cash management services and other day-to-day management services relating to the investments;
- (e) advising the Company so as to ensure the active management of the properties comprised in the portfolio and report on the activities of any third party suppliers or service providers from time to time;
- (f) regularly assess and analyse, and liaise with the board in relation to, the investment performance of the Company;
- (g) arranging potential financing for the Company and negotiate borrowing arrangements on behalf of the Company and supervise the implementation of such finance and arrangements;
- (h) advising in relation to the treatment of un-invested cash held by the Company;
- (i) keeping a complete record of all transactions carried out by the Company, and such other books, records and statements as may be required by law, and permit the Company and its agents to inspect these at all reasonable times;
- (j) instructing, and co-ordinating the roles of such professional advisers as the Property Investment Adviser considers reasonably necessary to carry out the investment objective; and
- (k) producing semi-annual fact sheets for shareholders in the Company, to include commentary on the Company's performance and information relating to the share price, net asset value and portfolio of the Company.

3.1.3. The Property Investment Adviser is entitled to delegate its functions under the agreement by giving three months' written notice, provided that it uses reasonable skill and care in selecting the delegate.

3.1.4. The appointment of the Property Investment Adviser is exclusive and the Company will not, during the period of the agreement, be entitled to appoint any other person to carry out the services. The Property Investment Adviser can accept appointments as manager and/or adviser to other entities including investment funds and companies.

3.1.5. The Property Investment Adviser will receive the following remuneration:

- (a) an advisory fee of 0.5 per cent. per annum of the total investment assets, to be paid quarterly by the Company;
- (b) a performance fee of 20 per cent. of the increase in the adjusted NAV per share over each 5 year period, subject to a high-watermark, a simple 8 per cent. per annum hurdle and a catch-up, which is to be paid within 10 business days of the end of the relevant performance fee period; and
- (c) an acquisition fee of up to 0.5 per cent. of the acquisition price following the successful closing of an investment (subject to certain provisions), which is to be paid within 10 business days of the closing of the investment (waived for 2016).

3.1.6. The Company will bear all operating and other costs and expenses reasonably and properly incurred by the Property Investment Adviser with respect to the Property Investment Adviser's activities arising under the agreement, including but not limited to the following:

- (a) charges and expenses of legal advisers, accountants and any other professional advisers;
- (b) commissions or taxes payable in connection with any transaction carried out on the instruction of the Company and any other taxes or corporate fees payable to governments or agencies by the Company;
- (c) communication expenses with respect to investor relations, marketing, reporting and other investor services and all expenses of meetings of the Board and shareholders and of preparing, printing and distributing financial and other reports and similar documents;
- (d) the cost of insurance for the benefit of the board and its members;
- (e) any expenses reasonably and properly incurred in connection with any disputes or litigation (whether threatened or actual) and extraordinary expenses incurred other than in the ordinary course of business; and
- (f) any other costs which are approved by the Company.

3.1.7. The Company will indemnify the Property Investment Adviser for any claims arising out of their compliance with the agreement, but excluding claims which arise from the Property Investment Adviser's own fraud, gross negligence or wilful default.

3.1.8. The agreement can be terminated by either party on six months prior written notice, except that notice may not be given prior to 31 December 2020. If notice is not given by either party to terminate on 31 December 2020, the term is automatically extended for successive periods of one year each.

3.1.9. The agreement can however be terminated by either party on immediate written notice if:

- (a) the other party commits a material, irremediable breach;
- (b) the other party commits a material, remediable breach and does not remedy the breach within 30 days of receipt of written notice from the first party requiring the breach to be remedied; or
- (c) the other party enters into liquidation or winding up, whether compulsory or voluntarily (other than a voluntary solvent liquidation for the purpose of reconstruction and amalgamation), or enters into any composition with its creditors generally, has a receiver or administrator or administrative receiver appointed over it or over all (or substantially all) of its undertakings and assets.

3.1.10. Termination will not affect accrued rights, existing commitments or any contractual provision intended to survive termination. On termination, the Property Investment Adviser will return all books of account, correspondence and records relating to the Company (provided however that the Property Investment Adviser is entitled to retain copies to comply with legal and/or regulatory requirements or with its own bona fide internal policies), and the Property Investment Adviser is entitled to any outstanding fees and/or expenses owing as at the date of termination including any performance fee.

3.1.11. The agreement is governed by English law.

3.2. *Framework Facility Agreement*

A £4,200,000 senior debt facility, drawable to fund the purchase of properties in line with the Company's investment strategy, subject to meeting Heritage Square's terms and conditions was entered into by the Company and Heritage Square on 14 January 2014. Each individual loan will be equal to the lower of 70% of the purchase price and the market value of the property. The term of each loan shall be 24 months, although this may be extended at the discretion of Heritage Square. Interest will be paid monthly in arrears, with full capital repayment due at the end of the term. An arrangement fee of up to 2% of each loan may be charged by Heritage Square, some or all of which, may be payable to Puma Investments. The arrangement fee will be waived in respect of any loan made in the 2016 calendar year.

3.3. *Joint Venture Agreement*

3.3.1. The Company and Mark Dyson have entered into a joint venture agreement in respect of a newly incorporated company, Secta Limited which shall be owned by the Company and Mark Dyson, with any dividends declared split 70:30 between them and the Company having all voting rights. Mark Dyson will identify properties in certain targeted education and healthcare sectors for Secta Limited or one of its wholly owned subsidiaries to acquire.

3.3.2. The principal terms of the agreement are:

- (a) For every transaction introduced by Mark Dyson to Secta Limited which falls within the target sectors, Mark Dyson shall be paid a fee of 3 per cent. plus VAT of the property purchase price in respect of such transaction.
- (b) Secta Limited will seek to acquire properties in the target sectors with a mixture of debt and equity funding. The Company's investment shall attract an average 10% preferential return. Mark Dyson shall have the right to invest up to an amount

equal to his fee of 3 per cent. fee in respect of any transaction entered into by Secta Limited or any of its subsidiaries on a pari passu basis to the Company's investment.

- (c) Mark Dyson will grant Secta Limited a right of first refusal on the acquisition of any properties sourced by him in the relevant target sectors. Secta Limited shall then have a period of four weeks to confirm if it wishes to pursue such transaction.
- (d) Mark Dyson shall not (unless otherwise agreed in writing by the Company and Secta Limited), for so long as he is a shareholder, carry on or be employed, engaged or interested in any business which would be in competition with any part of the Secta Limited's business, including any developments in the business after the date of the agreement.
- (e) Secta Limited shall take out and maintain key man insurance at life protection level in the sum of £450,000 in respect of Mark Dyson. Such insurance shall be taken out at the sole cost of Mark Dyson with Secta Limited named as the sole beneficiary.
- (f) For every transaction introduced by Mark Dyson to the Company which does not fall within the target sectors, Mark Dyson shall be paid a fee of 1 per cent. plus VAT of the property purchase price in respect of such transaction.
- (g) Neither the Company nor Mark Dyson shall create any encumbrance over, transfer, or otherwise dispose of or give any person any rights in or over any share or interest in any share in Secta Limited unless it is permitted or required under the agreement or Secta Limited's articles of association, save that the Company shall be permitted to transfer, or otherwise dispose of any rights in or over any share or interest in any share in Secta Limited to any member of its group without the prior written consent of Mark Dyson.
- (h) The Company has a number of termination rights, including, inter alia, the ability to terminate immediately on notice in writing if Mark Dyson commits a material breach of the agreement which is not remedied within five business days. Upon such termination Mark Dyson is required to sell his shares in Secta Limited to the Company, and the transfer price shall represent the "fair value" per share; the "fair value" meaning the value calculated on the basis of a sale between a willing buyer and a willing seller contracting on arm's length terms having regard to the rights attached to the shares. The "fair value" shall be determined by an auditor selected by Secta Limited.

The directors of Secta Limited will be David Crane and Derek Short. The Board shall be responsible for the operation and conduct of the business of Secta Limited with advice from Mark Dyson and the Property Investment Adviser where necessary.

3.4. Placing Agreement

3.4.1. Pursuant to the conditional placing agreement dated 14 January 2016 between the Company, Shore Capital and Sanlam:

- (a) Shore Capital has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price;

- (b) Shore Capital will be entitled to receive a commission (which is payable conditional on Admission) of three per cent. of the aggregate value of the Placing Shares issued pursuant to the Placing as well as all reasonable and properly incurred costs, charges and expenses of or incidental to the Placing, Admission and the arrangements referred to in, or contemplated by, the Placing Agreement (together with any VAT chargeable on them which is payable to Shore Capital and Sanlam); and
- (c) Sanlam will be entitled to a corporate finance fee of £10,000.

3.4.2. The Placing Agreement is conditional, inter alia, on:

- (a) the passing of Resolution 1; and
- (b) Admission occurring on or before 8.00 a.m. London time on 25 February 2016 (or such later time or date as Shore Capital, Sanlam and the Company may agree being no later than 31 March 2016).

3.4.3. The Placing Agreement confers on Shore Capital the right to terminate its obligations prior to Admission if, inter alia:

- (a) any of the warranties given under the Placing Agreement ceases to be true or accurate in any material respect or becomes misleading in any material respect;
- (b) the Company fails to comply in a material respect with any of its obligations under the Placing Agreement;
- (c) there is a force majeure event which, in the opinion of Shore Capital and Sanlam (acting reasonably and in good faith), makes it impractical or inadvisable to proceed with the Placing.

3.4.4. The Placing Agreement also contains:

- (a) certain customary warranties given by the Company; and
- (b) customary indemnities given by the Company in favour of Shore Capital.

3.4.5. The Placing Agreement is governed by English law.

4. United Kingdom Taxation

4.1. General

4.1.1. The following paragraphs are intended as a general guide only about the UK tax position of Shareholders who are resident and domiciled in the UK, holding shares as investments and will be the absolute beneficial owners of them. We have not considered the implications for Shareholders who acquire any shares or rights over shares in connection with any office or employment. The position of certain Shareholders who are subject to special rules, such as dealers in securities, broker-dealers, insurance companies and collective investment schemes is not considered in this section. The paragraphs below are based on current UK legislation and HMRC practice. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. It should be noted that although a number

of UK tax treatments referred to below relate to unquoted shares, shares traded on AIM are generally treated as unquoted for these purposes.

4.1.2. Any person who is in any doubt about their tax position or who is subject to taxation in a jurisdiction other than the UK should consult their own professional adviser.

4.1.3. The information in these paragraphs is intended as a general summary of the UK tax position and should not be construed as constituting advice.

4.2. *Taxation of dividends*

4.2.1. Under current UK legislation, no UK tax is required to be withheld from dividend payments by the Company.

4.2.2. A UK tax resident individual Shareholder will be entitled to a tax credit in respect of any dividend received from the Company and will be taxed on the aggregate of the dividend and the tax credit (the "gross dividend"). The value of the tax credit is one ninth of the dividend received (or ten per cent. of the gross dividend). Dividend income from the Company will be treated as forming the highest part of a Shareholder's income.

4.2.3. A UK tax resident Shareholder who receives a dividend paid by the Company will be liable to UK income tax on the gross dividend. The income tax rates in respect of dividends are 10 per cent., 32.5 per cent. or 37.5 per cent. depending on the taxable income of the individual but the individual will be able to set off the tax credit against this liability.

4.2.4. UK tax resident Shareholders who do not pay income tax or whose liability to income tax on the dividend and related tax credit is less than the tax credit, including pension funds, charities and certain individuals, are not generally entitled to claim repayment of any part of the tax credit associated with the dividend from HMRC.

4.2.5. In July 2015, the UK Government announced a proposal to reform the taxation of dividends for UK resident individuals. Under these proposals, the notional tax credit would be replaced by a dividend allowance from 6 April 2016. There would be no income tax payable in respect of the first £5,000 of cash dividend income received from all sources in the tax year (although such income would still counts towards the basic, higher and additional rate thresholds). For dividends received above £5,000, the cash dividend received would be taxable at 7.5 per cent, 32.5 per cent. and 38.1 per cent. for basic rate, higher rate and additional rate taxpayers, respectively. UK resident Shareholders should therefore seek the appropriate advice on how such proposed changes may impact their tax affairs

4.2.6. A UK tax resident corporate holder of Ordinary Shares which receives a dividend paid by the Company will not generally be subject to tax in respect of that dividend, subject to certain exceptions.

4.2.7. Whether a Shareholder who is not resident in the UK for tax purposes is entitled to a tax credit in respect of dividends paid by the Company and to claim payment of any part of the tax credit, will depend, in general, on the provisions of any double taxation convention which exists between the Shareholder's country of residence and the UK. A non-UK tax resident Shareholder may also be subject to foreign taxation on dividend income.

4.2.8. Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions or what relief or credit may be claimed, and what tax may be payable in respect of a dividend received from the Company, in the jurisdiction in which they are resident.

4.3. *Taxation of chargeable gains*

- 4.3.1. For the purpose of UK tax on chargeable gains, the acquisition of Ordinary Shares pursuant to the Placing will be regarded as an acquisition of a new holding in the share capital of the Company. The amount paid for the Ordinary Shares will usually constitute the base cost of a Shareholder's holding.
- 4.3.2. If a Shareholder disposes of all or some of his or her Ordinary Shares, a liability to tax on chargeable gains may, depending on his or her circumstances and subject to any available exemptions or reliefs, arise (including but not limited to the annual exemption which is currently £11,100).
- 4.3.3. A UK tax resident individual Shareholder who disposes (or is deemed to dispose) of all or any of their Ordinary Shares may be liable to capital gains tax in relation thereto at rates up to 28 per cent., subject to any available exemptions or reliefs. In addition, an individual UK Shareholder who ceases to be resident in the UK for a period of less than five complete tax years and who disposes of the Ordinary Shares held prior to departure during that period of temporary non residence may, under anti-avoidance legislation, be liable to capital gains tax on his or her return to the UK.
- 4.3.4. A UK tax resident corporate Shareholder disposing of its Ordinary Shares may be liable to corporation tax on chargeable gains arising on the disposal at the corporation tax rate applicable to its taxable profits (the main rate currently being 20 per cent.).
- 4.3.5. In computing the chargeable gain liable to corporation tax, the corporate Shareholder is entitled to deduct from the disposal proceeds the cost to it of the Ordinary Shares as increased by an indexation allowance to adjust for inflation, together with incidental costs of acquisition and disposal costs.
- 4.3.6. The UK operates a substantial shareholding exemption regime which may apply to the disposal of Ordinary Shares by corporate Shareholders subject to certain conditions being met.

4.4. *Inheritance tax*

- 4.4.1. Ordinary Shares are assets situated in the UK for the purposes of UK inheritance tax.
- 4.4.2. Individuals and trustees subject to UK inheritance tax in relation to a holding of Ordinary Shares may be entitled to business property relief of up to 100 per cent. after a holding period of two years, provided that all the relevant conditions for the relief are satisfied at the appropriate time.
- 4.4.3. You should consult your taxation adviser if you are concerned with the potential UK inheritance tax implications of your Ordinary Shares.

4.5. *Stamp Duty and Stamp Duty Reserve Tax*

- 4.5.1. No stamp duty or stamp duty reserve tax ("SDRT") will generally be payable on the issue of the Placing Shares.
- 4.5.2. Paperless transfers of Ordinary Shares within CREST will generally be liable to SDRT (usually at a rate of 0.5 per cent. of the amount or value of the consideration). However please note that SDRT and stamp duty charges on trades made on AIM have been abolished from 28 April 2014 where the securities are not listed on any other market
- 4.5.3. The transfer of Ordinary Shares outside CREST will be liable to ad valorem stamp duty normally at the rate of 0.5 per cent. of the amount or value of the chargeable consideration

(with such stamp duty being rounded up to the nearest £5), but stamp duty is not chargeable on documents relating to stock or marketable securities admitted to trading on AIM as long as they are not listed on any other market.

- 4.5.4. The above comments are intended as a guide to the general stamp duty and SDRT position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

5. Availability of document

This document will be available for a period of twelve months from the date of this document on the Company's website <http://www.thehotelcorporation.co.im/> free of charge in accordance with the requirements of Rule 26 of the AIM Rules.

Dated: 15 January 2016

NOTICE OF EXTRAORDINARY GENERAL MEETING

The Hotel Corporation plc

(Incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004 with number 111066C)

NOTICE is hereby given that an Extraordinary General Meeting of The Hotel Corporation plc (the “**Company**”) will be held at Burleigh Manor, Peel Road, Douglas, Isle of Man, IM1 5EP, British Isles on 8 February 2016 at 11 a.m. for the purpose of considering and, if thought fit, passing the Resolution 1, which will be proposed as ordinary an resolution and Resolution 2 as a special resolution.

ORDINARY RESOLUTION

1. THAT,

- (a) each of the ordinary shares of 5 pence each in the capital of the Company which as at close of business on 8 February 2016 (or such later date as the Directors may determine and communicate to Shareholders via an appropriate announcement to a Regulatory Information Service) are shown in the register of members of the Company to be in issue or held in treasury (the “**Ordinary Shares**”) shall be (i) consolidated and converted into ordinary shares of £1.00 each in the capital of the Company (the “**Consolidated Ordinary Shares**”) on the basis of every 20 Ordinary Shares being consolidated and converted into one Consolidated Ordinary Share, each Consolidated Ordinary Share having the same rights as the Ordinary Shares and (ii) then sub-divided into ordinary shares of 1 pence each in the capital of the Company (the “**Subdivided Ordinary Shares**”) and deferred shares of £0.99 each in the capital of the Company (the “**Deferred Shares**”) on the basis of every Consolidated Ordinary Share being subdivided and converted into one Subdivided Ordinary Share and one Deferred Share, each Subdivided Ordinary Share having the same rights as an Ordinary Share and each Deferred Share having no right to receive notice of, attend or vote at general meetings of the Company, no right to receive any dividend declared by the Company or otherwise participate in the profits of the Company and having the right to payment on a return of capital or on a winding up of the Company only after each of the holders of Subdivided Ordinary Shares has received a payment of £10,000,000 on each such share , provided that:
- (i) where such consolidation and/or subdivision results in any Shareholder being entitled to a fraction of a Consolidated Ordinary Share, Subdivided Ordinary Shares or Deferred Shares, such fraction shall, so far as possible, be aggregated with the fractions of a Consolidated Ordinary Share, Subdivided Ordinary Shares or Deferred Shares to which other Shareholders may be entitled;
 - (ii) the Directors of the Company be and are hereby authorised to sell to any person (or appoint any other person to sell to any person), on behalf of the relevant Shareholders, all the Consolidated Ordinary Share, Subdivided Ordinary Shares or Deferred Shares representing, in aggregate, such fractions at the best price reasonably obtainable in the market and that the Company may retain the net proceeds of sale of such Consolidated Ordinary Share, Subdivided Ordinary Shares or Deferred Shares representing such fractions for the benefit of the Company; and
 - (iii) any Director of the Company (or any person appointed by the Directors of the Company) shall be and is hereby authorised to execute an instrument of transfer in respect of such Consolidated Ordinary Share, Subdivided Ordinary Shares or Deferred Shares arising pursuant to sub-paragraph (ii) of this Resolution 1(b) on behalf of the relevant Shareholders and to do all acts and things the Directors consider necessary or expedient to effect the transfer of such shares to, or in accordance with the directions of, any buyer of such shares; and
- (b) the unissued ordinary shares of 5 pence each in the capital of the Company be subdivided into ordinary shares of 1 pence each.

SPECIAL RESOLUTION

2. THAT, that the name of the Company be changed to Specialist Investment Properties plc.

Registered Office

Burleigh Manor
Peel Road
Douglas
Isle of Man,
IM1 5EP
British Isles

By order of the Board

David P Craine FCA
Company Secretary

15 January 2016

Notes

1. Only those members registered in the register of members of the Company as at 11 a.m on 6 February 2016 (or 48 hours before the time for holding any adjourned meeting) shall be entitled to attend and vote at the meeting convened above in respect of the number of shares registered in their names at that time. This time will still apply for the purpose of determining who is entitled to attend and vote if the Extraordinary General Meeting is adjourned from its scheduled time by 48 hours or less. If the Extraordinary General Meeting is adjourned for longer, members who wish to attend and vote must be on the Company's register of members by 48 hours before the time fixed for the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
2. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company. On a poll demanded, all of a member's voting rights may be exercised by one or more duly appointed proxies. Any such member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such member. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy the form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned in the same envelope. A proxy need not be a member of the Company. Appointing a proxy will not prevent a member from attending in person and voting at the meeting. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman of the meeting) and give your instructions directly to them. A proxy must vote in accordance with any instructions given by the appointing member.
3. A form of appointment of proxy is enclosed. To appoint a proxy using this form in hard copy form, this form must be completed and signed, sent or delivered to Neville Registrars at Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney of the company. If you return more than one proxy appointment, that received last by the registrar before the latest time for the receipt of proxies will take precedence.
4. The Proxy Form includes a vote withheld option. Please note that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against any particular resolution to be proposed at the meeting.
5. The appointment of a proxy and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated should be deposited with the Company's registrars at the address shown on the proxy form not later than 11 a.m. on 6 February 2016 or 48 hours before the time for holding any adjourned meeting or (in the case of a poll not taken on the same day as the meeting) adjourned meeting for the taking of the poll at which it is to be used.
6. In the case of joint holders of shares, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Extraordinary General Meeting and any adjournment thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment, or instruction, made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA11) by the latest time(s) for receipt of proxy appointments specified in the Notice of Extraordinary General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the

CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 18(4) of the Uncertificated Securities Regulations 2005 of the Isle of Man. CREST members and where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy instructions. It is therefore the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.