

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

If you have sold or otherwise transferred, or sell or otherwise transfer, all of your registered holding of Ordinary Shares (other than ex-entitlements) before 8.00am. on 23 April 2018 (the “**Ex-entitlement Date**”), please forward this Prospectus and the Form of Proxy (and, if you are a Qualifying non-CREST Shareholder, the Application Form which, subject to certain exceptions, you are being sent) to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was or is effected for onward transmission to the purchaser or transferee. If you are a Qualifying CREST Shareholder and you have sold or otherwise transferred, or sell or otherwise transfer, all or some of your registered holding of Ordinary Shares (other than ex-entitlements) held before the Ex-entitlement Date, a claim transaction will automatically be generated by CREST which, on settlement, will transfer the relevant Open Offer Entitlement to the purchaser or transferee. If you have sold or otherwise transferred, or sell or otherwise transfer, part of your registered holding of Ordinary Shares (other than ex-entitlements before the Ex-entitlement Date), please contact immediately your stockbroker, bank or other agent through whom the sale or transfer was effected and, for Qualifying non-CREST Shareholders, refer to the instructions regarding split applications set out in the Application Form. However, this Prospectus and, if relevant, the accompanying Application Form should not, subject to certain exceptions, be sent in or into any of the Excluded Jurisdictions or any other jurisdiction where to do so would or might contravene local securities laws or regulations.

This document comprises a prospectus relating to Aberdeen Asian Smaller Companies Investment Trust Plc (the “**Company**”) prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the “**FCA**”) made under section 73A of the Financial Services and Markets Act 2000 (as amended) (the “**FSMA**”) in connection with the Issue (as defined below) and the application for Admission (as defined below) (the “**Prospectus**”) and has been filed with the FCA in accordance with rule 3.2 of the Prospectus Rules.

Aberdeen Fund Managers Limited (“**AFML**”), authorised and regulated by the Financial Conduct Authority, has been appointed as alternative investment fund manager to the Company. AFML has in turn delegated portfolio management to Aberdeen Asset Management Asia Limited (“**AAM Asia**”).

The directors of the Company, whose names appear on page 30 of this Prospectus, and the Company itself, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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# **ABERDEEN ASIAN SMALLER COMPANIES INVESTMENT TRUST PLC**

*(Incorporated in England and Wales with registered number 03106339)  
(an investment company under section 833 of the Companies Act 2006)*

## **PROPOSED ISSUE OF UP TO £37 MILLION NOMINAL OF 2025 CULS AND NOTICE OF GENERAL MEETING**

**Alternative Investment Fund Manager**  
**Aberdeen Fund Managers Limited**

**Financial Adviser, Broker & Placing Agent**  
**Panmure Gordon (UK) Limited**

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A notice convening a general meeting of the Company is set out in Part XI of this Prospectus. That meeting will be held at Bow Bells House, 1 Bread Street, London EC4M 9HH on 23 May 2018 commencing at 9.00 a.m. To be valid for use at the General Meeting, the accompanying Form of Proxy should be completed and returned in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by no later than 9.00 a.m. on 21 May 2018. Appointments of proxies in respect of Ordinary Shares held in uncertificated form may be made by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in the notes at the end of the notice convening the General Meeting in Part XI of this Prospectus as soon as possible and, in any event, so as to be received by no later than 9.00 a.m. on 21 May 2018. The Issue is conditional upon, *inter alia*, the passing of special resolution 1 at the General Meeting. In order to be passed, a special resolution requires at least 75 per cent. of the votes cast to be in favour of it. The quorum for the General Meeting is two members present in person or by proxy (including a member present through a corporate representative).

A separate Stockholder Circular is intended to be sent on the date hereof to 2019 CULS Holders convening a Stockholder Meeting. The Issue shall be conditional upon the passing of the 2019 CULS Holders' Extraordinary Resolution at the Stockholder Meeting. Part II of the Stockholder Circular sets out the terms of the Reinvestment Scheme and Special Conversion Right.

Applications have been made to the UKLA for the 2025 CULS to be issued pursuant to the Issue to be admitted to the standard debt segment of the Official List and to the London Stock Exchange for the 2025 CULS to be admitted to trading on the London Stock Exchange's Main Market. It is expected that Admission will become effective and that dealings in the 2025 CULS to be issued pursuant to the Issue will commence at 8.00 a.m. on 29 May 2018.

Panmure Gordon (UK) Limited (“**Panmure Gordon**”), which is authorised and regulated in the United Kingdom by the FCA, is acting solely for the Company and for no one else in connection with the Issue and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Panmure Gordon or for affording advice in relation to the Issue, Admission or any other matter referred to in this Prospectus. This does not exclude or limit any responsibility which Panmure Gordon may have under the FSMA or the regulatory regime established thereunder. Apart from the liabilities and responsibilities (if any) which may be imposed on Panmure Gordon by the FSMA or the regulatory regime established thereunder, Panmure Gordon make no representations, express or implied, nor accept any responsibility whatsoever for the contents of this Prospectus nor for any other statement made or

purported to be made by any of them or on their behalf in connection with the Company, the 2025 CULS or the Issue. Panmure Gordon and its affiliates accordingly disclaim all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which they might otherwise have in respect of this Prospectus or any such statement.

None of the 2019 CULS, the 2025 CULS, the Ordinary Shares arising on any conversion of the 2025 CULS or the 2019 CULS or this Prospectus have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the 2025 CULS or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Applications for 2025 CULS pursuant to the Open Offer by Qualifying non-CREST Shareholders may only be made on the accompanying Application Form which, pursuant to the Open Offer, is personal to the Qualifying Shareholder(s) named on it and may not be sold, assigned or transferred except to satisfy *bona fide* market claims pursuant to the rules of the London Stock Exchange. Qualifying CREST Shareholders (none of whom will receive an Application Form) will receive a credit to their appropriate stock accounts in CREST in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlements which will be enabled on 24 April 2018.

The latest time and date for acceptance and payment under the Open Offer is 11.00 a.m. on 18 May 2018. The procedure for application and payment is set out in paragraphs 3.1 (in the case of Ordinary Shares held in certificated form) and 3.2 (in the case of Ordinary Shares held in uncertificated form) of Part VI of this Prospectus and, where relevant, in the enclosed Application Form.

Prior to completion of the Issue, applications will be made: (i) to the UKLA for the cancellation of the standard listing of the 2019 CULS on the Official List; and (ii) to the London Stock Exchange for the cancellation of trading of the 2019 CULS on the London Stock Exchange's main market for listed securities. It is expected that, subject to the necessary approvals, such cancellation will take effect at 8.00 a.m. on 29 May.

The release, publication or distribution of this document and/or any accompanying document (in whole or in part) in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document and any accompanying documents come should inform themselves about and observe any such restrictions and applicable requirements. Any failure to comply with those restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction.

All references to "£", "sterling" and "pence" (including the abbreviation "p") are to the lawful currency of the United Kingdom.

**This Prospectus should be read in its entirety before making any application for 2025 CULS. The attention of potential investors is drawn in particular to pages 18 to 23 of this Prospectus, which set out the principal risk factors associated with an investment in the Company.**

20 April 2018

## WHERE TO FIND HELP

If you have any questions, please telephone Equiniti's shareholder helpline (the "**Shareholder Helpline**") on the numbers set out below. The Shareholder Helpline is available from 8.30 a.m. to 5.30 p.m. Monday to Friday (except public holidays in England and Wales).

Shareholder Helpline telephone numbers:

**0371 384 2050**

or

**+44 121 415 0259 (from outside the United Kingdom).**

Calls to the helpline from outside the United Kingdom will be charged at applicable international rates. Difference charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that for legal reasons, the Shareholder Helpline will only be able to provide information contained in this Prospectus and information relating to the Company's register of members and will be unable to give advice on the merits of the Issue or to provide financial, tax or investment advice.

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## SUMMARY

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

Section A – Introduction and Warnings		
A.1	<b>Introduction and warnings</b>	<p>This summary should be read as an introduction to this Prospectus. Any decision to invest in the 2025 CULS should be based on consideration of this Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member state of the European Union, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	<b>Subsequent resale of securities or final placement of securities through financial intermediaries</b>	Not applicable. No consent has been given by the Company to the use of this Prospectus for the subsequent resale or final placement of securities by financial intermediaries.

Section B – Issuer		
B.1	<b>Legal and commercial name</b>	Aberdeen Asian Smaller Companies Investment Trust Plc.
B.2	<b>Domicile and legal form</b>	The Company is a UK domiciled investment company which was incorporated in England on 20 September 1995 with limited liability under the CA1985 with registration no. 03106339. The Company is an investment company under section 833 of the Companies Act 2006. The Company is subject to and operates under the Companies Act 2006.
B.4b	<b>Significant trends affecting the Company and the industries in which it operates</b>	Not applicable.
B.5	<b>Group description</b>	Not applicable. The Company has no subsidiary, parent undertakings or associated companies.

B.8	<b>Selected key pro forma financial information</b>	Not applicable. No pro-forma financial information is incorporated into this Prospectus.																																																
B.9	<b>Profit forecast</b>	Not applicable. No profit forecast is included in this Prospectus.																																																
B.10	<b>Description of the nature of any qualifications in the audit report on the historical financial information</b>	Not applicable. The audit reports on the historical financial information contained within this Prospectus are not qualified.																																																
B.11	<b>Working capital statement</b>	In the opinion of the Company, the working capital available to the Company is sufficient for its present requirements, that is for at least the next 12 months following the date of this Prospectus.																																																
B.12 (inc B.7)	<b>Historical key financial information</b>	<p>Set out in the table below is a summary of the Company's financial results for the three financial years ended 31 July 2017, which has been extracted without material adjustment from the audited financial statements of the Company for those financial years.</p> <table><tr><td></td><td colspan="3"><i>As at 31 July</i></td></tr><tr><td><i>Capital</i></td><td><i>2015</i></td><td><i>2016</i></td><td><i>2017</i></td></tr><tr><td>Total assets (£'000)</td><td>380,911</td><td>427,725</td><td>473,350</td></tr><tr><td>Net Asset Value (£'000)</td><td>343,967</td><td>285,735</td><td>430,105</td></tr><tr><td>NAV per Ordinary Share (basic) (p)</td><td>906.16</td><td>1068.92</td><td>1235.45</td></tr></table> <p><i>Revenue</i></p> <table><tr><td>Total income (£'000)</td><td>14,746</td><td>10,992</td><td>13,896</td></tr><tr><td>Return on ordinary activities after taxation (£'000)</td><td>6,938</td><td>3,396</td><td>6,817</td></tr><tr><td>Return per Ordinary Share (basic) (p)</td><td>18.21</td><td>9.22</td><td>19.31</td></tr><tr><td>Dividend per Ordinary Share (p)</td><td>15.00</td><td>10.50</td><td>16.00</td></tr></table> <p><i>Total</i></p> <table><tr><td>Net return before finance costs and tax (£'000)</td><td>(17,070)</td><td>63,019</td><td>63,075</td></tr><tr><td>Return on ordinary activities after taxation (£'000)</td><td>(19,095)</td><td>60,893</td><td>60,834</td></tr><tr><td>Return per Ordinary Share (basic) (p)</td><td>(50.13)</td><td>165.38</td><td>172.29</td></tr></table> <p>There has been no material adverse change in the prospects of the Company since 31 July 2017 of its last published audited financial statements.</p> <p>Set out in the table below is a summary of the Company's interim results for the six months ended 31 January 2018, which has been extracted without material adjustment from the unaudited half yearly report of the Company for that period.</p>		<i>As at 31 July</i>			<i>Capital</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	Total assets (£'000)	380,911	427,725	473,350	Net Asset Value (£'000)	343,967	285,735	430,105	NAV per Ordinary Share (basic) (p)	906.16	1068.92	1235.45	Total income (£'000)	14,746	10,992	13,896	Return on ordinary activities after taxation (£'000)	6,938	3,396	6,817	Return per Ordinary Share (basic) (p)	18.21	9.22	19.31	Dividend per Ordinary Share (p)	15.00	10.50	16.00	Net return before finance costs and tax (£'000)	(17,070)	63,019	63,075	Return on ordinary activities after taxation (£'000)	(19,095)	60,893	60,834	Return per Ordinary Share (basic) (p)	(50.13)	165.38	172.29
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B.13	<b>A description of any recent events particular to the Company which are to a material extent relevant to the evaluation of the Company's solvency</b>	Not applicable. There have been no recent events particular to the Company which are to a material extent relevant to the evaluation of the Company's solvency.																														
B.14	<b>Members of the Company's group of which the Company is dependent</b>	Not applicable. The Company has no subsidiary, parent undertakings or associated companies.																														
B.15	<b>Description of the Company's principal activities</b>	<p>Launched in October 1995, Aberdeen Asian Smaller Companies Investment Trust PLC is an investment company with its Ordinary shares listed on the premium segment of the London Stock Exchange and 2019 CULS listed on the standard debt segment of the London Stock Exchange.</p> <p>The Company is an approved investment trust and aims to maximise total return to shareholders over the long term from a portfolio of smaller quoted companies (with a market capitalisation of up to approximately US\$1.0 billion (expected to be increased to \$1.5 billion) at the time of investment) in the economies of Asia and Australasia, excluding Japan.</p>																														
B.16	<b>Control of the Company</b>	As at the date of this Prospectus, the Company, insofar as is known to the Company, will not be directly or indirectly owned or controlled by any single person or entity and there are no arrangements known to the Company the operation of which may subsequently result in a change of control of the Company.																														
B.17	<b>Company credit ratings</b>	The Company is unrated.																														

B.33	<b>Additional information on the Company</b>	<p>The following shareholders owned 3 per cent. or more of the issued Ordinary Share capital of the Company at 31 July 2017:</p> <table> <tr> <th><i>Shareholder</i></th><th><i>No of Ordinary Shares</i></th><th><i>% held</i></th></tr> <tr> <td>Aberdeen Asset Managers Savings Scheme (non-beneficial)</td><td>3,323,325</td><td>9.5</td></tr> <tr> <td>Hargreaves Lansdown</td><td>2,499,450</td><td>7.2</td></tr> <tr> <td>Funds managed by Standard Life Aberdeen</td><td>2,207,035</td><td>6.3</td></tr> <tr> <td>Alliance Trust Savings</td><td>2,156,021</td><td>6.2</td></tr> <tr> <td>Investec Wealth Management</td><td>1,701,036</td><td>4.9</td></tr> <tr> <td>City of London Investment Management</td><td>1,668,078</td><td>4.8</td></tr> <tr> <td>Charles Stanley, Stockbrokers</td><td>1,187,728</td><td>3.4</td></tr> <tr> <td>Wells Capital Management</td><td>1,049,323</td><td>3.0</td></tr> </table> <p>Subsequent to the period end the Company has been notified:</p> <ul style="list-style-type: none"> <li>● on 17 August 2017, as a result of the completion of the court-sanctioned scheme of arrangement and all-share merger of Aberdeen Asset Management PLC and Standard Life plc which became effective on 14 August 2017, Standard Life Aberdeen plc is interested in 2,886,005 shares representing 8.3 per cent. of the issued class; and</li> <li>● on 5 September 2017, City of London Investment Management is interested in 1,732,848 shares representing 5.0 per cent. of the issued class.</li> </ul> <p>As at the date of this Prospectus, the Company, insofar as is known to the Company, will not be directly or indirectly owned or controlled by any single person or entity and there are no arrangements known to the Company the operation of which may subsequently result in a change of control of the Company, and no major shareholders have different voting rights.</p> <p>As at 18 April 2018, the issued share capital of the Company is as follows:</p> <table> <tr> <th></th><th><i>No. Issued and Fully Paid</i></th><th><i>Nominal Amount (£)</i></th></tr> <tr> <td><i>Ordinary Shares of £0.25p each</i></td><td>34,214,560</td><td>8,553,640</td></tr> <tr> <td><i>2019 CULS</i></td><td>30,301,810</td><td>30,301,810</td></tr> </table> <p>In order to continue to qualify as an investment trust, the Company is required to distribute sufficient net income so that it retains no more than 15 per cent. of total income (following the introduction of new investment trust rules implemented on 1 January 2012) in respect of any accounting period. Dividends will be paid to the extent that they are covered by the income received from the Company's underlying investments after payment of the Company's operating expenses. The distribution as dividends of surpluses from realisations of investments is prohibited by the Articles and such surpluses accrue to the benefit of the Company.</p> <p>In the absence of unforeseen circumstances, dividends are payable annually in the form of final dividends. In the absence of unforeseen circumstances, the Company aims at least to maintain the level of dividends paid in respect of each financial year and has the objective of growing the dividends paid in respect of each financial year. This is a target dividend level and does not constitute a forecast of the profits or return from investment in the Company and there is no guarantee of any particular level of profits or return being achieved.</p>	<i>Shareholder</i>	<i>No of Ordinary Shares</i>	<i>% held</i>	Aberdeen Asset Managers Savings Scheme (non-beneficial)	3,323,325	9.5	Hargreaves Lansdown	2,499,450	7.2	Funds managed by Standard Life Aberdeen	2,207,035	6.3	Alliance Trust Savings	2,156,021	6.2	Investec Wealth Management	1,701,036	4.9	City of London Investment Management	1,668,078	4.8	Charles Stanley, Stockbrokers	1,187,728	3.4	Wells Capital Management	1,049,323	3.0		<i>No. Issued and Fully Paid</i>	<i>Nominal Amount (£)</i>	<i>Ordinary Shares of £0.25p each</i>	34,214,560	8,553,640	<i>2019 CULS</i>	30,301,810	30,301,810
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<i>Ordinary Shares of £0.25p each</i>	34,214,560	8,553,640																																				
<i>2019 CULS</i>	30,301,810	30,301,810																																				



B.34	<b>Description of investment objective and policy</b>	<p>Set out below is the Company's Investment Objective and Policy, as amended to reflect the proposed change described in this document.</p> <p><b>Investment Objective</b></p> <p>The Company aims to maximise total return to Shareholders over the long term from a portfolio made up predominantly of smaller quoted companies (with a market capitalisation of up to approximately US\$1.5 billion at the time of investment) in the economies of Asia and Australasia, excluding Japan by following the investment policy described below. When it is in Shareholders' interests to do so, the Company reserves the right to participate in the rights issue of an investee company notwithstanding that the market capitalisation of that investee may exceed the stated ceiling. The Directors do not envisage any change in this activity in the foreseeable future.</p> <p><b>Investment Policy</b></p> <p>The Company's assets are invested in a diversified portfolio of securities (including equity shares, preference shares, convertible securities, warrants and other equity-related securities) predominantly in quoted smaller companies spread across a range of industries and economies in the Investment Region including Australia, Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Korea, Laos, Malaysia, Myanmar, New Zealand, Pakistan, the Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam, together with such other countries in Asia as the Directors may from time to time determine, (collectively, the "<b>Investment Region</b>"). Investments may also be made through collective investment schemes, in unquoted equities (up to 10 per cent. of the net assets of the Company, calculated at the time of investment) and in companies traded on stock markets outside the Investment Region provided that over 75 per cent. of their consolidated revenue, operating income or pre-tax profit is earned from trading in the Investment Region or they hold more than 75 per cent. of their consolidated net assets in the Investment Region.</p> <p>The Company does not invest more than 15 per cent. of its gross assets at the time of investment either in other listed investment companies (including listed investment trusts), or in the shares of any one company. The Manager is authorised to invest up to 15 per cent. of the Company's gross assets in any single stock.</p> <p>The Board is responsible for determining the gearing strategy for the Company. Gearing is used selectively to leverage the Company's portfolio in order to enhance returns where and to the extent this is considered appropriate to do so. Gearing is subject to a maximum gearing level of up to 25 per cent. of adjusted NAV at the time of draw down.</p>
B.35	<b>Borrowing/ leverage limited of the Company</b>	Gearing is subject to a maximum gearing level of up to 25 per cent. of adjusted NAV at the time of draw down.
B.36	<b>Regulatory status of the Company</b>	The Company is an investment company under section 833 of the Companies Act 2006. The Company is subject to and operates under the Companies Act 2006. As an investment trust, the 2025 CULS will be excluded securities under the FCA's rules on non-mainstream pooled investments. Accordingly, the promotion of the 2025 CULS will not be subject to the FCA's restriction on the promotion of non-mainstream pooled investments. The 2025 CULS should be considered as "complex" in accordance with MiFID II.
B.37	<b>Typical investor of the Company</b>	An investment in the Company should constitute part of a diversified investment portfolio and is only suitable for investors capable of evaluating the risks (including the potential risk of capital loss) and merits of such investment and who have sufficient resources to bear any loss



		<p>which may result from such investment. Accordingly, the typical investors for whom the Company is designed are institutional investors, private client fund managers and private client brokers, as well as other professionally advised private investors, seeking long-term capital growth and income from an investment principally in the equity securities of companies in the economies of Asia and Australasia, outside Japan.</p> <p>An investment in the Company may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment (such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in the 2025 CULS or the Ordinary Shares).</p> <p>As the Company's portfolio is constructed without reference to any stockmarket index, an investment in the Company is unsuitable for those who seek investments that are in some way correlated to a stockmarket index.</p>
B.38	<b>Disclosure</b>	Not applicable. The Company does not invest more than 15 per cent. of its gross assets at the time of investment.
B.39	<b>Further disclosure</b>	Not applicable. The Company does not invest more than 15 per cent. of its gross assets at the time of investment.
B.40	<b>Description of Service Providers</b>	<p>Investment Manager: Aberdeen Asset Management Asia Limited.</p> <p>Fee: fee is payable monthly in arrears based on an annual amount of 1.0 per cent. (previously calculated using a rate of 1.2 per cent. until July 2016) calculated on the average net asset value of the Company over a 24 month period, valued monthly.</p> <p>Administrator: Aberdeen Fund Managers Limited.  Fee: £89,000 (exclusive of VAT) per annum.  Depositary: BNP Paribas Securities Services, London Branch.  Fee: £52,000 per annum.</p> <p>In addition to investment management, administration and secretarial fees (details of which are set out under the headings "Investment Management" and "Administrator" in Part II of this Prospectus), the Company pays all other fees and expenses incurred in the operation of its business, including, without limitation:</p> <ul style="list-style-type: none"> <li>(i) brokerage and other transaction charges;</li> <li>(ii) fees and expenses for corporate broking, custodial, registrar, legal, audit, tax and other professional services;</li> <li>(iii) the fees and out-of-pocket expenses of the Directors and the cost of Directors' insurance;</li> <li>(iv) the ongoing costs of maintaining the listing of the Ordinary Shares and the 2019 CULS;</li> <li>(v) any borrowing costs, including interest and the Trustee's fees;</li> <li>(vi) promotional and marketing expenses (including membership of any industry bodies and marketing initiatives approved by the Board); and</li> <li>(vii) costs of printing the Company's financial reports and posting them to Shareholders.</li> </ul> <p>The annualised total expense ratio of the Company (including management fees) for the year ended 31 July 2017 was 1.16 per cent. of the average Shareholders' funds over that year.</p>

B.41	<b>Identity of Service Providers</b>	<p>Aberdeen Fund Managers Limited, authorised and regulated by the FCA, has been appointed as alternative investment fund manager to the Company and has in turn delegated portfolio management to Aberdeen Asset Management Asia Limited.</p> <p>Administrator: Aberdeen Fund Managers Limited  Depositary: BNP Paribas Securities Services, London Branch.</p>
B.42	<b>Determination of NAV</b>	<p>The unaudited NAV per Ordinary Share is calculated as at the close of business on each business day by the Administrator and announced through an RIS on each subsequent business day in respect of the preceding business day. Such unaudited NAV is calculated on the same basis as the calculation of the NAV per Ordinary Share for the purpose of the Company's published financial statements.</p> <p>For the purpose of the NAV calculations, investments are valued at fair value on the following basis:</p> <ul style="list-style-type: none"> <li>(i) listed securities are valued at their bid price or last traded price, depending on the convention of the exchange on which the investment is listed, and adjusted for accrued income where it is reflected in the market price;</li> <li>(ii) investments which are not listed or where trading in the securities of an investee company is suspended are valued at the Board's best estimate of fair value;</li> <li>(iii) unlisted investments are valued by the Directors on the basis of all the information available to them at the time of valuation (this includes a review of the financial and trading information of the company, covenant compliance, ability to pay the interest due and cash held and, in the case of convertible bonds, also includes consideration of their discounted cash flows and underlying equity value based on the information provided by the Investment Manager);</li> <li>(iv) cash and bank deposits are valued by reference to their face value; and investments held in currencies other than sterling are translated at the rates of exchange applying on the relevant valuation date, provided that, where no reliable fair value can be estimated, investments may be carried at cost less any provision for impairment.</li> </ul> <p>The calculation of the NAV per Ordinary Share will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculation will be announced by the Company through an RIS.</p>
B.43	<b>Cross liability</b>	Not applicable. The Company is not an umbrella collective investment undertaking.
B.44	<b>Financial information</b>	Not applicable. The Company has commenced operations and financial statements have been published.

B.45	<b>Company's investment portfolio</b>	<p>As at the close of business on 17 April 2018, the Company's 21 largest investments by value, which together represented more than 50 per cent. of the Company's portfolio, were as set out in the following table:</p> <table> <tr> <th><i>Investee Company</i></th><th><i>Market Value (£)</i></th><th><i>% of Portfolio</i></th></tr> <tr><td>AEON Thana Sinsap Thailand</td><td>16,627,923</td><td>3.60</td></tr> <tr><td>Multi Bintang Indonesia</td><td>16,007,349</td><td>3.46</td></tr> <tr><td>Bank OCBC Nisp</td><td>15,820,475</td><td>3.42</td></tr> <tr><td>Hana Microelectronics</td><td>14,236,367</td><td>3.08</td></tr> <tr><td>Ramco Cements</td><td>13,868,930</td><td>3.00</td></tr> <tr><td>Bukit Sembawang Estates</td><td>12,726,885</td><td>2.75</td></tr> <tr><td>M.P. Evans Group</td><td>12,674,318</td><td>2.74</td></tr> <tr><td>Tisco Financial Group</td><td>11,917,679</td><td>2.58</td></tr> <tr><td>Cebu Hldgs</td><td>11,059,351</td><td>2.39</td></tr> <tr><td>Dah Sing Financial Holdings</td><td>10,824,239</td><td>2.34</td></tr> <tr><td>Kansai Nerolac Paints</td><td>10,431,466</td><td>2.26</td></tr> <tr><td>Aeon Credit Service</td><td>10,033,842</td><td>2.17</td></tr> <tr><td>Shangri-La Hotels (Mal)</td><td>9,648,521</td><td>2.09</td></tr> <tr><td>Thai Stanley Electric</td><td>9,297,425</td><td>2.01</td></tr> <tr><td>Jollibee Foods Corporation</td><td>9,188,961</td><td>1.99</td></tr> <tr><td>First Sponsor Group</td><td>9,046,501</td><td>1.96</td></tr> <tr><td>Gujarat Gas</td><td>8,922,904</td><td>1.93</td></tr> <tr><td>City Union Bank</td><td>8,891,150</td><td>1.92</td></tr> <tr><td>Yoma Strategic Holdings</td><td>8,789,092</td><td>1.90</td></tr> <tr><td>Asian Terminals</td><td>8,666,088</td><td>1.88</td></tr> <tr><td>Millennium &amp; Copthorne Hotels</td><td>8,649,589</td><td>1.87</td></tr> <tr> <td>Total</td><td><u>237,329,055</u></td><td><u>51.37</u></td></tr> </table> <p>There has been no material change since 17 April 2018 to the portfolio information set out above.</p>	<i>Investee Company</i>	<i>Market Value (£)</i>	<i>% of Portfolio</i>	AEON Thana Sinsap Thailand	16,627,923	3.60	Multi Bintang Indonesia	16,007,349	3.46	Bank OCBC Nisp	15,820,475	3.42	Hana Microelectronics	14,236,367	3.08	Ramco Cements	13,868,930	3.00	Bukit Sembawang Estates	12,726,885	2.75	M.P. Evans Group	12,674,318	2.74	Tisco Financial Group	11,917,679	2.58	Cebu Hldgs	11,059,351	2.39	Dah Sing Financial Holdings	10,824,239	2.34	Kansai Nerolac Paints	10,431,466	2.26	Aeon Credit Service	10,033,842	2.17	Shangri-La Hotels (Mal)	9,648,521	2.09	Thai Stanley Electric	9,297,425	2.01	Jollibee Foods Corporation	9,188,961	1.99	First Sponsor Group	9,046,501	1.96	Gujarat Gas	8,922,904	1.93	City Union Bank	8,891,150	1.92	Yoma Strategic Holdings	8,789,092	1.90	Asian Terminals	8,666,088	1.88	Millennium & Copthorne Hotels	8,649,589	1.87	Total	<u>237,329,055</u>	<u>51.37</u>
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B.46	<b>Most recent NAV</b>	The most recently published NAV per Ordinary Share (fully diluted and including income) (p) as at 18 April 2018 was 1,182.80p per Ordinary Share.																																																																					

<b>Section C – Securities</b>		
C.1	<b>Type of class of securities</b>	The 2025 CULS are convertible unsecured subordinated loan stock, which will be denominated in integral multiples of £1 in nominal amount, and will be in registered, certificated and uncertificated form.
C.2	<b>Currency</b>	The 2025 CULS are denominated in Pounds Sterling.
C.5	<b>Restrictions on free transferability of the securities</b>	The 2025 CULS will be transferable without payment of any fee (excepting all transfer taxes), in integral multiples of £1 nominal. The 2025 CULS Trust Deed will contain provisions enabling the 2025 CULS to be held and transferred in uncertificated form. The Trustee may, without any sanction of 2025 CULS Holders, concur with the Company in making modifications to the provisions of the 2025 CULS Trust Deed in order to reflect changes in the CREST Regulations or in applicable law and practice relating to the holding or transfer of 2025 CULS in uncertificated form and the issue of Ordinary Shares in uncertificated form on conversion of 2025 CULS.
C.8	<b>Rights attached to the 2025 CULS</b>	2025 CULS Holders will be entitled to convert their 2025 CULS into Ordinary Shares twice annually, being every six months from 30 November 2018 until 31 May 2025. The Conversion Price (being the nominal amount of 2025 CULS required to convert into one Ordinary Share) will be set at a 20 per cent. premium to the unaudited NAV (fully diluted and including income) per Ordinary Share as at close of

		<p>business on 18 May 2018 rounded down to the nearest 5 pence. The Company will announce the Conversion Price through an RIS as soon as practicable following its calculation. <b>By way of illustration</b>, had the Conversion Price been set by reference to the unaudited NAV (fully diluted and including income) per Ordinary Share at 18 April 2018 of 1,182.80p, the conversion price would have been 1,415p and a holder of £1,000 nominal of CULS would have been entitled to 70 ordinary shares on conversion of their 2025 CULS. Under the terms of the 2025 CULS Trust Deed, the Conversion Price will be subject to subsequent adjustment on the occurrence of certain events.</p> <p>If, at any time after 31 May 2021, the middle market price of the Ordinary Shares is 20 per cent. or more above the Conversion Price for at least 20 dealing days during a period of 30 consecutive dealing days, the Company will be able to require 2025 CULS Holders to redeem their 2025 CULS at par. In such event, 2025 CULS Holders would be given a final opportunity to convert their outstanding 2025 CULS into Ordinary Shares. Following conversion of 80 per cent. or more of the nominal amount of the 2025 CULS originally issued, the Company will be entitled to require remaining 2025 CULS Holders to convert their outstanding 2025 CULS into Ordinary Shares after they have been given an opportunity to have their 2025 CULS redeemed at their nominal amount plus accrued interest.</p> <p>If, at any time after 31 May 2021, the nominal value of the outstanding 2025 CULS represents 30 per cent. or more of the Company's net assets, the Company shall be entitled to redeem all outstanding 2025 CULS at its nominal amount together with accrued interest up to (but excluding) the date of redemption.</p> <p>Any 2025 CULS not previously redeemed, purchased or converted will be repaid by the Company on 31 May 2025 at its nominal amount.</p> <p>On a winding-up of the Company, the nominal amount of the 2025 CULS will rank ahead of the Ordinary Shares, but will be subordinated to the Company's other borrowings and creditors. The 2025 CULS Trust Deed will not contain any restriction on borrowings (including borrowings ranking ahead of the 2025 CULS), the disposal of assets or the creation of charges by, or changes in the nature of the business of, the Company.</p> <p>The 2025 CULS will be issued in registered form, and may be held in certificated or uncertificated form. 2025 CULS acquired pursuant to the Reinvestment Scheme, the Placing or the Open Offer can be held within an ISA, SIPP or SSAS.</p>
C.9	<b>Further rights attaching to the 2025 CULS</b>	<p>The 2025 CULS will bear interest on its nominal amount for the time being outstanding from (and including) the date of Admission of the 2025 CULS. The nominal interest rate of the 2025 CULS is 2.25 per cent. payable twice annually in arrears on 30 November and 31 May each year with the first interest payment on 30 November 2018, interest will accrue on a daily basis and will commence on Admission.</p> <p>The holders of the 2025 CULS will have an entitlement to exercise their conversion rights twice annually through the life of the 2025 CULS, commencing 30 November 2018.</p> <p>The maturity date of the 2025 CULS is 31 May 2025 with all outstanding 2025 CULS being repayable by the Company at par on that date.</p> <p>The 2025 CULS will be constituted as an unsecured subordinated obligation of the Company by the 2025 CULS Trust Deed between the Company and The Law Debenture Trust Corporation p.l.c., whose</p>

		registered office is at Fifth Floor, 100 Wood Street, London EC2V 7EX as trustee for the 2025 CULS Holders.
C.10	<b>Further rights attaching to the securities</b>	Not applicable.
C.11	<b>Admission</b>	Application has been made to the London Stock Exchange for the 2025 CULS to be admitted to trading on the London Stock Exchange's Main Market. It is expected that Admission will become effective and that dealings in the 2025 CULS to be issued pursuant to the Issue will commence at 8.00 a.m. on 29 May 2018.
C.22	<b>Underlying shares</b>	<p>The underlying shares into which the 2025 CULS will on any conversion convert are the Ordinary Shares of the Company. The Ordinary Shares are denominated in Pounds Sterling.</p> <p>The Ordinary Shares were admitted to listing on the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange on 19 October 1995.</p> <p>The rights attaching to the Ordinary Shares and procedure for the exercise of those rights are as follows:</p> <p>Subject to the superior rights of any other class or classes of shares that are, or may be, issued by the Company, the rights and restrictions attaching to Ordinary Shares as regards participation in the profits and assets of the Company are as follows:</p> <p><b>Income</b></p> <p>Any profits which the Company may determine to distribute in respect of any financial year shall be distributed among the holders of Ordinary Shares <i>pro rata</i> according to the amounts paid up or credited as paid up on Ordinary Shares held by them.</p> <p><b>Capital</b></p> <p>The capital and assets of the Company on a winding-up or other return of capital shall be applied in repaying to the holders of Ordinary Shares the amounts paid up or credited as paid up on such shares and, subject thereto, shall belong to and be distributed according to the number of such shares held by them respectively.</p> <p><b>Voting Rights</b></p> <p>Unless the Directors otherwise determine, no member shall be entitled in respect of any share held by them to attend, vote or speak at a general meeting (including a separate meeting of the holders of shares of a particular class) either personally or by proxy, or to exercise any other right conferred by membership in relation to such meetings of the Company, if any call or other sum presently payable by them to the Company in respect of such share remains unpaid. This restriction shall cease to apply when all amounts due (including interest) are paid, together with all costs, charges and expenses incurred by the Company by reason of the non-payment.</p> <p><b>Dividends and Reserves</b></p> <p>Subject to the provisions of the Companies Act 2006 and of the Articles, the Company may by ordinary resolution declare dividends be paid to holders of Ordinary Shares. Any dividend which is unclaimed for a period of 12 years from the due date for payment of such dividend shall be forfeited and shall revert to the Company. All dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid in proportion to the amounts paid on the shares during any part or parts of the period in respect of which the dividend is paid. Where the Company has a lien on any share</p>

		<p>and a sum in respect of which the lien exists is presently payable, the Directors may, instead of enforcing the lien, retain any dividend or other moneys payable on or in respect of that share (up to the amount of such sum) and apply the same in or towards satisfaction of the moneys payable to the Company in respect of that share.</p> <p><b>Transfer of Shares</b></p> <p>Subject to the Articles, any member may transfer all or any of their certificated shares by an instrument of transfer in any usual form or in any other form approved by the Directors. An uncertificated share may be transferred in accordance with the Uncertificated Securities Regulations 2001 and the rules of any relevant system.</p> <p><b>Restrictions on Shares</b></p> <p>If the Board is satisfied that a member or any person appearing to be interested in shares in the Company has been duly served with a notice under section 793 of the Companies Act 2006 and is in default in supplying to the Company the information thereby required within a prescribed period after the service of such notice, the Board may serve on such member or on any such person a notice (“<b>a direction notice</b>”) in respect of the shares in relation to which the default occurred (“<b>default shares</b>”) directing that a member shall not be entitled to vote, attend or speak at any general meeting or class meeting of the Company.</p> <p>Where default shares represent at least 0.25 per cent. of the class of shares concerned, the direction notice may in addition direct that any dividend which would otherwise be payable on such shares and any shares issued in lieu of a dividend that would otherwise be issued by the Company shall be retained by the Company without liability to pay interest or compensation and no transfer of any of the shares held by the member shall be registered unless it is a transfer on sale to a <i>bona fide</i> unconnected third party or by the acceptance of a takeover offer or through a sale through a recognised investment exchange as defined in FSMA. The prescribed period referred to above means not less than 14 days from the date of service of the notice under section 793 of the Companies Act 2006.</p>
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Section D – Risks		
D.2	<b>Key information on the risks specific to the Company</b>	<p>Investment in far east equities or those of companies that derive significant revenue or profit from the far east involves a greater degree of risk than that usually associated with investment in the securities in major securities markets. The securities that the Company owns may be considered speculative because of this higher degree of risk.</p> <p>The Company’s investments are subject to normal market fluctuations and the risks inherent in the purchase, holding or selling of securities and there can be no assurance that appreciation in the value of those investments will occur. Investment in emerging securities markets in the Asia Pacific region involves a greater degree of risk than that usually associated with investment in more developed securities markets including the risk of social, economic and political instability which may have an adverse effect on economic reforms or restrict investment opportunities.</p> <p>There are many factors, including changes in economic or industry conditions (including, for example, interest rates, recession, inflation, deflation, foreign exchange rates, demand for or production of commodities and competition), changes in environmental, tax or other laws or regulations, natural disasters, social or political instability, events or trends, acts of terrorism or war and general investor sentiment which</p>



		<p>could have a material adverse effect on the value of the Company's investments or materially restrict the investment opportunities available to the Company and, therefore, could substantially and adversely affect the Company's performance and prospects.</p> <p>The Company may invest in smaller capitalisation companies. As smaller companies do not have the financial strength, diversity and resources of larger companies, they may find it more difficult to operate in periods of economic slowdown or recession. In addition, the relatively small capitalisation of such companies could make the market in their shares less liquid and, as a consequence, their share price more volatile than investments in larger companies.</p> <p>The Company may invest in securities that are unquoted or not readily tradable or may accumulate investment positions that represent a significant multiple of the normal trading volumes of an investment, which may make it difficult for the Company to sell its investments and may lead to volatility in the market price of the Ordinary Shares. Accordingly, the Company will not necessarily be able to realise, within a short period of time period, an illiquid investment and any such realisation that may be achieved may be at considerably lower prices than the Company's valuation of that investment for the purpose of calculating the NAV per Ordinary Share.</p> <p>The Company may purchase investments that may be subject to exchange controls or withholding taxes in various jurisdictions. In the event that exchange controls or withholding taxes are imposed with respect to any of the Company's investments, the effect will generally be to reduce the income received by the Company on affected investments. Any reduction in the income received by the Company may lead to a reduction in the dividends paid on the Ordinary Shares.</p> <p>A proportion of the Company's portfolio may be held in cash or cash-equivalent investments from time to time. Such proportion of the Company's assets will be out of the market and will not benefit from positive stockmarket movements, but may give some protection against negative stockmarket movements.</p>
D.3	<b>Key information on the risks specific to the securities</b>	<p>Securities issued by the Company are designed to be held over the long-term and may not be suitable as short-term investments. There can be no guarantee that any appreciation in the value of the Company's investments will occur and the value of securities issued by the Company may go down as well as up. Accordingly, investors may not get back the full value of their original investment in any such securities.</p> <p>The market price of the 2025 CULS will be influenced by a number of factors, including the supply of, and demand for, 2025 CULS, the price, NAV and dividend yield of the Ordinary Shares, prevailing interest rates, market conditions and investor sentiment, either general or specific to the Company and there can be no guarantee that the market price of the 2025 CULS will fully reflect any value inherent in their convertibility into Ordinary Shares. Accordingly, the value of an investment in the 2025 CULS may go down as well as up and 2025 CULS Holders may not be able to realise the amount of their original investment.</p> <p>If, at any time after 31 May 2021, the middle market price of the Ordinary Shares is 20 per cent. or more above the Conversion Price for at least 20 dealing days during a period of 30 consecutive dealing days, the Company will be able to require 2025 CULS Holders to redeem their 2025 CULS at par. In such event, 2025 CULS Holders would be given a final opportunity to convert their 2025 CULS into Ordinary Shares. Following conversion of 80 per cent. or more of the 2025 CULS originally issued, the Company will be entitled to require remaining 2025 CULS</p>



		<p>Holders to convert their outstanding 2025 CULS into Ordinary Shares after they have been given an opportunity to have their 2025 CULS redeemed. If at any time after 31 May 2021 the nominal value of the outstanding 2025 CULS represents 30 per cent. or more of the Company's net assets, the Company shall be entitled to redeem all outstanding 2025 CULS at its nominal amount together with accrued interest up to (but excluding) the date of redemption. If any of these situations were to occur, 2025 CULS Holders would not be able to hold their 2025 CULS until the final maturity date of the 2025 CULS of 31 May 2025 and to have their 2025 CULS redeemed for cash on that date.</p> <p>The 2025 CULS Trust Deed will not contain any restriction on borrowings (including borrowings ranking ahead of the 2025 CULS), the disposal of assets or the creation of charges by, or changes in, the nature of the business of the Company. Any material increase in the Company's borrowings, material disposal of assets or creation of charges by, or material changes in, the nature of the Company's business could adversely affect the rights of the 2025 CULS Holders and the value of the 2025 CULS and/or the Ordinary Shares.</p> <p>On a winding-up of the Company, the nominal amount of the 2025 CULS will rank ahead of the Ordinary Shares but will be subordinated to the Company's other borrowings and creditors. Therefore, the rights and remedies available to the Trustee and 2025 CULS Holders may be limited by applicable winding-up, insolvency, re-organisation, moratorium or similar provisions relating to or affecting creditors' rights generally.</p>
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Section E – Issues		
E.2b	<b>Reasons for the Issues and use of proceeds</b>	<p>In May 2012 the Company issued the 2019 CULS in the amount of £35 million of which 30,301,810 remain in issue as at the date of this Prospectus. The 2019 CULS are due to be repaid on 31 May 2019. Ahead of the due date for their repayment and possible conversion of all 2019 CULS into Ordinary Shares, the Board, following a review of strategic options, concluded that extending and increasing the Company's structural gearing for a further period beyond May 2019 would be in the best interests of the Company.</p> <p>The Board has proposed the Proposals a year before the scheduled maturity of the existing 2019 CULS in part to take advantage of the opportunity in current market conditions to issue the 2025 CULS on terms attractive to the Company.</p> <p>The Issue is expected to increase the total outstanding convertible loan capital of the Company to up to £37 million. The Directors intend to apply the net proceeds of the Issue to maintain a level of structural gearing in order to assist the Company enhance investment returns for shareholders.</p>
E.3	<b>Terms and conditions of the Issue</b>	<p>Up to £37 million nominal of 2025 CULS is available under the Issue at an issue price of 100p per £1 nominal of 2025 CULS. Panmure Gordon has conditionally placed £17 million nominal of 2025 CULS currently available under the Issue (including certain 2019 CULS Holders) at the Issue Price, subject to claw back to satisfy valid applications made by existing shareholders under the Open Offer and 2025 CULS issued pursuant to the Reinvestment Scheme.</p> <p>The Open Offer of 2025 CULS provides Qualifying Shareholders with the opportunity to participate in the Issue by subscribing for their Open Offer Entitlements on a pre-emptive basis (being £0.29227324 nominal of 2025 CULS for each Ordinary Share held at the Record Date) and to make excess applications under the Excess Application Facility, if they wish to do so, up to a maximum amount equal to 100 per cent. of their Open Offer</p>

		<p>Entitlement, subject to 2025 CULS being available once all of the applications for <i>pro rata</i> entitlements under the Open Offer have been taken into account and the Issue not otherwise being scaled back in accordance with the terms and conditions set out in Part VI of this Prospectus.</p> <p>The result of the Open Offer, the Reinvestment Scheme, the exercising of the Special Conversion Right and the Placing including details of any scaling back of applications under the Excess Application Facility or of the Issue as a whole, is expected to be announced through an RIS on 22 May 2018.</p> <p>The Issue is conditional, <i>inter alia</i>, upon:</p> <ul style="list-style-type: none"> <li>(a) the passing of the Extraordinary Resolution at the Stockholders' Meeting;</li> <li>(b) the passing of special resolution 1 at the General Meeting;</li> <li>(c) receipt of subscription monies under the Issue in respect of an aggregate of not less than £10 million (or such lower amount as the Company, the AFML and Panmure Gordon may agree in writing);</li> <li>(d) the Placing Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms prior to Admission; and</li> <li>(e) Admission taking place no later than 8.00 a.m. on 29 May 2018 (or such later time and/or date as the Company, AFML and Panmure Gordon may agree (being no later than 8.00 a.m. on 12 June 2018)).</li> </ul> <p>In the event that these conditions are not satisfied by 8.00 a.m. on 12 June 2018, the Issue will not proceed. Any application monies which have been received will be returned (at the applicant's sole risk) without payment of interest, as soon as possible thereafter.</p> <p>If the Issue is fully subscribed and £37 million nominal of 2025 CULS is issued and approximately half of the 2019 CULS opt for the Reinvestment Scheme, the costs of the Issue (excluding VAT but including Stamp Duty on the basis that approximately half of the 2019 CULS roll over pursuant to the Reinvestment Scheme, which will be borne by the Company) are estimated to be approximately £0.78 million, equivalent to approximately 0.2 per cent. of the Company's unaudited net assets as at 18 April 2018. The Directors intend to apply the Net Issue Proceeds, which will be approximately £36.22 million (on the assumption that the Issue is fully subscribed), for investment in accordance with the Company's investment policy.</p>
E.4	<b>Material interests</b>	Not applicable. No interest is material to the Issue.
E.7	<b>Estimated expenses charged to investors</b>	Not applicable. There are no direct costs charged to investors.

## RISK FACTORS

**The Company believes that the following factors may affect its ability to fulfil its obligations under the 2025 CULS. All of these factors are contingencies which may or may not occur and the Company is not in a position to express a view on the likelihood of any such contingency occurring.**

**Any of these risk factors, individually or in the aggregate, could have an adverse effect on the Company and the impact each risk could have on the Company is set out below.**

**Factors which the Company believes may be material for the purpose of assessing the market risks associated with the Company are also described below.**

**The Company believes that the factors described below represent the principal risks inherent in investing in the 2025 CULS, but the Company may be unable to pay interest, principal or other amounts on or in connection with the 2025 CULS for other reasons, and the Company does not represent that the statements below regarding the risks of holding the 2025 CULS are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.**

### 1. RISKS RELATING TO THE ISSUE

- 1.1 Securities issued by the Company are designed to be held over the long-term and may not be suitable as short-term investments. There can be no guarantee that any appreciation in the value of the Company's investments will occur and the value of securities issued by the Company may go down as well as up. Accordingly, investors may not get back the full value of their original investment in any such securities.
- 1.2 The past performance of the Company is not, and should not be relied upon as, a guide to the future performance of the Company and there can be no guarantee that the Company will achieve its investment objective.
- 1.3 There can be no guarantee that a liquid market will exist in securities issued by the Company and it may be difficult to realise an investment in such securities at their quoted market price.
- 1.4 An investment in the Company should constitute part of a diversified investment portfolio and is only suitable for investors capable of evaluating the risks (including the potential risk of capital loss) and merits of such investment and who have sufficient resources to bear any loss which may result from such investment.

### 2. 2025 CULS

- 2.1 The market price of the 2025 CULS will be influenced by a number of factors, including the supply of, and demand for, 2025 CULS, the price, NAV and dividend yield of the Ordinary Shares, prevailing interest rates, market conditions and investor sentiment, either general or specific to the Company and there can be no guarantee that the market price of the 2025 CULS will fully reflect any value inherent in their convertibility into Ordinary Shares. Accordingly, the value of an investment in the 2025 CULS may go down as well as up and 2025 CULS Holders may not be able to realise the amount of their original investment.
- 2.2 If, at any time after 31 May 2021, the middle market price of the Ordinary Shares is 20 per cent. or more above the Conversion Price for at least 20 dealing days during a period of 30 consecutive dealing days, the Company will be able to require 2025 CULS Holders to redeem their 2025 CULS at par. In such event, 2025 CULS Holders would be given a final opportunity to convert their 2025 CULS into Ordinary Shares. Following conversion of 80 per cent. or more of the 2025 CULS originally issued, the Company will be entitled to require remaining 2025 CULS Holders to convert their outstanding 2025 CULS into Ordinary Shares after they have been given an opportunity to have their 2025 CULS redeemed. If at any time after 31 May 2021 the nominal value of the outstanding 2025 CULS represents 30 per cent. or more of the Company's net assets, the Company shall be entitled to redeem all outstanding 2025 CULS at its nominal amount together with accrued interest up to (but excluding) the date of redemption. If any of these situations were to occur, 2025 CULS Holders would not be able to

hold their 2025 CULS until the final maturity date of the 2025 CULS of 31 May 2025 and to have their 2025 CULS redeemed for cash on that date.

- 2.3 The 2025 CULS Trust Deed will not contain any restriction on borrowings (including borrowings ranking ahead of the 2025 CULS), the disposal of assets or the creation of charges by, or changes in, the nature of the business of the Company. Any material increase in the Company's borrowings, material disposal of assets or creation of charges by, or material changes in, the nature of the Company's business could adversely affect the rights of the 2025 CULS Holders and the value of the 2025 CULS and/or the Ordinary Shares.
- 2.4 On a winding-up of the Company, the nominal amount of the 2025 CULS will rank ahead of the Ordinary Shares but will be subordinated to the Company's other borrowings and creditors. Therefore, the rights and remedies available to the Trustee and 2025 CULS Holders may be limited by applicable winding-up, insolvency, re-organisation, moratorium or similar provisions relating to or affecting creditors' rights generally.

### **3. ORDINARY SHARES**

- 3.1 The Company will only pay dividends on the Ordinary Shares to the extent that it has profits available for that purpose, which will largely depend on the amount of income that the Company receives on its investments and the timing of such receipt. Accordingly, the amount of dividends payable by the Company may fluctuate.
- 3.2 The market price and the realisable value of the Ordinary Shares as well as being affected by their underlying net asset value, also take into account supply and demand, market conditions and general investor sentiment. As such, the market value and the realisable value of the Ordinary Shares may fluctuate and vary considerably from the NAV per Ordinary Share and may fall when the underlying NAV per Ordinary Share is rising, or vice versa. Accordingly, the value of an investment in the Ordinary Shares may go down as well as up and Shareholders may not be able to realise the amount of their original investment.
- 3.3 The Company does not have a fixed winding-up date and Shareholders have no right to have their Ordinary Shares repurchased by the Company. Accordingly, unless Shareholders vote to wind up the Company, Shareholders wishing to realise their investment in the Company will be required to dispose of their Ordinary Shares through the market and they may be unable to realise their Ordinary Shares at their quoted market price.
- 3.4 Shareholders, including those who apply for up to their full entitlements under the Open Offer, will suffer a reduction in their proportionate ownership and voting interest in the share capital of the Company as represented by their holding of Ordinary Shares upon any conversion of the 2025 CULS.
- 3.5 In the event of a winding-up of the Company, the Ordinary Shares will rank behind any creditors or prior ranking capital of the Company, including the 2025 CULS.

### **4. THE COMPANY'S INVESTMENTS**

- 4.1 Investment in far east equities or those of companies that derive significant revenue or profit from the far east involves a greater degree of risk than that usually associated with investment in the securities in major securities markets. The securities that the Company owns may be considered speculative because of this higher degree of risk.
- 4.2 The Company may not achieve its investment objective. Meeting that objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it can or will be met.
- 4.3 The Company's investments are subject to normal market fluctuations and the risks inherent in the purchase, holding or selling of securities and there can be no assurance that appreciation in the value of those investments will occur. Investment in emerging securities markets in the Asia Pacific region involves a greater degree of risk than that usually associated with investment in more developed securities markets including the risk of social, economic and political instability which may have an adverse effect on economic reforms or restrict investment opportunities.

- 4.4 There are many factors, including changes in economic or industry conditions (including, for example, interest rates, recession, inflation, deflation, foreign exchange rates, demand for or production of commodities and competition), changes in environmental, tax or other laws or regulations, natural disasters, social or political instability, events or trends, acts of terrorism or war and general investor sentiment which could have a material adverse effect on the value of the Company's investments or materially restrict the investment opportunities available to the Company and, therefore, could substantially and adversely affect the Company's performance and prospects.
- 4.5 The Company may invest in smaller capitalisation companies. As smaller companies do not have the financial strength, diversity and resources of larger companies, they may find it more difficult to operate in periods of economic slowdown or recession. In addition, the relatively small capitalisation of such companies could make the market in their shares less liquid and, as a consequence, their share price more volatile than investments in larger companies.
- 4.6 The Company may invest in securities that are unquoted or not readily tradable or may accumulate investment positions that represent a significant multiple of the normal trading volumes of an investment, which may make it difficult for the Company to sell its investments and may lead to volatility in the market price of the Ordinary Shares. Accordingly, the Company will not necessarily be able to realise, within a short period of time period, an illiquid investment and any such realisation that may be achieved may be at considerably lower prices than the Company's valuation of that investment for the purpose of calculating the NAV per Ordinary Share.
- 4.7 The Company may purchase investments that may be subject to exchange controls or withholding taxes in various jurisdictions. In the event that exchange controls or withholding taxes are imposed with respect to any of the Company's investments, the effect will generally be to reduce the income received by the Company on affected investments. Any reduction in the income received by the Company may lead to a reduction in the dividends paid on the Ordinary Shares.
- 4.8 A proportion of the Company's portfolio may be held in cash or cash-equivalent investments from time to time. Such proportion of the Company's assets will be out of the market and will not benefit from positive stockmarket movements, but may give some protection against negative stockmarket movements.
- 4.9 As there has not always been a meaningful smaller companies index against which to compare performance, the Company uses two general regional indices the MSCI AC Asian Pacific ex-Japan Index and the MSCI AC Asia Pacific ex-Japan Small Cap Index (currency adjusted). As the Company's portfolio of assets reflects the Manager's convictions, the Manager does not seek to replicate these indices constructing the portfolio. The portfolio may, therefore, diverge substantially from the constituents of these indices.

## **5. GEARING**

- 5.1 The 2025 CULS provide gearing for the Company. All gearing used by the Company must be in accordance with its investment policy. Whilst the use of gearing is intended to enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is rising and exceeds the costs associated with the gearing, it should be expected to have the opposite effect where the underlying return is less than the cost of borrowing, further reducing the total return on the Ordinary Shares.
- 5.2 The use of borrowing including the issue of 2025 CULS and/or other debt or borrowing by the Company may increase the volatility of the NAV and market price of the Ordinary Shares and, as a result, the market price of the 2025 CULS. There is no guarantee that any borrowings of the Company will be refinanced on their maturity either on terms that are acceptable to the Company or at all.

## **6. FOREIGN EXCHANGE**

- 6.1 The Company will account for its activities, report its results and the NAV per Ordinary Share and declare and pay dividends in sterling while its investments will be made and realised in other currencies. It is not the Company's present intention to engage in currency hedging, although it reserves the right to do so. Accordingly, the movement of exchange rates between sterling and the other currencies in

which the Company's investments are denominated or its borrowings are drawn down may have a material effect, favourable or unfavourable, on the returns otherwise experienced on the investments made by the Company.

## **7. TAXATION**

- 7.1 The Company seeks to conduct its business so as to satisfy the conditions for approval as an investment trust under Chapter 4 of Part II4 of the CTA 2010. Breach of the tests that the Company must meet to obtain approval as an investment trust could lead to the Company being subject to tax on capital gains and, if that were to occur, would reduce the returns to Shareholders.
- 7.2 Any change in the Company's tax status, tax treaty rates, tax laws (or their interpretation) or in the tax treatment of interest, dividends or other investment income received by the Company could affect the value of the investments held by the Company, affect the Company's ability to provide returns to its Shareholders or alter the post-tax returns to its Shareholders.
- 7.3 The Company may purchase investments that may be subject to exchange controls or withholding taxes in various jurisdictions. In the event that exchange controls or withholding taxes are imposed with respect to any of the Company's investments, the effect will generally be to reduce the income received by the Company on its investments and the capital value of the affected investments.
- 7.4 Statements in this Prospectus concerning taxation are based on current UK tax laws and what is understood to be current UK practice, both of which are subject to change, possibly with retrospective effect. Accordingly, the levels of, and reliefs from, taxation referred to in this Prospectus may change. The taxation of an investment in the Company will depend on the individual circumstances of the investor. The information in this Prospectus relating to taxation law and practice is given by way of general summary and does not constitute legal or tax advice to investors.

## **8. ACCOUNTING PRACTICES AND POLICIES**

- 8.1 Any change in financial reporting standards or accounting practices applicable to the Company could affect the reported value of investments held by the Company or the level of profits available for the payment of dividends and, accordingly, could reduce the returns to Shareholders.
- 8.2 The interest expense on the 2025 CULS is calculated according to the effective interest rate method by assuming the coupon rate of an equivalent non-convertible obligation of the Company. The interest expenses on the 2025 CULS will be charged to the revenue account in accordance with the Company's existing policy of charging all expenses to the revenue account. This could reduce the level of profit available for the payment of dividend and could reduce the returns to the holders of Ordinary Shares.

## **9. THE INVESTMENT MANAGER**

- 9.1 The success of the Company and the achievement of its investment objective are largely dependent on the Investment Manager's expertise in acquiring, managing and disposing of assets in accordance with the Company's investment policy. There can be no guarantee that any individual referred to in this Prospectus will remain with the Investment Manager and the personnel employed by the Investment Manager may change from time to time. The departure of a key fund manager may have an adverse effect on the performance of the Company.
- 9.2 Although the Investment Manager has been successful in identifying suitable investments for the Company in the past, it may not be able to do so in the future. Any failure to find a sufficient number of attractive investment opportunities for the Company could have a material adverse effect on the Company's performance and prospects.
- 9.3 Before making investments, the Investment Manager conducts such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. There can be no assurance that due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating that investment opportunity.



- 9.4 The Investment Manager may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Company. In particular, it currently does, and will continue to, provide investment management, investment advice or other services in relation to a number of other clients that may have similar investment objectives and/or policies to that of the Company and may receive ad valorem and/or performance-related fees for doing so. The Investment Manager may give advice or take action with respect to such other clients that differs from the advice given or actions taken with respect to the Company.
- 9.5 The Investment Manager may act as investment manager or investment advisor to other clients (including investment companies) who may invest in securities in which the Company may invest, and, in providing such services, may use information obtained by the Investment Manager in managing the Company's investments. In the event of a conflict of interest arising, the Investment Manager will take reasonable steps to ensure that it is resolved fairly in accordance with its conflict of interest policy. Neither the Investment Manager nor any of its associates will be liable to account to the Company for any profit, commission or remuneration earned as a result of such conflict.

## 10. LEGAL AND REGULATORY

- 10.1 The Company and the Investment Manager are both subject to laws and regulations enacted by national, regional and local governments and institutions. In particular, the Company will be required to comply with certain statutory requirements under English law applicable to a company incorporated in England and Wales, the Listing Rules and the Disclosure and Transparency Rules. In particular, the Company is subject to the continuing obligations imposed by the UKLA on all investment companies whose shares are listed on the premium section of the Official List. Compliance with and the monitoring of applicable regulations may be difficult, time consuming and costly. Any changes to such regulation could affect the market value of the Portfolio and/or the rental income desired therefrom. In such event, the investment returns of the Company may be materially adversely affected.
- 10.2 The EU Directive on Alternative Investment Fund Managers ("**AIFMD**"), came into force on 22 July 2013 and regulates alternative investment fund managers and prohibits such alternative investment fund managers from managing any alternative investment fund ("**AIF**") or marketing shares in such AIFs to investors in the EU unless, in respect of alternative investment fund managers based in the EU, authorisation under the AIFMD is granted to the alternative investment fund manager. The alternative investment fund manager of the Company must comply with various obligations in relation to itself and the Company. In the event that any future regulatory changes arise from the implementation of the AIFMD that impair the ability of the alternative investment fund manager to manage the investments of the Company, or limit the ability of the Company to market future issues of its Ordinary Shares, the ability of the Company to carry out its investment policy and strategy and achieve its investment objective could be adversely affected.
- 10.3 For regulatory, tax and other purposes, the Company and the Ordinary Shares may potentially be treated in different ways in different jurisdictions. For instance, in certain jurisdictions and for certain purposes, the Ordinary Shares may be treated as akin to holding units in a collective investment scheme, which may have an adverse effect on the taxation of Shareholders in such jurisdictions. Furthermore, in certain jurisdictions, the treatment of the Company and/or the Ordinary Shares may be uncertain or subject to change, or it may differ depending on the availability of certain information or disclosure by the Company of that information. While it will continue to comply with all regulatory requirements placed upon it, the Company may be constrained from disclosing, or may find it unduly onerous to disclose, any or all of such information or to prepare or disclose such information in a form or manner which satisfies the regulatory, tax or other authorities in certain overseas jurisdictions. Failure to disclose or make available information in the prescribed manner or format, or at all, may adversely impact the Company in those jurisdictions, and therefore the price of the Ordinary Shares.
- 10.4 On 23 June 2016, the United Kingdom held a referendum on the United Kingdom's continued membership of the European Union. This resulted in a vote for the United Kingdom to leave the European Union ("**Brexit**"). There are significant uncertainties in relation to the terms and time within which such an exit will be effected, and there are significant uncertainties as to what impact will be on the fiscal, monetary, legal and regulatory landscape in the UK. The extent impact on the Company will depend in large part on the nature of the arrangements that are in place between the United Kingdom and the European Union following Brexit. Although impossible to predict fully the effects of the exit of



the United Kingdom from the European Union, any of these risks, taken singularly or in the aggregate, could have a material adverse effect on the Company and its opportunities for investments. In addition, it could potentially make it more difficult for the Company to raise capital.

## **11. PACKAGED RETAIL AND INSURANCE-BASED INVESTMENT PRODUCTS (“PRIIPS”)**

Investors should be aware that the PRIIPs Regulation requires the Investment Manager, as PRIIP manufacturer, to prepare a key information document (“KID”) in respect of the Company. This KID must be made available by the Investment Manager to retail investors prior to them making any investment decision and will be available on the Company’s website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

## **12. COMPLEX FINANCIAL INSTRUMENTS**

MiFID II has narrowed the categories of product that can be considered “non-complex”, and therefore broadened the number of products that are subject to an appropriateness assessment under the legislation as a “complex” product. In order to be considered non-complex, a product should not incorporate a clause, condition or trigger that could fundamentally alter the nature or risk of the investment or pay out profile, such as investments that incorporate a right to convert the instrument into a different investment. Convertible unsecured loan stock may therefore be classed as a complex financial instrument for MiFID II purposes. The corresponding appropriateness assessment may complicate the issue of financial instruments (including convertible unsecured loan stock), in dealings with investment platforms, for example. There remains uncertainty over whether particular products will be considered complex or non-complex for MiFID II purposes. The categorisation of investment products may therefore be subject to change.

## **13. RISKS RELATING TO THIRD PARTY SERVICE PROVIDERS**

The Company has no employees and the Directors have all been appointed on a non-executive basis. Whilst the Company has taken all reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations, the Company is reliant upon the performance of third party service providers for certain of its executive functions. In particular, the Investment Manager, the AIFM, the Administrator, the Company Secretary, the Depositary, the Receiving Agent and the Registrar and their respective delegates will be performing services which are integral to the operation of the Company. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company.

The termination of the Company’s relationship with any third-party service provider or any delay in appointing a replacement for such service provider, could disrupt the business of the Company materially and could have a material adverse effect on the Company’s performance and returns to Shareholders.

Further, misconduct or misrepresentations by employees of the AIFM, the Investment Manager or other third-party service providers could cause significant loss to the Company.

The past performance of other investments managed or advised by the AIFM or the AIFM’s investment professionals or the Investment Manager or Investment Manager’s investment professionals cannot be relied upon as an indicator of the future performance of the Company. Investor returns will be dependent upon the Company successfully pursuing its investment objective and investment policy. The success of the Company will depend, *inter alia*, on the Investment Manager’s ability to identify, acquire and develop, assets in accordance with the Company’s investment objective and investment policy. This, in turn, will depend on the ability of the Board and the Investment Manager to apply its investment analysis processes in a way which is capable of identifying suitable assets for the Company to invest in. There can be no assurance that the Board or the Investment Manager will be able to do so or that the Company will be able to generate any investment returns for Shareholders or indeed avoid investment losses.

## IMPORTANT INFORMATION

Investors should rely only on the information contained in this Prospectus. No person has been authorised to give any information or to make any representations other than those contained in this Prospectus in connection with the Issue and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Investment Manager or Panmure Gordon. Neither the delivery of this Prospectus nor any application for 2025 CULS pursuant to this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Prospectus or that the information contained in this Prospectus is correct as of any time subsequent to its date.

Neither the 2025 CULS, the 2019 CULS nor the Ordinary Shares arising on any conversion of the 2025 CULS or 2019 CULS have been, or will be, registered under the United States Securities Act of 1933 (as amended) (the “**US Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States, and they may not be offered or sold within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act) (“**US Persons**”). In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940 (as amended) (“**Investment Company Act**”) and the recipients of this Prospectus will not be entitled to the benefits of that Act. This Prospectus should not be distributed into the United States or to US Persons.

None of the 2025 CULS, the 2019 CULS, the Ordinary Shares arising on any conversion of the 2025 CULS, the 2019 CULS or this Prospectus have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the 2025 CULS or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

### Overseas Shareholders

Neither this Prospectus nor the Application Form constitutes an offer to sell or the solicitation of an offer to buy or subscribe for 2025 CULS or any Ordinary Shares arising on any conversion of the 2025 CULS in the United States or in any other jurisdiction in which such offer or solicitation is unlawful and neither this Prospectus nor the Application Form is for distribution, directly or indirectly, in, into or from an Excluded Jurisdiction.

Neither the 2025 CULS, the 2019 CULS nor the Ordinary Shares arising on any conversion of the 2025 CULS or the 2019 CULS have been, or will be, registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state or other jurisdiction of the United States or under the applicable securities laws of any other Excluded Jurisdiction. Neither the 2025 CULS, the 2019 CULS nor the Ordinary Shares arising on any conversion of the 2025 CULS, may be directly or indirectly offered, sold, renounced, transferred, taken up or delivered in, into or within an Excluded Jurisdiction or to or for the account or benefit of US Persons, or any person resident in any other Excluded Jurisdiction, or any other country or territory where to do so would or might contravene local securities laws or regulations. Application Forms are not being posted to any person in the United States and no Open Offer Entitlements will be credited to a stock or share account of any person in the United States. None of the 2025 CULS, the 2019 CULS nor the Ordinary Shares, this Prospectus or the Application Form have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the 2025 CULS or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The attention of Overseas Shareholders and other recipients of this Prospectus who are residents or citizens of any country other than the United Kingdom or who have a contractual or other legal obligation to forward this Prospectus, the Form of Proxy or, where relevant, the Application Form to a jurisdiction outside the United Kingdom (including without limitation custodians, nominees and trustees) is drawn to paragraph 5 of Part VI of this Prospectus.

It is the responsibility of any person receiving a copy of this Prospectus outside the United Kingdom to satisfy themselves as to the full observance of the laws and regulatory requirements of the relevant territory

in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any other issue, transfer or other taxes due in such other territory. Persons (including, without limitation, nominees and trustees) receiving this Prospectus, the Form of Proxy and, where relevant, the Application Form should not distribute or send it into any jurisdiction when to do so would, or might, contravene local securities laws or regulations. Any person who does forward this Prospectus into any such jurisdictions should draw the recipient's attention to the contents of paragraph 5 of Part VI of this Prospectus.

### **Regulatory Information**

As an investment trust, the 2025 CULS will be excluded securities under the FCA's rules on non-mainstream pooled investments. Accordingly, the promotion of the 2025 CULS will not be subject to the FCA's restriction on the promotion of non-mainstream pooled investments. The 2025 CULS should be considered as "complex" in accordance with MiFID II.

### **Forward-looking statements**

The Prospectus contains, or is deemed to incorporate by reference, certain forecasts, projections and forward-looking statements – that is, statements related to future, not past events – with respect to the financial condition, results of operations and businesses of the Company and certain of the plans and objectives of the Company with respect to these items. These statements may generally, but not always, be identified by the use of words such as 'will', 'expects', 'is expected to', 'aims', 'should', 'may', 'objective', 'is likely to', 'intends', 'believes', 'anticipates', 'plans', 'we see' or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of the Company.

Actual results may differ materially from those expressed in such statements, depending on a variety of factors discussed elsewhere in the Prospectus including under "Risk Factors". In addition to factors set forth elsewhere in the Prospectus, those referenced above are important factors, although not exhaustive, that may cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

All forward-looking statements contained in this Prospectus are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Readers should specifically consider the factors identified in this Prospectus that could cause actual results to differ before taking any action in respect of the Issue.

Each forward-looking statement speaks only as at the date of this Prospectus. The Company does not assume any obligation to update or correct the information contained in this Prospectus (whether as a result of new information, future events or otherwise), except as required by applicable law. In particular, the Company will comply with its obligation to publish supplementary prospectuses containing further updated information as required by law or by a regulatory authority and, in particular, its obligations under the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules (as appropriate). In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this Prospectus.

The statements above relating to forward-looking statements should not be construed as a qualification on the opinion as to working capital set out in paragraph 8 of Part IX (*Additional information*).

### **No profit forecasts or estimates**

No statement in this Prospectus is intended as a profit forecast or estimate for any period.

No statement in this Prospectus should be interpreted to mean that earnings or earnings per share or dividend per share or cash flow from operations or free cash flow for the Company for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share or dividend per share or cash flow from operations or free cash flow for the Company.

**Historical financial information relating to the Company**

All financial information relating to the Company contained in this Prospectus, unless otherwise stated, has been extracted or derived, without material adjustment, from the 2017 Annual Report, 2016 Annual Report and 2015 Annual Report. Financial information contained in this Prospectus relating to the six-month periods ended 31 January 2018, unless otherwise stated, has been extracted or derived, without material adjustment, from the Interim Results.

**Latest practicable date**

All references in this Prospectus to 18 April 2018 should be regarded as being references to the latest practicable date prior to the publication of this Prospectus.

**Documents Incorporated by Reference**

Certain information contained in the 2017 Annual Report, 2016 Annual Report, 2015 Annual Report and the Interim Results of the Company are incorporated by reference into this Prospectus and further details are set out in Part VII (*Financial Information*) of this Prospectus. The parts of the 2017 Annual Report, 2016 Annual Report, 2015 Annual Report and the Interim Results not incorporated in Part VII of this Prospectus are either not relevant for investors or are covered elsewhere in this Prospectus

Documents incorporated by reference shall be incorporated in, and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Following the publication of this Prospectus, a supplement may be prepared by the Company and approved by the UKLA in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Prospectus.

The Company will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus prior to the Issue Date which is capable of affecting the assessment of the Issue, prepare a supplement to this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Company and from the specified offices of the Registrar for the time being in London. Copies of documents incorporated by reference in this Prospectus are also available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

## EXPECTED TIMETABLE

Record date for entitlements under the Open Offer	6.00 p.m. on 18 April 2018
Open Offer opens and the Prospectus, Application Forms and Forms of Proxy despatched	20 April 2018
Stockholder Meeting Circular despatched	20 April 2018
Period for exercise of the Special Conversion Right opens	20 April 2018
Ex-entitlement Date	8.00 a.m. on 23 April 2018
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	6.00 p.m. on 24 April 2018
Latest recommended time and date for requested withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 14 May 2018
Latest time and date for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 15 May 2018
<b>Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims)</b>	<b>3.00 p.m. on 16 May 2018</b>
<b>Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) and Open Offer closed</b>	<b>11.00 a.m. on 18 May 2018</b>
Last time and date for the exercise by 2019 CULS Holders of their Special Conversion Right	11.00 a.m. on 18 May 2018
Record date for the Reinvestment Scheme and the Special Conversion Right	6.00 p.m. on 18 May 2018
<b>Latest time and date for receipt of Forms of Proxy and electronic proxy appointments via CREST system for use at General Meeting</b>	<b>9.00 a.m. on 21 May 2018</b>
<b>Latest time and date for receipt of Forms of Proxy and electronic proxy appointments via CREST system for use at Stockholder Meeting</b>	<b>9.05 a.m. on 21 May 2018</b>
Result of the Reinvestment Scheme, Placing and Open Offer and conversion premium announced through an RIS	22 May 2018
General Meeting to approve matters in connection with the Issue	9.00 a.m. 23 May 2018
Stockholder Meeting to approve matters in connection with the Reinvestment Scheme Offer	9.05 a.m. 23 May 2018
Record Date for final interest payment on 2019 CULS	6.00 p.m. on 25 May 2018

Admission and commencement of dealings in 2025 CULS on London Stock Exchange's Main Market	8.00 a.m on 29 May 2018
Cancellation of listing of 2019 CULS	8.00 a.m on 29 May 2018
CREST stock accounts credited with 2025 CULS and Ordinary Shares issued in uncertificated form	29 May 2018
Definitive certificates for 2025 CULS and Ordinary Shares issued in certificated form despatched	week commencing 4 June 2018

**Notes:**

1. References to times in this Prospectus are to London time.
2. All times and dates in the expected timetable above, elsewhere in this Prospectus and in the Application Form are indicative only and may be adjusted by the Company (with the agreement of Panmure Gordon). Any changes to the timetable will be notified by publication of a notice through an RIS.
3. 2019 CULS Holders who hold their securities in CREST should inform themselves of CREST's requirements in relation to electronic proxy appointments.

## ILLUSTRATIVE ISSUE STATISTICS<sup>1</sup>

2025 CULS interest rate (per annum)	2.25 per cent.
Nominal amount of 2025 CULS to be issued	the target issue is £37 million
2025 CULS to be issued under the Reinvestment Scheme Offer	such number of 2025 CULS as will equate to the number of 2019 CULS sold pursuant to the Reinvestment Scheme at the Reinvestment Price
2025 CULS to be issued under Placing	such number of 2025 CULS placed or to be placed by Panmure Gordon less clawback, if any, resulting from the Reinvestment Scheme and the Open Offer
2025 CULS available under Open Offer	up to £10 million
2025 CULS issue price per £1 nominal	£1
2025 CULS conversion premium <sup>2</sup>	20 per cent.
Illustrative Conversion Price <sup>3</sup>	1,415p
Estimated Net Issue Proceeds	£36.22 million
Ordinary Shares	
Number of Ordinary Shares in issue as at 18 April 2018	34,214,560
Number of Ordinary Shares to be issued on exercise of 2025 CULS conversion rights <sup>4</sup>	2,614,841

## DEALING CODES

	<i>Ordinary Shares</i>	<i>2019 CULS</i>	<i>2025 CULS</i>	<i>Open Offer Base Entitlement</i>
ISIN	GB0000100767	GB00B7ZMLM88	GB00BFZ0WT29	GB00BFZWW430
SEDOL number	00100767	B7ZMLM8	BFZ0WT29	BF2WW430
TIDM	AAS	AASC	AASC	

<sup>1</sup> The statistics set out above are for illustrative purposes only based on the assumption that the Issue is subscribed for in full and that £37 million nominal of 2025 CULS is issued pursuant to the Issue.

<sup>2</sup> To the unaudited NAV per Ordinary Share as at close of business on 18 May 2018.

<sup>3</sup> For illustrative purposes only, calculated as if the Conversion Price had been calculated as at close of business on 18 April 2018.

<sup>4</sup> Based on the illustrative Conversion Price and on the assumption that all of the 2025 CULS are converted into Ordinary Shares.



## **DIRECTORS, INVESTMENT MANAGER, ADVISERS AND SERVICE PROVIDERS**

### **Directors**

Nigel Cayzer  
Randal Alexander McDonnell, Viscount Dunluce  
Haruko Fukuda OBE  
Martin Gilbert (*Hugh Young as alternate*)  
Chris Maude  
Philip Yea

*all non-executive and of  
Bow Bells House, 1 Bread Street, London EC4M 9HH*

### **Investment Manager**

Aberdeen Asset Management Asia Limited  
21 Church Street  
#01-01 Capital Square Two  
Singapore 049481

### **Company Secretary and Registered Office**

Aberdeen Asset Management PLC  
Bow Bells House  
1 Bread Street  
London EC4M 9HH

### **Financial Adviser, Broker and Placing Agent**

Panmure Gordon (UK) Limited  
One New Change  
London EC4M 9AF

### **Alternative Investment Fund Manager and Administrator**

Aberdeen Fund Managers Limited  
Bow Bells House  
1 Bread Street  
London EC4M 9HH

### **Depository**

BNP Paribas Securities Services, London  
Branch  
10 Harewood Avenue  
London NW1 6AA

### **Solicitors to the Company**

Dentons UK and Middle East LLP  
Quatermile One, 15 Lauriston Place  
Edinburgh EH3 9EP

### **Auditor**

Ernst & Young LLP  
Atria One  
144 Morrison St  
Edinburgh EH3 8EX

### **Registrar and Receiving Agent**

Equiniti  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA

### **Trustee to the 2025 CULS**

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

## PART I

### LETTER FROM THE CHAIRMAN

## Aberdeen Asian Smaller Companies Investment Trust PLC

*(Incorporated in England and Wales with registered number 03106339;  
an investment company under section 833 of the Companies Act 2006)*

#### *Directors*

Nigel Cayzer (*Chairman*)  
Randal Alexander McDonnell, Viscount Dunluce  
Haruko Fukuda OBE  
Martin Gilbert (*Hugh Young as alternate*)  
Chris Maude  
Philip Yea

*Registered Office*  
Bow Bells House  
1 Bread Street  
London  
EC4M 9HH

20 April 2018

*To Shareholders and, for information, Savings Plan Participants*

Dear Shareholder

### PROPOSED ISSUE OF UP TO £37 MILLION NOMINAL OF 2025 CULS AND NOTICE OF GENERAL MEETING

#### INTRODUCTION

Further to recent announcements made by the Company, the Board today announced its proposals to issue up to £37 million of a new class of 2025 CULS at an issue price of 100p per £1 nominal. The proposed issue comprises:

- (a) a placing by Panmure Gordon (the “**Placing**”) subject to clawback to satisfy valid applications made by existing shareholders under the Open Offer and 2025 CULS issued pursuant to the Reinvestment Scheme (as detailed below);
- (b) an open offer providing Qualifying Shareholders with the opportunity to participate in the Issue by subscribing for their Open Offer Entitlements on a pre-emptive basis (the “**Open Offer**”); and
- (c) subscription for 2025 CULS by 2019 CULS Holders under the reinvestment scheme more fully described under *Summary of the Reinvestment Scheme* below (the “**Reinvestment Scheme**”).

At the same time, an opportunity is proposed to be offered to those 2019 CULS Holders not wishing to sell their 2019 CULS pursuant to the Reinvestment Scheme to convert their 2019 CULS into Ordinary Shares (the “**Special Conversion Right**”).

The Placing, Open Offer and the Reinvestment Scheme are hereafter referred to as the “**Issue**”. The Issue, the Special Conversion Right and the proposed change to the Company’s investment objective and investment policy are hereafter referred to as the “**Proposals**”.

In May 2012 the Company issued the 2019 CULS in the amount of £35 million of which 30,301,810 remain in issue. The 2019 CULS are due to be repaid on 31 May 2019. Ahead of the due date for their repayment and possible conversion into Ordinary Shares, the Board, following a review of strategic options, concluded that extending and increasing the Company’s structural gearing for a further period beyond May 2019 would be in the best interests of the Company.

The Board has proposed the Proposals a year before the scheduled maturity of the existing 2019 CULS in part to take advantage of the opportunity in current market conditions to issue the 2025 CULS on terms attractive to the Company.

The 2019 CULS have provided structural gearing for the Company, enhancing returns to ordinary shareholders over the period since their issue in 2012, and at the same time have provided good returns to the 2019 CULS holders. An investor who subscribed for 2019 CULS when they were issued would have

received a coupon of 3.5 per cent. per annum over the period since then and over that same period the value of the 2019 CULS by reference to the current market price has increased by over 20 per cent. from the subscription price. Including the coupon to 29 May 2018, this therefore equates to a total gross (before tax) return since the existing CULS were issued of over 40 per cent.

The 2019 Trust Deed for the existing 2019 CULS contains provisions whereby if the mid-market price of an Ordinary Share for at least 20 dealing days during 30 consecutive dealing days is 20 per cent. or more above the 2019 CULS Conversion Price of £8.30 per share, the Company has the right to serve notice on the 2019 CULS Holders to either redeem their 2019 CULS or convert them into Ordinary Shares at the 2019 CULS Conversion Price, thereby effectively bringing forward the final conversion or redemption of the 2019 CULS. Based on the price at which Ordinary Shares have traded during the last twelve months, the Company was entitled at substantially any time during that period, to exercise that right.

Rather than exercise the Company's right to bring forward the final conversion/redemption of the 2019 CULS the Board is putting forward proposals to allow 2019 CULS Holders to roll their stock into new 2025 CULS. The rights attached to the 2025 CULS are broadly similar to those attached to the 2019 CULS except, *inter alia*, as to expiry date and coupon (the latter reflecting lower borrowing rates now compared to when the 2019 CULS were issued). For those 2019 CULS Holders who do not wish to roll over their 2019 CULS a final opportunity is being made available to convert their 2019 CULS into Ordinary Shares pursuant to the Special Conversion Right.

The Issue is expected to increase the total outstanding convertible loan capital of the Company to up to £37 million. The Directors intend to apply the net proceeds of the Issue to maintain structural gearing with a view to enhancing investment returns for shareholders.

The purpose of this document is to provide you with details, and explain the benefits, of the Issue, which is conditional, *inter alia*, on the approval by Stockholders of the Extraordinary Resolution to be proposed at a meeting of Stockholders convened for 23 May 2018 as detailed in the separate Stockholder Circular and the approval by Shareholders of the special resolution to be proposed at the General Meeting convened for 23 May 2018.

Your Board is also taking the opportunity to seek Shareholder approval to its proposal to restate the Company's investment objective and investment policy going forward as detailed under *Proposed Change to the Company's Investment Objective and Investment Policy* below.

The notice convening the General Meeting is set out in Part X of this Prospectus and your Board is recommending Shareholders to vote in favour of the Shareholder Resolutions to be proposed at the meeting. This Prospectus also sets out the details of the 2025 CULS and the terms of the Placing and Open Offer.

## **TERMS OF THE 2025 CULS**

The interest rate on the 2025 CULS will be 2.25 per cent. per annum, payable semi-annually in arrears on 30 November and 31 May in each year (with the first interest payment on 30 November 2018) in respect of the period from (and including) the date of Admission (expected to be 29 May 2018) to (but excluding) the date of final repayment of the 2025 CULS (expected to be 31 May 2025). The coupon on the 2025 CULS will be charged to revenue in accordance with the Company's existing policy of charging finance costs.

2025 CULS Holders will be entitled to convert their 2025 CULS into Ordinary Shares twice annually, being every six months from 30 November 2018 until 31 May 2025. The 2025 CULS Conversion Price (being the nominal amount of 2025 CULS required to convert into one Ordinary Share) will be set at a 20 per cent. premium to the unaudited NAV fully diluted (including income) per Ordinary Share at the close of business on 18 May 2018 rounded down to the nearest 5 pence. The Company will announce the 2025 CULS Conversion Price through an RIS as soon as practicable following its calculation.

By way of illustration, had the 2025 CULS Conversion Price been set by reference to the unaudited NAV fully diluted (including income) per Ordinary Share at 18 April 2018 of 1,182.80p, the conversion price would have been 1,415p and a holder of £1,000 nominal of 2025 CULS would have been entitled to 70 ordinary shares on conversion of their 2025 CULS. Under the terms of the 2025 Trust Deed, the 2025 CULS Conversion Price will be subject to subsequent adjustment on the occurrence of certain events (as is the case with the 2019 CULS).

Other provisions which will apply to the 2025 CULS (again, consistent with the terms of the 2019 CULS) include:

- If, at any time after 31 May 2021, the middle market price of the Ordinary Shares is 20 per cent. or more above the 2025 CULS Conversion Price for at least 20 dealing days during a period of 30 consecutive dealing days, the Company will be able to require 2025 CULS Holders to redeem their 2025 CULS at par. In such event, 2025 CULS Holders would be given a final opportunity to convert their outstanding 2025 CULS into Ordinary Shares. Following conversion of 80 per cent. or more of the nominal amount of the 2025 CULS originally issued, the Company will be entitled to require remaining 2025 CULS Holders to convert their outstanding 2025 CULS into Ordinary Shares after they have been given an opportunity to have their 2025 CULS redeemed at their nominal amount plus accrued interest;
- If, at any time after 31 May 2021, the nominal value of the outstanding 2025 CULS represents 30 per cent. or more of the Company's net assets, the Company shall be entitled to redeem all outstanding 2025 CULS at its nominal amount together with accrued interest up to (but excluding) the date of redemption; and
- Any 2025 CULS not previously redeemed, purchased or converted will be repaid by the Company on 31 May 2025 at its nominal amount.

The 2025 Trust Deed includes an additional covenant on the Company (as an addition to the terms of the 2019 CULS) that the Company shall not make purchases of its Ordinary Shares by tender offer, market purchase or other mechanism, at a price per Ordinary Share at or below the NAV per Ordinary Share (as determined by the Directors on a date falling not more than 10 days before the date of purchase), if the Company's gearing is in excess of 50 per cent. of NAV.

On a winding-up of the Company, the nominal amount of the 2025 CULS will rank ahead of the Ordinary Shares, but will be subordinated to the Company's other borrowings and creditors. The 2025 Trust Deed will not contain any restriction on borrowings (including borrowings ranking ahead of the 2025 CULS), the disposal of assets or the creation of charges by, or changes in the nature of the business of, the Company.

The 2025 CULS will be issued in registered form, and may be held in certificated or uncertificated form. 2025 CULS acquired pursuant to the Reinvestment Scheme, the Placing or the Open Offer can be held within an ISA, SIPP or SSAS.

Part IV of this Prospectus contains further details of the 2025 CULS.

## **SUMMARY OF THE PLACING AND OPEN OFFER**

Up to £37 million nominal of 2025 CULS (roughly equivalent to the market value of the existing 2019 CULS) is available under the Issue at an issue price of 100p per £1 nominal of 2025 CULS. The Issue will be subject to clawback in the event that the number of 2025 CULS to be issued exceeds the maximum. In the event of scaling back, those participating under the Reinvestment Scheme will be given first priority, followed, in order, by those applying under the Open Offer and under the Placing.

As at the date of this document, Panmure Gordon has conditionally placed £17 million of 2025 CULS subject to claw back.

The Open Offer of 2025 CULS provides Qualifying Shareholders with the opportunity (subject to clawback) to participate in the Issue by subscribing for their Open Offer Entitlements (being £0.29227324 nominal of 2025 CULS for each Ordinary Share held at the Record Date) and to make excess applications under the Excess Application Facility, if they wish to do so.

The result of the Placing and Open Offer, the Reinvestment Scheme and the exercising of the Special Conversion Right including details of any scaling back of applications is expected to be announced through an RIS on 22 May 2018.

The Issue is conditional, *inter alia*, upon:

- (a) the passing of the Extraordinary Resolution at the Stockholders' Meeting;
- (b) the passing of the special resolution at the General Meeting;
- (c) receipt of subscription monies under the Issue in respect of an aggregate of not less than £10 million (or such lower amount as the Company, the Investment Manager and Panmure Gordon may agree in writing);
- (d) the Placing Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms prior to Admission; and
- (e) Admission taking place no later than 8.00 a.m. on 29 May 2018 or such later time and/or date as the Company, AFML and Panmure Gordon may agree (being not later than 8.00 a.m. on 12 June 2018).

In the event that these conditions are not satisfied by 8.00 a.m. on 12 June 2018, the Issue will not proceed. Any application monies which have been received will be returned (at the applicant's sole risk) without payment of interest, as soon as possible thereafter.

If the Issue is fully subscribed and £37 million nominal of 2025 CULS is issued, the costs of the Issue (excluding VAT but including Stamp Duty on the assumption that approximately half of the 2019 CULS roll over pursuant to the Reinvestment Scheme), which will be borne by the Company, are estimated to be approximately £0.78 million, equivalent to approximately 0.2 per cent. of the Company's unaudited net assets as at 18 April 2018. The Directors intend to apply the Net Issue Proceeds, which will be approximately £36.22 million (on the assumption that the Issue is fully subscribed), for investment by the Investment Manager in accordance with the Company's investment policy.

## SUMMARY OF THE REINVESTMENT SCHEME

The Reinvestment Scheme involves the sale by those 2019 CULS Holders who do not exercise their Special Conversion Right of their 2019 CULS to Panmure Gordon who will then reinvest the proceeds of the sale to subscribe for new 2025 CULS for and on behalf of the selling 2019 CULS Holders.

The price payable for the 2019 CULS under the reinvestment scheme (the "**Reinvestment Price**") will be determined by reference to the conversion price (£8.30) and the prevailing price of the ordinary shares. That is to say that the number of ordinary shares to which a 2019 CULS holder is notionally entitled on conversion will be calculated by reference to the conversion price; the number of shares so calculated will then be multiplied by the prevailing ordinary share price in order to ascertain the price payable for the 2019 CULS. For this purpose, in order to reduce the impact of any short term discount volatility the prevailing share price will be taken to be the NAV on the Calculation Date (shortly before Admission) less the average discount to NAV at which Ordinary Shares will have traded over the preceding ten trading days.

Accordingly, the price paid by Panmure Gordon for acquisition of the 2019 CULS and the nominal value of the 2025 CULS issued to 2019 CULS Holders who do not exercise their Special Conversion Right shall be the nominal value of the 2019 CULS that are rolling over multiplied by the Reinvestment Price.

Following completion of the subscription for the 2025 CULS, Panmure Gordon will sell the 2019 CULS purchased by them back to the Company pursuant to a repurchase agreement at the Reinvestment Price. The 2019 CULS which the Company acquires from Panmure Gordon will be cancelled.

Those 2019 CULS Holders not wishing to participate in the Reinvestment Scheme are being offered the opportunity to elect to convert some or all of their 2019 CULS into Ordinary Shares pursuant to a Special Conversion Right as further described below.

## SUMMARY OF THE SPECIAL CONVERSION RIGHT

In order to facilitate an exit for 2019 CULS Holders who do not wish to participate in the Reinvestment Scheme, it is proposed that the 2019 CULS Holders be granted a right to exercise a Special Conversion Right allowing those 2019 CULS Holders to convert some or all of their 2019 CULS into Ordinary Shares. If the Issue becomes unconditional, the Special Conversion Right would represent a final opportunity for the 2019 CULS Holders to convert their 2019 CULS into Ordinary Shares at the 2019 CULS Conversion Price.

## BENEFITS OF THE ISSUE

The Board and the Investment Manager have confidence in the long-term prospects for investing in smaller companies in the economies of Asia and Australasia excluding Japan and believe that gearing should enable the Company to generate increased total returns over the longer term. The Directors believe that the issue of the 2025 CULS will have the following advantages:

1. to the extent 2019 CULS convert into 2025 CULS pursuant to the Reinvestment Scheme, the Issue defers by six years the issuance of additional Ordinary Shares, otherwise destined to occur in May 2019;
2. it ensures a stable platform for investment management purposes; and
3. it reduces the cost of structural gearing and resets the premium so that there is immediate small uplift in diluted NAV per share.

**2019 CULS Holders should note that if they do not convert their 2019 CULS into new Ordinary Shares they will by default continue their investment through the Reinvestment Scheme and this may, depending on their individual circumstances trigger a liability to capital gains tax. A shareholder converting 2019 CULS into new Ordinary Shares should not be liable to any capital gains tax until such time as those shares are sold. Further details on tax treatment are in Part VIII.**

## DILUTION

On the basis of the issue of 70 Ordinary Shares per 1,000 of 2025 CULS calculated (for illustration only) as described under “Terms of the 2025 CULS” above, if £37 million 2025 CULS fell to be converted, an aggregate of approximately 2.6 million new ordinary shares would be issued, being approximately 7.6 per cent. of the Company’s current issued share capital.

## INVESTMENT PERFORMANCE

The Board reported in its annual report for the financial year ended 31 July 2017 that the Company’s net asset value (NAV) increased by 15.4 per cent. on a total return basis, which is ahead of the MSCI Asia Pacific ex Japan Small Cap Index’s return of 14.3 per cent. over the same period. For UK-based investors the weakness in sterling following the UK’s referendum to leave the European Union boosted investment returns. The share price rose by 16.2 per cent. to 1062.0p, while the discount narrowed to 10.9 per cent. as at 31 July 2017, from 13.1 per cent. reported in the Interim Board Report, reflecting investors’ renewed interest in smaller companies. Strong global economic news and an improved outlook in earnings has driven asset prices across all markets.

The Company’s focus on smaller companies in Asia benefited the portfolio as many of these domestically-focused businesses are rooted within the region’s higher-growth economies.

Shareholders’ attention is drawn to the interim results of the Company published on 12 April 2018 and in particular to the comments in the Chairman’s statement about the Company’s performance and prospects.

### Historic investment performance

The strategy of focusing on smaller companies that are well-run and financially sound has worked well for the Company historically; the performance record of the Company is set out below (periods being to 17 April 2018).

<i>Total return (%)</i>	<i>1 year</i>	<i>3 years</i>	<i>5 years</i>	<i>10 years</i>
Share Price	(0.56)	20.10	3.19	295.50
Diluted NAV (including current year revenue)	(0.93)	20.80	21.39	278.27
MSCI AC Asia Pacific ex Japan	6.67	25.81	51.13	124.30
MSCI AC Asia Pacific ex Japan Small Cap	4.92	20.42	38.07	103.42

Source: Aberdeen Asset Managers Limited, Lipper and Morningstar



While the Company's aim is to maintain or increase the dividend payable on the Ordinary Shares so that Shareholders can rely on a consistent stream of income, the amount of dividends in respect of the Ordinary Shares depends primarily on the level of income received from its investments. Accordingly, the amount of the dividends paid to Shareholders has fluctuated with a number of special dividends being paid.

In the last three financial years, the final dividends per Ordinary Share have been 10.5 pence in 2015, 10.5 pence in 2016 and 12 pence in 2017 and special dividends have been 4.5 pence in 2015 and 4 pence in 2017. There was no special dividend in 2016.

The Ordinary Shares have traded at an average discount to their prevailing net asset value of 14.0 per cent. over the twelve months to 18 April 2018 and were on a discount of 12.5 as at 18 April 2018. During the period 18 April 2017 to 18 April 2018 the Company bought back for cancellation or to hold in treasury 1,148,000 shares at an average discount of circa 11.98 per cent. to diluted NAV per share.

More information on the Company's investment portfolio and investment strategy can be found in Parts II and III of this document.

### **PROPOSED CHANGE TO THE COMPANY'S INVESTMENT OBJECTIVE**

The Board is also proposing to adjust the Company's investment policy by restating the Company's investment objective and investment policy.

In order to maximise the opportunities available to the Company in meeting its investment objective and to take account of the changing universe of smaller quoted companies in the Company's Investment Region, your Board is proposing to increase the limit on the size of smaller quoted companies in which the Company may invest from market capitalisation of up to approximately US\$1 billion at the time of investment to a market capitalisation of up to approximately US\$1.5 billion at the time of investment. Accordingly, following approval at the General Meeting, the Company's investment objective will be "to maximise total return to shareholders over the long term from a portfolio of smaller quoted companies (with a market capitalisation of up to approximately US\$1.5 billion at the time of investment) in the economies of Asia and Australasia, excluding Japan".

As required by the Listing Rules, the amendment to the investment objective is conditional on the approval of Shareholders in general meeting. Accordingly, an ordinary resolution is to be proposed at the General Meeting seeking Shareholders' approval to this change.

### **GENERAL MEETING**

Under the Companies Act 2006, the granting of rights to convert into Ordinary Shares arising upon the issue of the 2025 CULS requires Shareholders' approval. In addition, under the Listing Rules, any material change to the Company's investment policy requires shareholder approval.

The Proposals are conditional upon the approval of the special and ordinary resolutions to be proposed at a general meeting of the Company, which has been convened for 9.00 a.m. on 23 May 2018, to be held at Bow Bells House, 1 Bread Street, London EC4M 9HH.

The notice of the General Meeting seeking these approvals is set out in Part XI of this Prospectus.

*Resolution 1* is being proposed as a special resolution to:

- (a) authorise the Directors, for the purpose of section 551 of the Companies Act 2006, to grant rights to convert the 2025 CULS into Ordinary Shares pursuant to the Issue up to a maximum nominal amount of £37 million; and
- (b) confirm, for the purpose of section 571 of the Companies Act 2006, that statutory pre-emption rights in relation to the grant of rights to convert 2025 CULS into Ordinary Shares pursuant to the Issue do not apply.

The Directors intend to use the authority granted pursuant to special resolution 1 to grant rights to convert the 2025 CULS into Ordinary Shares pursuant to the Issue. The authorities conferred by this resolution will



be in addition to all existing allotment authorities and will expire at the conclusion of the next Annual General Meeting of the Company.

In order to be passed, a special resolution requires at least 75 per cent. of the votes cast to be in favour of it. The quorum for the General Meeting is two members present in person or by proxy (including a member present through a corporate representative).

Resolution 2 is being proposed as an ordinary resolution to amend the Company's investment objective. In order to be passed, an ordinary resolution requires at least 50 per cent. of the votes cast to be in favour of it.

As at 18 April 2018, 5,292,874 Ordinary Shares were held in treasury by the Company, which represents 15.5 per cent. of the total issued Ordinary Share capital (excluding treasury shares) at that date.

## **OVERSEAS SHAREHOLDERS**

The 2025 CULS are not being made available in whole or in part to the public except under the terms of the Issue. The Open Offer is not being made, subject to certain exemptions, to Shareholders resident in Excluded Jurisdictions and, accordingly, Application Forms are not being sent to and Open Offer Entitlements are not being credited to such Excluded Shareholders. However, the Company reserves the right to accept an Application Form received from an Excluded Shareholder (or an acceptance by submission of a USE instruction by an Excluded Shareholder holding their Ordinary Shares in uncertificated form) where it has received proof satisfactory to it that the Excluded Shareholder is able to accept the invitation by the Company free of any requirement which it (in its sole and absolute discretion) regards as unduly burdensome.

The attention of Overseas Shareholders who have registered addresses outside the United Kingdom, or who are citizens of, or residents, or located in countries other than the United Kingdom, or who are holding Ordinary Shares for the benefit of such persons (including without limitation, nominees, custodians and trustees) or have a contractual or legal obligation to forward this Prospectus, the Form of Proxy or the Application Form to such persons, is drawn to the information which appears in paragraph 5 of Part VI of this Prospectus.

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

Excluded Shareholders who believe that they are entitled to take up 2025 CULS under the Open Offer should contact the Company as soon as possible to discuss the matter.

**Any Shareholder who is in any doubt as to their position should consult an appropriate independent professional adviser without delay.**

## **TAXATION**

Certain information about UK taxation in relation to the Company and the Proposals, the 2025 CULS and the Ordinary Shares is set out in Part VIII of this Prospectus. If you are in any doubt as to your tax position you should consult your own independent tax adviser without delay.

## **2019 CULS STOCKHOLDER MEETING**

At the 2019 CULS Stockholder Meeting, an Extraordinary Resolution will be put to Stockholders to seek, *inter alia*, their sanction of the Reinvestment Scheme and Special Conversion Right. The Issue is conditional upon the passing of the Extraordinary Resolution at the 2019 CULS Stockholder Meeting.

## **ACTION TO BE TAKEN BY SHAREHOLDERS**

### **General Meeting**

You will find enclosed with this Prospectus a Form of Proxy for use at the General Meeting. Whether or not you wish to subscribe for 2025 CULS under the Open Offer and regardless of whether you intend to attend the General Meeting in person, it is important that you complete and sign the enclosed Form of Proxy in accordance with the instructions printed on it and return it to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, as soon as possible and, in any event, so as to be received not later than 9.00 a.m. on 21 May 2018.

Appointments of proxies in respect of Ordinary Shares held in uncertificated form may be made by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in the notes at the end of the notice convening the General Meeting in Part XI of this Prospectus. Appointments should be made as soon as possible and, in any event, so as to be received by no later than 9.00 a.m. on 21 May 2018.

The completion and return of a Form of Proxy, or the appointment of a proxy electronically, will not preclude you from attending the General Meeting and voting in person if you wish to do so.

### **Applying under the Open Offer**

#### ***Record Date and Applications Under the Open Offer***

The record date for Shareholders' entitlements under the Open Offer is 6.00 p.m. on 18 April 2018. This Prospectus and, for Qualifying non-CREST Shareholders, the Application Form contain the formal terms and conditions of the Open Offer.

#### ***Qualifying Non-CREST Shareholders (i.e. Holders of Ordinary Shares in Certificated Form)***

If you are a Qualifying non-CREST Shareholder you will receive an Application Form which gives details of your Open Offer Entitlements (as shown by the nominal amount of 2025 CULS set out in Box 2). If you wish to apply for 2025 CULS under the Open Offer, you should complete the Application Form in accordance with the procedure for application set out in paragraph 3.1 of Part VI of this Prospectus and on the Application Form itself. Completed Application Forms, accompanied by full payment in accordance with the instructions in paragraph 3.1 of Part VI of this Prospectus, should be posted in the accompanying pre-paid envelope or (during normal business hours only) delivered by hand to Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, so as to arrive as soon as possible and in any event so as to be received by no later than 11.00 a.m. on 18 May 2018.

#### ***Qualifying CREST Shareholders***

If you are a Qualifying CREST Shareholder no Application Form will be sent to you and you will receive a credit to your appropriate stock account in CREST in respect of your Open Offer Entitlements. You should refer to the procedure for application set out in paragraph 3.2 of Part VI of this Prospectus. The relevant CREST instructions must have settled in accordance with the instructions in paragraph 3.2 of Part VI of this Prospectus by no later than 11.00 a.m. on 18 May 2018.

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

### **General**

If you have sold or transferred all or part of your registered holding(s) of Ordinary Shares prior to 8.00 a.m. on 23 April 2018 you should consult your stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for 2025 CULS under the Open Offer may be a benefit which may be claimed from you by the purchasers under the rules of the London Stock Exchange.

**If you are in any doubt about the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA or, if outside the United Kingdom, another appropriately authorised financial adviser without delay.**

**Qualifying Shareholders who do not want to apply for the 2025 CULS under the Open Offer should take no action and should not complete or return the Application Form. However, such Qualifying Shareholders are requested to complete and return the Form of Proxy in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received not later than 9.00 a.m. on 21 May 2018.**

### **SAVINGS PLANS PARTICIPANTS**

A separate letter is being sent to Savings Plans Participants (together with a Form of Direction) setting out what action they should take in relation to voting on the proposals described in this Prospectus at the General Meeting. As the 2025 CULS are deemed complex instruments under the terms of the MiFID II regulations, the administrator of the Savings Plans has determined that the 2025 CULS are not eligible securities for the Savings Plans and the 2025 CULS are not therefore being made available to Savings Plans Participants under the Open Offer.

### **FURTHER INFORMATION AND RISK FACTORS**

Your attention is drawn to the further information set out in Parts II to IX of this Prospectus. In addition, your attention is drawn to the section entitled “Risk Factors” on pages 18 to 23 of this Prospectus. You are advised to read the whole of this Prospectus and not to rely solely on the information contained in this letter.

### **RECOMMENDATION**

The Board, which has been advised by Panmure Gordon (other than in relation to the proposed change to the Company’s investment objective and policy), considers the passing of the Resolutions to be proposed at the General Meeting, which is required to enable the Proposals to proceed, to be in the best interests of Shareholders as a whole. In providing advice to the Directors, Panmure Gordon has taken into account the Directors’ own commercial assessment of the Proposals.

The Board recommends that you vote in favour of the Resolutions to be proposed at the General Meeting, as individual Board members intend to do in respect of their own holdings of Ordinary Shares amounting, in aggregate, to 273,979 Ordinary Shares (representing 0.8 per cent. of the issued Ordinary Share capital).

The Directors cannot, and do not, offer any advice or recommendation to Shareholders as to whether to subscribe for 2025 CULS under the Open Offer. If you need advice, you should consult your stockbroker, tax adviser, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA or, if outside the United Kingdom, another appropriately authorised financial adviser without delay.

Yours faithfully

**Nigel Cayzer**  
*Chairman*

## **PART II**

### **INFORMATION ON THE COMPANY**

#### **History and development of the Company**

The Company was incorporated and registered in England and Wales on 20 September 1995 as a public company limited by shares under the CA 1985 with registered number 03106339 and with the name Abtrust Asian Smaller Companies Investment Trust PLC. The Company changed its name to Aberdeen Asian Smaller Companies Investment Trust PLC on 15 December 1997.

The Company is domiciled in the United Kingdom and operates under the Companies Act 2006 and regulations made under the Companies Act 2006. The Company has its registered office at Bow Bells House, 1 Bread Street, London EC4M 9HH, and its telephone number at that address is +44 (0) 1268 488 222.

The objects of the Company are unrestricted.

The Company carries on business as an investment company within the meaning of section 833 of the Companies Act 2006.

It is the Directors' intention to continue to conduct the affairs of the Company so that it satisfies the conditions for approval as an investment trust. The Company has been accepted by HMRC as an investment trust subject to the Company continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 August 2012. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 July 2017 so as to enable it to comply with the ongoing requirements for investment trust status. As an investment trust, the Company is not regulated as a collective investment scheme (or otherwise) and is it not authorised by the FCA. However, as the Ordinary Shares are admitted to the Official List, the Company is subject to the Listing Rules, the Prospectus Rules and the Disclosure Guidance and Transparency Rules.

There have been no recent events particular to the Company which are to a material extent relevant to the evaluation of the Company's solvency.

#### **Investments**

Investments made by the Company since 31 January 2018, the date of the last published unaudited financial statements, have been made in accordance with the Company's investment objective and policy described below.

#### **Principal activities**

The Company seeks to provide Shareholders with returns over the long term from a portfolio of investments in smaller companies the economies of Asia and Australasia, outside Japan in accordance with the Company's investment policy described below.

#### **Principal markets**

The Company invests in a diversified portfolio of securities (including equity shares, preference shares, convertible securities, warrants and other equity-related securities) predominantly in quoted smaller companies spread across a range of industries and economies in the Investment Region including Australia, Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Korea, Laos, Malaysia, Myanmar, New Zealand, Pakistan, the Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam, together with such other countries in Asia as the Directors may from time to time determine.

For the period ended 31 July 2017, Company's NAV increased by 15.4 per cent. on a total return basis, which is ahead of the MSCI Asia Pacific ex Japan Small Cap Index's return of 14.3 per cent.

## Organisational Structure

The Company has no subsidiary, parent undertakings or associated companies.

## Trend information

There has been no material adverse change in the prospects of the Company since 31 July 2017 being the end of the last financial period of the Company for which audited financial statements have been published. There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.

## Administrative, management, and supervisory bodies

### Directors

The Board comprises:

*Nigel Cayzer*

- Status: Independent Non-Executive Chairman
- Length of service: 22 years, appointed Chairman on 28 September 1995
- Experience: Chairman of Oryx International Growth Fund Limited and a director of a number of other investment companies.
- Last re-elected to the Board: 1 December 2017
- Committee membership: Nomination Committee (Chairman) and Management Engagement Committee
- Remuneration: £35,000 per annum
- Benefits: None
- All other public company directorships: Oryx International Growth Fund Limited
- Employment by the Manager: None
- Shared Directorships with any other Trust Directors: None
- Shareholding in Company: Nil

*Randal Alexander McDonnell, Viscount Dunluce*

- Status: Independent Non-Executive Director
- Length of service: 4 years, appointed a Director on 1 July 2013
- Experience: A Partner of Sarasin & Partners LLP responsible for the management of private client and charity portfolios as well as self-invested personal pension schemes. He is chairman of Sarasin's London partnership. He is also a non-executive director of a number of other private companies.
- Last re-elected to the Board: 1 December 2017
- Committee membership: Management Engagement Committee, Nomination Committee and Audit Committee
- Remuneration: £27,000
- Benefits: None
- All other public company directorships: None
- Employment by the Manager: None
- Shared Directorships with any other Trust Directors: None
- Shareholding in Company: 800 Ordinary Shares and £400 of 2019 CULS

#### *Haruko Fukuda OBE*

- Status: Independent Non-Executive Director
- Length of service: 14 years, appointed a Director on 30 January 2003
- Experience: Previously chief executive of the World Gold Council. She was vice chairman of Nikko Europe PLC and a Partner of James Capel & Co. She was a non-executive director of the Foreign & Colonial Investment Trust PLC for seventeen years until May 2005 and has been a director of several other investment trust companies.
- Last re-elected to the Board: 1 December 2017
- Committee membership: Management Engagement Committee and Nomination Committee
- Remuneration: £27,000 per annum
- Benefits: None
- All other public company directorships: Global Resources Investment Trust plc
- Employment by the Manager: None
- Shared Directorships with any other Trust Directors: None
- Shareholding in Company: 3,566 Ordinary Shares

#### *Martin Gilbert*

- Status: Non-Executive Director
- Length of service: 22 years, appointed a Director on 20 September 1995
- Experience: Qualified as a chartered accountant in 1982 and thereafter pursued a career in investment management
- Last re-elected to the Board: 1 December 2017
- Committee membership: Nomination Committee
- Remuneration: £27,000 per annum
- Benefits: None
- All other public company directorships: Standard Life Aberdeen plc, Aberdeen Liquidity Fund (lux) SICAV, Aberdeen Islamic SICAV, Haddeo Land LLP, Cobalt Data Cebtre 2 LLP, Sky PLC, Aberdeen Global II, Aberdeen Global, The India Fund Inc (INF), The Asia Tigers Fund Inc (GRR), Aberdeen Global Income Fund Inc (FCO), Aberdeen Funds (Trustee of the US open-end range of funds), Aberdeen Asia-Pacific Income Investment Company Limited (FAP), Aberdeen Asia-Pacific Income Fund Inc (FAX).
- Employment by the Manager: Chief executive of Standard Life Aberdeen PLC
- Shared Directorships with any other Trust Directors: None
- Shareholding in Company: 106,250 Ordinary Shares
- Alternate Director: Hugh Young

#### *Chris Maude*

- Status: Independent Non-Executive Director
- Length of service: 10 years, appointed a Director on 16 May 2007
- Experience: Co-founded RWC Partners Limited, an independent asset management company, in 2000 where he was the finance director. He spent the previous eleven years in Asia initially as finance director at James Capel in Hong Kong before being recruited by UBS Securities (East Asia) Limited as regional finance director in Singapore. Mr Maude is a chartered accountant and holds a degree in Engineering from Cambridge University.
- Last re-elected to the Board: 1 December 2017
- Committee membership: Audit Committee (Chairman), Management Engagement Committee (Chairman) and Nomination Committee



- Remuneration: £30,000 per annum
- Benefits: None
- All other public company directorships: None
- Employment by the Manager: None Other connections with Trust or Manager: None
- Shared Directorships with any other Trust Directors: None
- Shareholding in Company: 37,300 Ordinary Shares

#### *Philip Yea*

- Status: Independent Non-Executive Director
- Length of service: 3 years, appointed a Director on 23 January 2014
- Experience: Chief executive of 3i Group plc until 2009 and prior to that served as a managing director at Investcorp Bank the Bahrain listed private equity firm and was group finance director at Diageo plc. He is currently chairman of Greene King plc and Equiniti Group Plc, a director of Marshall of Cambridge (Holdings) Limited and a trustee director of the Francis Crick Institute.
- Last re-elected to the Board: Elected to the Board: 1 December 2017
- Committee membership: Audit Committee, Management Engagement Committee and Nomination Committee
- Remuneration: £27,000 per annum
- Benefits: None
- All other public company directorships: Computacenter Plc
- Employment by the Manager: None
- Shared Directorships with any other Trust Directors: None
- Shareholding in Company: 2,063 Ordinary Shares

#### *Hugh Young*

- Hugh Young Status: Alternate Non-Executive Director for Martin Gilbert
- Experience: Previously an investment manager with Fidelity International and MGM Assurance prior to joining what is now Aberdeen Asset Managers Limited in December 1985. He is managing director of Aberdeen Asset Management Asia Limited, responsible for all the Manager's investments in Asia.
- Remuneration: £Nil
- Benefits: None
- All other public company directorships: Aberdeen New Dawn Investment Trust PLC, Aberdeen Asian Income Fund Limited, Aberdeen Australia Equity Fund Inc., Aberdeen Asia-Pacific Income Investment Company Limited Aberdeen Liquidity Fund (Lux) and The India Fund, Inc. Employment by the Manager: Managing Director of Aberdeen Asset Management Asia Limited and a director of a number of other Aberdeen managed investment companies.
- Shareholding in Company: 124,000 Ordinary Shares and £211,948 of 2019 CULS

There are no potential conflicts of interests between any duties to the Company owed by the Directors and their private interests.

#### **Terms of directors' appointment**

The terms of appointment provide that a Director may be removed upon three months' notice and compensation will not be due upon leaving office. The Directors' remuneration is not subject to any performance-related fee and no Director has a service contract.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors. Under the Articles, the Company indemnifies each of the Directors out of the assets of the Company against

any liability incurred by them as a Director in defending proceedings or in connection with any application to the Court in which relief is granted and separate deeds of indemnity exist in this regard between the Company and each Director.

### **Service provider conflicts of interest**

The Investment Manager may act as investment manager or investment advisor to other clients (including investment companies) who may invest in securities in which the Company may invest, and, in providing such services, may use information obtained by the Investment Manager in managing the Company's investments. In the event of a conflict of interest arising, the Investment Manager will take reasonable steps to ensure that it is resolved fairly in accordance with its conflict of interest policy. Neither the Investment Manager nor any of its associates will be liable to account to the Company for any profit, commission or remuneration earned as a result of such conflict.

### **Benefits**

The Company does not provide any benefits to the Directors or otherwise set aside or accrue any cost associated with the provision of pension, retirement or similar benefits.

### **Corporate governance**

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and, as required by the Listing Rules of the UKLA, has applied the principles identified in the UK Corporate Governance Code (published in April 2016). The UK Corporate Governance Code is available on the Financial Reporting Council's website: [frc.org.uk](http://frc.org.uk).

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance ("**AIC Code**") by reference to the AIC Corporate Governance Guide for Investment Companies ("**AIC Guide**"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues which are of specific relevance to the Company. Both the AIC Code and the AIC Guide are available on the AIC's website: [theaic.co.uk](http://theaic.co.uk).

The Company has complied throughout the accounting period with the relevant provisions contained within the AIC Code and the relevant provisions of the UK Corporate Governance Code except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive (A.1.2);
- executive directors' remuneration (D.2.1 and D.2.2); and
- the need for an internal audit function (C.3.6).

For the reasons set out in the AIC Code, and as explained in the UK Corporate Governance Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally-managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations.

The full text of the Company's Corporate Governance Statement can be found on the Company's website: [asian-smaller.co.uk](http://asian-smaller.co.uk).

During the year ended 31 July 2017, the Board had six scheduled meetings and a further ad hoc meeting to approve a Bank facility. In addition, the Company's audit committee met twice and the Company's management engagement committee met once. Between meetings the Board maintains regular contact with AFML.

## **Audit and remuneration committees**

The audit committee comprises three independent Directors, Mr Yea, Viscount Dunluce and Mr Maude, as Chairman. The audit committee continues to believe that the Company does not require an internal audit function of its own as it delegates its day to day operations to third parties from whom it receives internal controls reports.

Under the UKLA rules, where an investment trust has only non-executive directors, the UK Corporate Governance Code principles relating to directors' remuneration do not apply. Accordingly, matters relating to remuneration are dealt with by the full Board, which acts as the Company's remuneration committee, and is chaired by Mr Cayzer. The Company's remuneration policy is to set remuneration at a level to attract individuals of a calibre appropriate to the Company's future development.

## **Major shareholders**

As at the date of this Prospectus, the Company, insofar as is known to the Company, will not be directly or indirectly owned or controlled by any single person or entity and there are no arrangements known to the Company the operation of which may subsequently result in a change of control of the Company.

## **Related party transactions**

Fees payable during the year ended 31 July 2017 to the Directors and their interests in shares of the Company are considered to be related party transactions. The balance of fees due to Directors at the year ended 31 July 2017 was £2,000. Mr Gilbert and his alternate Director, Mr Young are both directors of Aberdeen and its subsidiary AAM Asia which has been delegated, under an agreement with AFML, to provide management services to the Company. Neither Mr Gilbert nor Mr Young are directors of AFML.

With effect from 3 July 2017 Mr Yea was appointed to the board of Equiniti Group Plc and on 29 September 2017 he became Chairman of the Group. Equiniti acts as registrar to the Company.

## **Investment Trust Status**

The Company has been accepted by HMRC as an investment trust subject to the Company continuing to meet the relevant eligibility conditions of Section 1158 of the CTA 2010 and the ongoing requirements of Part II Chapter 3 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 August 2012.

## **Investment Objective and Policy**

Set out below is the Company's Investment Objective and Policy, as amended to reflect the proposed change described in this document. A copy of the Company's pre-investment disclosure document can be found on its website: [asian-smaller.co.uk/](http://asian-smaller.co.uk/)

### ***Investment Objective***

The Company aims to maximise total return to Shareholders over the long term from a portfolio made up predominantly of smaller quoted companies (with a market capitalisation of up to approximately US\$1.5 billion at the time of investment) in the economies of Asia and Australasia, excluding Japan by following the investment policy described below. When it is in Shareholders' interests to do so, the Company reserves the right to participate in the rights issue of an investee company notwithstanding that the market capitalisation of that investee may exceed the stated ceiling. The Directors do not envisage any change in this activity in the foreseeable future.

### ***Investment Policy***

The Company's assets are invested in a diversified portfolio of securities (including equity shares, preference shares, convertible securities, warrants and other equity-related securities) predominantly in quoted smaller companies spread across a range of industries and economies in the Investment Region including Australia, Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Korea, Laos, Malaysia, Myanmar, New Zealand, Pakistan, the Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam, together with such other countries in Asia as the Directors may from time to time determine, (collectively, the "**Investment**

**Region**”). Investments may also be made through collective investment schemes, in unquoted equities (up to 10 per cent. of the net assets of the Company, calculated at the time of investment) and in companies traded on stock markets outside the Investment Region provided that over 75 per cent. of their consolidated revenue, operating income or pre-tax profit is earned from trading in the Investment Region or they hold more than 75 per cent. of their consolidated net assets in the Investment Region.

The Company does not invest more than 15 per cent. of its gross assets at the time of investment either in other listed investment companies (including listed investment trusts), or in the shares of any one company. The Manager is authorised to invest up to 15 per cent. of the Company’s gross assets in any single stock.

The Board is responsible for determining the gearing strategy for the Company. Gearing is used selectively to leverage the Company’s portfolio in order to enhance returns where and to the extent this is considered appropriate to do so. Gearing is subject to a maximum gearing level of up to 25 per cent. of adjusted NAV at the time of draw down.

### **Profile of Typical Investor in the Company**

An investment in the Company should constitute part of a diversified investment portfolio and is only suitable for investors capable of evaluating the risks (including the potential risk of capital loss) and merits of such investment and who have sufficient resources to bear any loss which may result from such investment. Accordingly, the typical investors for whom the Company is designed are institutional investors, private client fund managers and private client brokers, as well as other professionally advised private investors, seeking long-term capital growth and income from an investment principally in the equity securities of companies in the economies of Asia and Australasia, outside Japan.

An investment in the Company may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment (such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in the 2025 CULS or the Ordinary Shares).

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

### **General**

The Company may only make material changes to its investment policy with the approval of the FCA and the approval of Shareholders (in the form of an ordinary resolution passed at a general meeting of the Company). Any such changes would be announced by the Company through an RIS.

In the event of any breach of the Company’s investment policy or of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Investment Manager by an announcement issued through an RIS or a notice sent to Shareholders at their registered addresses in accordance with the Articles.

The Company’s capital resources are restricted in that they may be used only in furtherance of the investment policy.

### **Dividend Policy**

In order to continue to qualify as an investment trust, the Company is required to distribute sufficient net income so that it retains no more than 15 per cent. of total income (following the introduction of new investment trust rules implemented on 1 January 2012) in respect of any accounting period. Dividends will be paid to the extent that they are covered by the income received from the Company’s underlying investments after payment of the Company’s operating expenses. The distribution as dividends of surpluses from realisations of investments is prohibited by the Articles and such surpluses accrue to the benefit of the Company.

In the absence of unforeseen circumstances, dividends are payable annually in the form of final dividends and the Company aims at least to maintain the level of dividends paid in respect of each financial year and has the objective of growing the dividends paid in respect of each financial year. This is a target dividend level and does not constitute a forecast of the profits or return from investment in the Company and there is no guarantee of any particular level of profits or return being achieved.

### **Investment Manager**

AFML, authorised and regulated by the Financial Conduct Authority, has been appointed as alternative investment fund manager to the Company. AFML has in turn delegated portfolio management to Aberdeen Asset Management Asia Limited (“**AAM Asia**”).

Under the management arrangements with AFML, management of the Company’s portfolio has been delegated to AAM Asia by way of a group delegation agreement in place between AFML and AAM Asia. An investment management fee is payable monthly in arrears based on an annual amount of 1.0 per cent. (previously calculated using a rate of 1.2 per cent. until July 2016) calculated on the average net asset value of the Company over a 24 month period, valued monthly. The fee is calculated by reference to the value of the Company’s net assets (gross assets less liabilities excluding the amount of any loan facilities or overdraft facilities drawn down).

The management agreement may be terminated by either the Company or AFML on the expiry of twelve months’ written notice. On termination, the AFML would be entitled to receive fees which would otherwise have been due to that date.

### **Administrator**

Company secretarial services are also provided by Aberdeen Asset Management and accounting and administrative services are delegated to Aberdeen Fund Managers Limited, which then outsources those arrangements to BNP Paribas Securities Services, London Branch.

### **NAV Calculations**

The unaudited NAV per Ordinary Share is calculated as at the close of business on each business day by the Administrator and announced through an RIS on each subsequent business day in respect of the preceding business day. Such unaudited NAV is calculated on the same basis as the calculation of the NAV per Ordinary Share for the purpose of the Company’s published financial statements.

For the purpose of the NAV calculations, investments are valued at fair value on the following basis:

- (v) listed securities are valued at their bid price or last traded price, depending on the convention of the exchange on which the investment is listed, and adjusted for accrued income where it is reflected in the market price;
- (vi) investments which are not listed or where trading in the securities of an investee company is suspended are valued at the Board’s best estimate of fair value;
- (vii) unlisted investments are valued by the Directors on the basis of all the information available to them at the time of valuation (this includes a review of the financial and trading information of the company, covenant compliance, ability to pay the interest due and cash held and, in the case of convertible bonds, also includes consideration of their discounted cash flows and underlying equity value based on the information provided by the Investment Manager);
- (viii) cash and bank deposits are valued by reference to their face value; and investments held in currencies other than sterling are translated at the rates of exchange applying on the relevant valuation date, provided that, where no reliable fair value can be estimated, investments may be carried at cost less any provision for impairment.

The calculation of the NAV per Ordinary Share will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculation will be announced by the Company through an RIS.

The published unaudited NAV per Ordinary Share as at 18 April 2018 was 1,182.80p per Ordinary Share.

## PART III

### DETAILS OF THE COMPANY'S PORTFOLIO

#### 1. Introduction

The information in this Part III is based on the unaudited valuation of the Company's assets as at the close of business on 17 April 2018.

There has been no material change since 17 April 2018 to the portfolio information set out below.

#### 2. Overview of the Company's Portfolio

As at 17 April 2018, the Company's portfolio comprised 79 investments with an aggregate value of approximately £462.0 million. The following tables analyse the composition of the Company's portfolio as at 17 April 2018 by asset class, geographic area, stock market listing, sector, and currency type.

##### 2.1 Asset Class

<i>Asset Class</i>	<i>% of Total Investments</i>
Equities	99.46
Cash	0.54
<i>Total</i>	<u>100</u>

##### 2.2 Geographic Area

<i>Geographic Area</i>	<i>% of Total Investments</i>
Thailand	16.22
Malaysia	14.13
India	13.80
Hong Kong	13.16
Singapore	8.85
Indonesia	8.66
Philippines	6.70
UK (inc. cash)	3.28
New Zealand	2.97
Sri Lanka	2.74
China	2.51
Denmark	1.78
Australia	1.68
Taiwan	1.60
Pakistan	1.01
South Korea	0.91
<i>Total</i>	<u>100.00</u>



## 2.3 **Sector**

<i>Sector</i>	<i>% of Total Investments</i>
Food Beverage & Tobacco	14.03
Banks	11.98
Real Estate	11.88
Consumer Services	8.84
Diversified Financials	8.79
Materials	8.72
Automobiles & Components	4.58
Transportation	4.53
Utilities	3.58
Retailing	3.45
Insurance	3.24
Technology Hardware & Equipment	3.08
Pharmaceuticals Biotechnology & Life Sciences	2.62
Consumer Durables & Apparel	1.92
Capital Goods	1.85
Food & Staples Retailing	1.42
Energy	1.34
Commercial & Professional Services	1.18
Media	1.17
Health Care Equipment & Services	0.91
Telecommunication Services	0.31
Household & Personal Products	0.04
Cash	0.54
<i>Total</i>	<u><u>100.00</u></u>

## 2.4 **Currency**

<i>Currency</i>	<i>% of Total Investments</i>
Thailand	16.22
Malaysia	14.13
India	13.80
Hong Kong	13.16
Singapore	11.19
Indonesia	8.66
Philippines	6.70
UK	3.44
New Zealand	2.97
Sri Lanka	2.74
Denmark	1.78
Australia	1.68
Taiwan	1.60
Pakistan	1.01
South Korea	0.91
<i>Total</i>	<u><u>100.00</u></u>

### 3. Largest Investments

As at the close of business on 17 April 2018, the Company's 21 largest investments by value, which together represented more than 50 per cent. of the Company's portfolio, were as set out in the following table.

<i>Investee Company</i>	<i>Sector</i>	<i>Market Value (£)</i>	<i>% of Portfolio</i>
AEON Thana Sinsap Thailand	Diversified Financials	16,627,923	3.60
Multi Bintang Indonesia	Food Beverage & Tobacco	16,007,349	3.46
Bank OCBC Nisp	Banks	15,820,475	3.42
Hana Microelectronics	Technology Hardware & Equipment	14,236,367	3.08
Ramco Cements	Materials	13,868,930	3.00
Bukit Sembawang Estates	Real Estate	12,726,885	2.75
M.P. Evans Group	Food Beverage & Tobacco	12,674,318	2.74
Tisco Financial Group	Banks	11,917,679	2.58
Cebu Hldgs	Real Estate	11,059,351	2.39
Dah Sing Financial Holdings	Banks	10,824,239	2.34
Kansai Nerolac Paints	Materials	10,431,466	2.26
Aeon Credit Service	Diversified Financials	10,033,842	2.17
Shangri-La Hotels (Mal)	Consumer Services	9,648,521	2.09
Thai Stanley Electric	Automobiles & Components	9,297,425	2.01
Jollibee Foods Corporation	Consumer Services	9,188,961	1.99
First Sponsor Group	Real Estate	9,046,501	1.96
Gujarat Gas	Utilities	8,922,904	1.93
City Union Bank	Banks	8,891,150	1.92
Yoma Strategic Holdings	Real Estate	8,789,092	1.90
Asian Terminals	Transportation	8,666,088	1.88
Millennium & Copthorne Hotels	Consumer Services	8,649,589	1.87
<i>Total</i>		<u>237,329,055</u>	<u>51.37</u>

As at the close of business on 17 April 2018, the average value of each of the remaining 58 investments in the portfolio not covered in the table above, was circa £3.8 million.

## PART IV

### DETAILS OF THE 2025 CULS

Up to £37 million nominal of 2.25 per cent. convertible unsecured loan stock 2025 of the Company will be created by a resolution of the Board and will be constituted as an unsecured subordinated obligation of the Company by the 2025 CULS Trust Deed between the Company and The Law Debenture Trust Corporation p.l.c., whose registered office is at Fifth Floor, 100 Wood Street, London EC2V 7EX as trustee for the 2025 CULS Holders. Copies of the 2025 CULS Trust Deed, when executed, will be available for inspection by 2025 CULS Holders at the registered office for the time being of the Company, being at the date of publication of this Prospectus, Bow Bells House, 1 Bread Street, London EC4M 9HH.

The 2025 CULS Trust Deed will contain provisions, *inter alia*, to the following effect:

#### 1. Definitions

In addition to the defined terms set out in Part X of this Prospectus, the following additional definitions apply for the purposes of this Part IV:

<b>“equity share capital”</b>	equity share capital as defined in section 548 of the Companies Act 2006;
<b>“Independent Financial Adviser”</b>	a financial adviser (which may, for the avoidance of doubt, be the Company’s auditors or brokers) appointed by the Company and approved in writing by the Trustee or, if the Company fails to make such appointment and such failure continues for a reasonable period (as determined by the Trustee), appointed by the Trustee following notification to the Company and provided that the Trustee has no obligation to make such appointment unless it has been indemnified and/or provided with security and/or pre-funded to its satisfaction in respect of all costs, fees and expenses of such adviser and of the Trustee in connection with such appointment;
<b>“Relevant Electronic System”</b>	any computer-based system enabling title to units of 2025 CULS to be evidenced and transferred without a written instrument;
<b>“subsidiary”</b>	any company which is for the time being a subsidiary (within the meaning of section 1159 of the Companies Act 2006); and
<b>“Uncertificated Conversion Notice”</b>	a properly authenticated dematerialised instruction and/or other instruction or notification received by the Company (or by such person as it may require for these purposes) in such form and subject to such terms and conditions as may from time to time be prescribed by the Company (subject always to the CREST Regulations and the facilities, rules and requirements of the Relevant Electronic System) and that specifies (in accordance with the form prescribed by the Company) the nominal amount of 2025 CULS in respect of which the Conversion Rights are being exercised.

#### 2. Interest

- 2.1 The 2025 CULS will bear interest on its nominal amount for the time being outstanding from (and including) the date of Admission of the 2025 CULS (the **“Issue Date”**) at the rate of 2.25 per cent. per annum. Interest (less United Kingdom income tax where applicable or any other deduction or withholding required by law) will be payable on the 2025 CULS semi-annually in equal instalments in arrear on 30 November and 31 May in each year (each an **“Interest Payment Date”**), save that the first payment of interest on the 2025 CULS will be made on 30 November in respect of the period from and including the Issue Date to (but excluding) 30 November 2018 and the final payment of

interest on the 2025 CULS will be in respect of the period from (and including) 30 November 2024 to (but excluding) the date of final repayment of the 2025 CULS (the “**Final Repayment Date**”).

- 2.2 The amount of interest payable in respect of any period which is either shorter or longer than a Regular Period (as defined below) shall be calculated at the rate of 2.25 per cent. per annum on the basis of the number of days in the relevant period from (and including) the first day of such period to (but excluding) the last day of such period divided by the product of (i) two and (ii) the number of days in the Regular Period in which the relevant period falls. “**Regular Period**” means each period from (and including) any Interest Payment Date to (but excluding) the next Interest Payment Date, save that for the purposes of this definition only the first Interest Payment Date shall be deemed to be 30 November 2018 and the last Interest Payment Date shall be deemed to be 31 May 2025.

### 3. Conversion

- 3.1 Each 2025 CULS Holder (and, for the purposes of paragraph 3.13 of this Part IV, the Trustee on their behalf) shall (on and subject to the provisions mentioned in this paragraph 2) have the right (a “**Conversion Right**” and together the “**Conversion Rights**”) to convert the whole or such part (being an integral multiple of £1 nominal) of their 2025 CULS as they may specify into fully paid Ordinary Shares. The number of Ordinary Shares to be issued by the Company on exercise of a Conversion Right shall be determined by dividing the nominal amount of 2025 CULS to be converted by the conversion price in effect on the relevant Conversion Date (as defined in paragraph 3.2 of this Part IV) (the “**Conversion Price**”). The initial Conversion Price for one Ordinary Share (which shall be subject to adjustment in the circumstances described in paragraph 4 of this Part IV) shall be equal to:

$$CP = NAV \times 1.20$$

where:

CP is the Conversion Price for one Ordinary Share expressed to four decimal places; and

NAV is the amount (expressed in pence to four decimal places) equal to the unaudited NAV (including income) per Ordinary Share as at the close of business on 18 May 2018.

The Company will announce the initial Conversion Price through an RIS as soon as practicable following its calculation.

- 3.2 The Conversion Rights shall be exercisable (in the manner described in paragraph 3.3 or paragraph 3.4, as applicable, of this Part IV) at any time during the periods of 28 days ending on 30 November and 31 May in each year commencing November 2018 and ending May 2025 (each such period and any other period during which Conversion Rights may be exercised being a “**Conversion Period**”) so as to be received by 6.00 p.m. on the last day of the relevant Conversion Period (each such last day being a “**Conversion Date**” and the Conversion Date falling on 31 May 2025 or Final Repayment Date being the “**Final Conversion Date**”).
- 3.3 In order to exercise, in whole or in part, the Conversion Rights which are conferred by any 2025 CULS that is, on the relevant Conversion Date, in certificated form, the 2025 CULS Holder must lodge the relevant 2025 CULS certificate(s) (or such other document(s) as the Company may, in its absolute discretion, accept) at the office of the registrars for the time being of the Company (the “**Registrars**”) specified in the certificate (or at such other place as the Company may from time to time notify to 2025 CULS Holders) during the relevant Conversion Period, having completed and signed the notice of exercise of Conversion Rights thereon (or by giving such other notice of exercise of Conversion Rights as the Company may, in its absolute discretion, accept). The Company may (at its sole discretion) accept as valid notices of exercise of Conversion Rights which are received after the relevant Conversion Date. Once lodged, a notice of exercise of Conversion Rights shall be irrevocable, save with the consent of the Company. Compliance must also be made with any statutory and regulatory requirements for the time being applicable.
- 3.4 The Conversion Rights which are conferred by any 2025 CULS that is on the relevant Conversion Date in uncertificated form shall be exercisable, in whole or in part, (and treated by the Company as exercised) on that Conversion Date if an Uncertificated Conversion Notice is received as referred to below during the relevant Conversion Period (but not later than the latest time for input of the instruction

permitted by the Relevant Electronic System on that date) by the Company (or by such person as it may require for such purposes) in such form and subject to such terms and conditions as may from time to time be prescribed by the Company (subject always to the CREST Regulations and the facilities, rules and requirements of the Relevant Electronic System concerned). The Company may, in addition but subject to the CREST Regulations and the facilities and requirements of the Relevant Electronic System, determine when any such properly authenticated dematerialised instruction and/or other instruction or notification is to be treated as received by the Company (or by such person as it may require for these purposes). Without prejudice to the generality of the foregoing, the effect of an Uncertificated Conversion Notice may be such as to divest the 2025 CULS Holder concerned of the power to transfer such 2025 CULS to another person. Once lodged, an Uncertificated Conversion Notice shall be irrevocable, save with the consent of the Company. Compliance must also be made with any statutory and regulatory requirements for the time being applicable.

- 3.5 Fractions of Ordinary Shares will not be issued on exercise of Conversion Rights, and no payment of cash or other adjustment will be made in lieu thereof.
- 3.6 Ordinary Shares allotted pursuant to the exercise of Conversion Rights which are conferred by any 2025 CULS that is in certificated form will be allotted not later than 14 days after, and with effect from, the relevant Conversion Date. Certificates in respect of such Ordinary Shares will be despatched free of charge (at the risk of the person(s) entitled thereto) not later than 28 days after the relevant Conversion Date to the person(s) in whose name(s) the 2025 CULS is registered at the date of exercise (and, if more than one, to the first-named, which shall be sufficient despatch for all) or (subject as provided by law and to the payment of stamp duty reserve tax or any other tax that may be applicable) to such other person(s) (not being more than four in number) as may be named in the form of nomination available for the purpose from the Registrars (and, if more than one, to the first-named, which shall be sufficient despatch for all). In the event of partial exercise of the Conversion Rights evidenced by a 2025 CULS certificate, the Company shall, at the same time, issue a new 2025 CULS certificate in the name of the holder for any balance of that holder's 2025 CULS not converted.
- 3.7 Ordinary Shares allotted pursuant to the exercise of Conversion Rights which are conferred by any 2025 CULS that is in uncertificated form will be allotted not later than 14 days after, and with effect from, the relevant Conversion Date. The Company shall procure that the appropriate instructions are given to enable such Ordinary Shares to be evidenced by means of the Relevant Electronic System as a holding of the person(s) in whose name(s) the 2025 CULS in respect of which Conversion Rights have been exercised were registered at the date of such exercise or (subject as provided by law, to the payment of stamp duty reserve tax or any other tax that may be applicable, to such terms and conditions as the Company may from time to time prescribe for this purpose and to the CREST Regulations and the facilities, rules and requirements of the Relevant Electronic System) to such other person(s) (not being more than four in number) as may be named in the properly authenticated dematerialised instruction and/or other instruction or notification in such form.
- 3.8 For the avoidance of doubt, unless the Company otherwise determines or unless the CREST Regulations or the facilities, rules or requirements of the Relevant Electronic System otherwise require, the Ordinary Shares issued on the exercise of any Conversion Rights shall be issued in certificated form where such Conversion Rights were conferred by 2025 CULS which was held in certificated form and in uncertificated form where such Conversion Rights were conferred by 2025 CULS which was held in uncertificated form.
- 3.9 Ordinary Shares allotted pursuant to the exercise of Conversion Rights will be allotted credited as fully paid. Such shares will not rank for any dividends or other distributions declared, paid or made on the Ordinary Shares by reference to a record date before the relevant Conversion Date, but, subject thereto, will rank in full for all dividends and other distributions declared, paid or made on the Ordinary Shares by reference to a record date on or after the relevant Conversion Date and otherwise will rank *pari passu* in all other respects, and form one class, with the Ordinary Shares in issue at the relevant Conversion Date.
- 3.10 Without prejudice to the generality of the final sentence in each of paragraphs 3.3 and 3.4 of this Part IV, the exercise of Conversion Rights by any 2025 CULS Holder whose registered address is in an Excluded Jurisdiction or who is a citizen or national of, or resident in, an Excluded Jurisdiction or a custodian, nominee or trustee for a citizen or national of, or a resident in, an Excluded Jurisdiction (including without limitation any US Person), and the right of such a 2025 CULS Holder to receive the

Ordinary Shares falling to be issued to them following the exercise of their Conversion Rights, will be subject to such requirements, conditions, restrictions, limitations or prohibitions as the Company may at any time impose, in its absolute discretion, for the purpose of complying with any applicable securities laws of the relevant jurisdiction, which, in the case of the United States, shall include the Securities Act, the Investment Company Act and any rules or regulations promulgated under such Acts. For the purpose of this paragraph 3.10, “**US Person**” means any person or entity defined as such in Rule 902(k) under the US Securities Act and, without limiting the generality of the foregoing, includes a natural person resident in the United States, a corporation or partnership organised or incorporated under the laws of the United States (including any state thereof) and an estate or trust of which any executor, administrator or trustee is a US Person, but shall not include a branch or agency of a US Person located outside the United States if such agency or branch operates for valid business reasons and is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.

- 3.11 Interest on 2025 CULS converted shall be payable up to (but excluding) the relevant Conversion Date (whether or not that is an Interest Payment Date), but shall cease to accrue immediately thereafter.

### 3.12 **Conversion upon Change of Control**

3.12.1 If any offer is made to all (or as nearly as may be practicable all) the Shareholders (or to all, or as nearly as may be practicable all, such holders other than the offeror and/or any company controlled by the offeror and/or persons associated, connected or acting in concert with the offeror) to acquire the whole or any part of the Ordinary Shares (an “**Offer**”) and the Company becomes aware that the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or any company controlled by the offeror and/or persons associated, connected or acting in concert with the offeror, the Company shall give notice of that fact in writing (in a form previously approved in writing by the Trustee) (a “**Change of Control Notice**”) to all 2025 CULS Holders within 14 days of its becoming so aware. The publication of a scheme of arrangement under the Companies Act 2006 providing for the acquisition by any person of the whole or any part of the Ordinary Shares shall be deemed to be the making of an Offer.

3.12.2 If an offer, proposal, scheme or other arrangement which is on terms as to consideration which are, in the opinion of an Independent Financial Adviser, fair and reasonable (having regard to the terms of the Conversion Rights and the period during which they may be exercised and to the terms of such Offer and any other circumstances which may appear to such Independent Financial Adviser to be relevant) (a “**Comparable CULS Offer**”) has already been, or not later than 30 days after the date of such Change of Control Notice is, made or put to 2025 CULS Holders, then the Company shall forthwith thereafter give further notice in writing of that fact (in a form previously approved in writing by the Trustee) (a “**Comparable CULS Offer Notice**”) to all 2025 CULS Holders, and each 2025 CULS Holder may, by giving written notice to the Company (in a form previously approved in writing by the Trustee) within 30 days after service of a Comparable CULS Offer Notice require the Company to repay the whole or any part (being an integral multiple of £1 nominal) of their 2025 CULS at its nominal amount together with accrued interest up to (but excluding) the date specified in the Comparable CULS Offer Notice (which date shall be a date falling not less than eight weeks and not more than 10 weeks following the date of the Comparable CULS Offer Notice), in which event the Company shall be bound to repay such 2025 CULS together with accrued interest accordingly.

3.12.3 If no Comparable CULS Offer is made within 30 days after the date of a Change of Control Notice, the Company shall forthwith give notice in writing of that fact (in a form previously approved in writing by the Trustee) (a “**Default Notice**”) to all 2025 CULS Holders, and each 2025 CULS Holder shall have the right, by giving written notice to the Company (in a form previously approved in writing by the Trustee) within 30 days after service of such Default Notice:

- (i) to require the Company to repay the whole or any part (being an integral multiple of £1 nominal) of their 2025 CULS at its nominal amount together with accrued interest up to (but excluding) the date specified in the Default Notice (which date shall be a date falling not less than eight weeks and not more than 10 weeks following the date of the Default Notice), in which event the Company shall be bound to repay such 2025 CULS together with accrued interest accordingly; and/or



- (ii) to exercise their Conversion Rights in respect of the whole or any part (being an integral multiple of £1 nominal) of their 2025 CULS as they may specify (and so that for this purpose such 30-day period shall be deemed to be a Conversion Period, the last day thereof shall be deemed to be a Conversion Date and the provisions of paragraph 3.11 of this Part II shall apply accordingly) at the Conversion Rate applicable on such deemed Conversion Date.

### 3.13 **Conversion by Trustee**

Notwithstanding the provisions of paragraph 3.2 of this Part IV, the Trustee may, at its absolute discretion and without any responsibility for any loss occasioned thereby, at any time during the period of 10 days before the date of final redemption of the 2025 CULS (being the final maturity date of the 2025 CULS or such earlier date as all 2025 CULS then outstanding shall be due to be redeemed by the Company), exercise all Conversion Rights not exercised by 2025 CULS Holders on or before the Final Conversion Date at the Conversion Price applicable on the Final Conversion Date and sell for the benefit of the 2025 CULS Holders entitled thereto the Ordinary Shares allotted on such conversion, provided that the Trustee shall not exercise such Conversion Rights unless an Independent Financial Adviser (acting as an expert and not an arbitrator) shall have stated in writing that in its opinion the exercise of such Conversion Rights and prompt sale by the Trustee would be in the interests of the 2025 CULS Holders concerned as a body. The date of exercise of such Conversion Rights shall be deemed to be a Conversion Date, and the provisions of paragraph 3.11 of this Part IV shall apply accordingly.

### 3.14 **Compulsory Conversion**

Following the first Conversion Date at which, taking into account all Conversion Rights exercised on or before that date, 80 per cent. or more in nominal amount of the 2025 CULS shall have been converted or shall otherwise have ceased to be in issue, the Company shall be entitled within 30 days after that or any subsequent Conversion Date to give not less than 30 nor more than 60 days' notice in writing (in a form previously approved in writing by the Trustee) (a "**Compulsory Conversion Notice**") to all 2025 CULS Holders requiring them to convert, on the expiry date of such Compulsory Conversion Notice, the whole (but not part only) of the 2025 CULS then outstanding into Ordinary Shares at the Conversion Price applicable on such expiry date and in the event of such notice being given the holding of 2025 CULS of each 2025 CULS Holder shall, subject as provided in this paragraph 3.14, be automatically converted at such Conversion Price on such expiry date (and so that for this purpose such expiry date shall be deemed to be a Conversion Date and the provisions of paragraph 3.11 of this Part IV shall apply accordingly), provided that each 2025 CULS Holder shall have the right, by giving written notice to the Company in accordance with this paragraph 3.14 within 30 days after the service of a Compulsory Conversion Notice, to require the Company, in lieu of converting, to repay the whole (or such part as they may in such notice specify) of their 2025 CULS at its nominal amount on the expiry date of the Compulsory Conversion Notice together with interest accrued up to (but excluding) such date, in which event the Company shall be bound to repay such 2025 CULS together with accrued interest accordingly. Within 30 days of the delivery of a Compulsory Conversion Notice, each 2025 CULS Holder not requiring repayment of the whole of their 2025 CULS must either deliver to the Registrars a completed and signed conversion notice(s) on their relevant 2025 CULS certificate(s) or lodge an Uncertificated Conversion Notice (as the case may be). No Compulsory Conversion Notice may be given by the Company if it would expire after the date for redemption of the 2025 CULS.

#### **4. Adjustments of the Conversion Price**

The Conversion Price shall from time to time be adjusted in accordance with the provisions of this paragraph.

##### **4.1 Consolidation, Sub-division or Reclassification of Ordinary Shares**

If and whenever there shall be an alteration on a date (or by reference to a record date) on or before the final maturity date of the 2025 CULS in the nominal amount of the Ordinary Shares as a result of a consolidation, sub-division or reclassification thereof, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

where:

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

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

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

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

##### **4.2 Capitalisation Issue**

If and whenever the Company shall allot to holders of Ordinary Shares any Ordinary Shares credited as fully paid by way of capitalisation of reserves or profits (including any share premium account or capital redemption reserve) other than Ordinary Shares (in an amount equal to the amount of the cash dividend foregone) paid up out of distributable reserves and issued in lieu of a cash dividend on a date (or by reference to a date) on or before the final maturity date of the 2025 CULS, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

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

where:

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

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

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

##### **4.3 Other Adjusting Circumstances**

If and whenever on a date (or by reference to a record date) on or before the final maturity date of the 2025 CULS:

- (i) the Company shall issue Ordinary Shares to Shareholders as a class by way of rights, or issue or grant to Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any Ordinary Shares;
- (ii) the Company shall issue any securities (other than Ordinary Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Ordinary Shares) to Shareholders as a class by way of rights or grant to Shareholders as a class by way of rights any options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Ordinary Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Ordinary Shares);
- (iii) the Company shall issue (otherwise than as mentioned in sub-paragraph (i) above) wholly for cash or for no consideration any Ordinary Shares (other than Ordinary Shares issued on exercise of Conversion Rights) or issue or grant (otherwise than as mentioned in subparagraph (i) above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for, purchase or otherwise acquire any Ordinary Shares (other than the 2025 CULS);

- (iv) the Company or any subsidiary of the Company or (at the direction or request of, or pursuant to any arrangements with, the Company or any subsidiary of the Company) any other company, person or entity (otherwise than as mentioned in sub-paragraphs (i), (ii) or (iii) above) shall issue wholly for cash or for no consideration any securities (other than the 2025 CULS) which by their terms of issue carry (directly or indirectly), rights of conversion into, or exchange or subscription for Ordinary Shares (or shall grant any such rights in respect of existing securities so issued) or securities which by their terms might be redesignated as Ordinary Shares; or
- (v) there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any such securities (other than the 2025 CULS) other than in accordance with the terms (including terms as to adjustment) applicable to such securities on issue;

and, in each such case, the result of such event or circumstance (whether by reason of the terms of issue, the consideration received or payable on exercise of the relevant rights or otherwise) is or may be dilutive of the value of the Conversion Rights, then in order to protect the value of the Conversion Rights following such event or circumstance the Company shall promptly notify the Trustee in writing of the relevant event or circumstance and the Company shall, at its own expense, request an Independent Financial Adviser to determine in good faith as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment should take effect, and on such determination such adjustment (if any) to the Conversion Price shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this paragraph 4.3 if the Company makes such a request of an Independent Financial Adviser not more than 20 business days after the date on which the relevant event or circumstance occurs or arises.

#### 4.4 **General**

- 4.4.1 For the avoidance of doubt, the issue of Ordinary Shares pursuant to the exercise of the Conversion Rights shall not result in an adjustment to the Conversion Price.
- 4.4.2 No adjustment will be made to the Conversion Price pursuant to this paragraph 4 (other than by reason of and to reflect a consolidation of Ordinary Shares as referred to in paragraph 4.1 of this Part IV) if it would result in an increase in the Conversion Price.
- 4.4.3 If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price, and following consultation between the Company and an Independent Financial Adviser, a written opinion of such Independent Financial Adviser in respect of such adjustment to the Conversion Price shall be conclusive and binding on all concerned, save in the case of manifest error.
- 4.4.4 All adjustments to the Conversion Price shall be rounded upwards, if necessary, to four decimal places. The Company will forthwith notify the 2025 CULS Holders in writing (in a form previously approved in writing by the Trustee) of any adjustment to the Conversion Price pursuant to this paragraph 4.
- 4.4.5 The Trustee shall not be under any duty or obligation to monitor whether any event or circumstance has happened or exists pursuant to this paragraph 4 and it may assume until it has actual knowledge by way of express notice in writing from the Company to the contrary that no such event or circumstance has occurred and will not be responsible to any party for any loss arising from any failure by it to do so. The Trustee shall not at any time be under any duty or responsibility to any 2025 CULS Holder with respect to the nature or the extent of any adjustment to the Conversion Price when made, or with respect to the method employed in making the same.

#### 5. **Undertakings**

- 5.1 While any Conversion Rights remain capable of exercise by any 2025 CULS Holder or the Trustee, save with the previous sanction of an extraordinary resolution of the 2025 CULS Holders within the meaning of the 2025 CULS Trust Deed (an “**Extraordinary Resolution**”) or with the prior approval of the Trustee where, in the Trustee’s opinion, it is not materially prejudicial to the interests of the 2025 CULS Holders to give such approval, the Company shall use all reasonable endeavours:

- (i) to procure that (a) the 2025 CULS and (b) the Ordinary Shares which are fully paid shall at all times remain admitted to the Official List and to trading on the Main Market; and
- (ii) to ensure that during such time as the Ordinary Shares are admitted to the Official List and to trading on the Main Market and/or listed or quoted on any other stock exchange all the Ordinary Shares allotted on exercise of Conversion Rights will, on allotment, be admitted to the Official List and to trading on the Main Market and/or be listed or quoted on such other stock exchange.

5.2 While any Conversion Rights remain capable of exercise by any 2025 CULS Holder or the Trustee, subject as provided in paragraph 5.8 of this Part IV and save with the sanction of an Extraordinary Resolution or with the approval of the Trustee where, in the Trustee's opinion, it is not materially prejudicial to the interests of the 2025 CULS Holders to give such approval, the Company shall not:

- (i) save as permitted by sub-paragraph (vi) below, distribute capital profits (whether realised or not) or capital reserves (including any share premium account or capital redemption reserve) or profits or reserves arising from a distribution of capital profits (whether realised or not) or capital reserves (including any share premium account or capital redemption reserve) by a subsidiary of the Company except by means of a capitalisation issue permitted under sub-paragraph (ii) below unless in any such case such adjustment (if any) is made to the Conversion Price as shall be determined by an Independent Financial Adviser to be appropriate, provided that for the purposes of this subparagraph (i) and insofar as the relevant audited accounts do not distinguish between capital and revenue profits or reserves the Company and the Trustee shall be entitled to rely on a written estimate (whether or not addressed to the Trustee) by the Auditors (as defined in the 2025 CULS Trust Deed) as to the extent (if any) to which any part of any profits or reserves should be regarded as capital profits or capital reserves;
- (ii) capitalise any profits or reserves other than by way of a capitalisation issue made only to the Shareholders in the form of fully paid Ordinary Shares and (if so extended) in like proportions to the holders of any other class of equity share capital of the Company in the form of fully paid Ordinary Shares or shares of such other class of equity share capital or for the purposes of a scrip dividend where permitted under paragraph 4.2 of this Part IV without adjustment to the Conversion Price;
- (iii) make or permit any subsidiary of the Company to make any offer or invitation to Shareholders or allot any Ordinary Shares in pursuance of a capitalisation issue, in each case during, or by reference to a record date falling within, a Conversion Period or following a Conversion Period by reference to a record date prior to such Conversion Period;
- (iv) save as permitted by sub-paragraphs (i), (ii) or (iii) above, create or permit to be in issue any equity share capital which as regards voting, dividends, other distributions or capital has more favourable rights than those attached to the Ordinary Shares;
- (v) do any act or thing if, in consequence thereof, the nominal amount of Ordinary Shares into which £0.25 nominal of 2025 CULS would be convertible would exceed 25p;
- (vi) subject to, and as permitted by, paragraph 5.8 of this Part IV, the Company shall not (except as authorised by section 663 of the Companies Act 2006 or, in respect of redeemable shares and shares purchased by it, by sections 684, 706, 691 and 692 of the Companies Act 2006) reduce its share capital or any uncalled or unpaid liability in respect thereof or (except as authorised by sections 610, 687 and 733 of the Companies Act 2006) any amount for the time being standing to the credit of any share premium account or capital redemption reserve or purchase any of its own shares unless in any such case such adjustment (if any) is made to the Conversion Price as shall be determined by an Independent Financial Adviser to be appropriate, provided that the Company shall not be restricted by this sub-paragraph (vi) from reducing or cancelling share premium account or share capital where such reduction or cancellation does not involve a payment to Shareholders but instead results in the creation of a special reserve in the Company's balance sheet; and
- (vii) make purchases of its Ordinary Shares, by tender offer, market purchase or other mechanism (whether or not at a price per Ordinary Share below the NAV per Ordinary Share), if the Company's gearing is in excess of 50 per cent of NAV.

5.3 If the Company commences liquidation (whether voluntary or compulsory), it shall forthwith give notice in writing thereof (in a form previously approved in writing by the Trustee) to all 2025 CULS Holders, and

thereupon each 2025 CULS Holder shall in respect of the whole or any part (being an integral multiple of £1 nominal) of their 2025 CULS be entitled within 4 weeks after the service of such notice to elect by notice in writing to the Company to be treated as if a Conversion Date had occurred on the day immediately preceding the date of such commencement and their Conversion Rights had been exercisable and had been exercised in full with effect on that date on the basis of conversion (including the Conversion Price) then applicable (after making any appropriate adjustment pursuant to paragraph 4 of this Part IV). In that event, subject as provided in this paragraph 5.3, each 2025 CULS Holder making such an election shall, in lieu of the payments which would otherwise be due in respect of their 2025 CULS deemed to have been converted as a result of such election, be entitled to participate in the assets available in the liquidation *pari passu* with the Shareholders (after giving effect to the rights of any other securities carrying rights to participate in the assets of the Company available on a liquidation) as if they were the holder of the Ordinary Shares (including any fraction of an Ordinary Share) to which they would have become entitled had that 2025 CULS in respect of which they shall have made such election been converted by virtue of such exercise at such deemed Conversion Date. Notwithstanding the foregoing, a 2025 CULS Holder making such an election shall be entitled to receive and retain any payment in respect of the 2025 CULS in relation to which they shall have made such election which shall have become due on or prior to such immediately preceding day as though they had not made such election. For the purpose of determining the assets in which any 2025 CULS Holder making such an election shall be entitled to participate, the provisions of paragraph 3.11 of this Part IV shall be deemed to apply as if such immediately preceding day were the Conversion Date, provided that if such 2025 CULS Holder shall receive any payment on the 2025 CULS in relation to which they shall have made such election in respect of interest falling due on the 2025 CULS on any day after such immediately preceding day up to and including the date of service of the aforesaid notice by the Company, they shall be entitled to retain such payment. If, at any time, the Company posts a notice to its Shareholders convening a meeting at which a resolution will be proposed to wind up the Company, it may at the same time give notice in writing to all 2025 CULS Holders (in a form previously approved in writing by the Trustee), in which event the period of four weeks referred to above shall commence on the date of such notice and a 2025 CULS Holder shall, in respect of the whole or any part (being an integral multiple of £1 nominal) of their 2025 CULS, be entitled to elect within that period by notice in writing to the Company that, if such resolution is passed, they should be treated as if a Conversion Date had occurred on the day immediately preceding the date on which such resolution is passed and their Conversion Rights had been exercisable and had been exercised in full with effect on that date on the same basis *mutatis mutandis* as is referred to above (and, for the avoidance of doubt, if the Company shall give notice to 2025 CULS Holders as referred to in this sentence, no further notice shall be given to 2025 CULS Holders under this paragraph 5.3 on commencement of the liquidation). Subject to this paragraph 5.3, the Conversion Rights shall lapse in the event of the liquidation of the Company.

- 5.4 If the 2025 CULS shall become immediately due and repayable in accordance with the provisions of the 2025 CULS Trust Deed (for any reason other than the liquidation of the Company), the Company shall forthwith give notice thereof to all 2025 CULS Holders (in a form previously approved in writing by the Trustee), and thereupon each 2025 CULS Holder shall in respect of the whole or any part (being an integral multiple of £1 nominal) of their 2025 CULS be entitled within the period of six weeks after the service of such notice to exercise their Conversion Rights (such exercise to be with effect as on the day immediately preceding the date on which the 2025 CULS shall have become so due and repayable, which day shall be deemed to be a Conversion Date) on the basis of conversion (including the Conversion Price) then applicable (after making any appropriate adjustments pursuant to paragraph 4 of this Part IV) by completing and signing the conversion notice(s) on their relevant 2025 CULS certificate(s) and depositing the same at the office of the Registrars or lodging an Uncertificated Conversion Notice (as the case may be), in each case before the expiry of such period of six weeks.
- 5.5 The Company shall ensure that sufficient authorities to issue Ordinary Shares are obtained from holders of existing Ordinary Shares to satisfy in full all rights for the time being outstanding of conversion into, subscription for and other acquisition of, Ordinary Shares, including without limitation the rights conferred by the 2025 CULS.
- 5.6 The Company shall send to all 2025 CULS Holders a copy of every document sent by the Company to Shareholders at the time the same is sent to Shareholders and in addition the Company shall notify all 2025 CULS Holders via an RIS not more than eight weeks and not less than four weeks prior to each Conversion Date (other than the deemed Conversion Dates referred to in paragraphs 3.12, 3.13,



3.14, 5.3 and 6.3 of this Part IV) with a reminder (in a form previously agreed in writing by the Trustee) of the Conversion Rights then exercisable.

- 5.7 While any Conversion Rights remain capable of exercise by any 2025 CULS Holder or the Trustee, save with the sanction of an Extraordinary Resolution or with the approval of the Trustee where, in the Trustee's opinion, it is not materially prejudicial to the interests of the 2025 CULS Holders to give such approval, the Company shall procure that no compromise or arrangement (to which the Companies Act 2006 applies) affecting the Ordinary Shares shall be proposed unless the 2025 CULS Holders shall be parties to the compromise or arrangement and unless the compromise or arrangement shall be subject to approval by the 2025 CULS Holders in the manner prescribed by section 899 of the Companies Act 2006, provided that these provisions shall not apply:
- (i) if an offer, proposal, scheme or other arrangement which is, in the opinion of an Independent Financial Adviser, fair and reasonable (having regard to the terms of the Conversion Rights and the periods during which they may be exercised and to the terms of such compromise or arrangement and any other circumstances which may appear to such Independent Financial Adviser to be relevant) has already been, or not later than the date on which the document containing particulars of the compromise or arrangement shall first be issued to the parties thereto is, made or put to all 2025 CULS Holders;
  - (ii) if the Trustee shall be of the opinion that implementation of such compromise or arrangement will not be prejudicial to the interests of the 2025 CULS Holders; or
  - (iii) to a scheme of arrangement to which paragraph 3.12 of this Part IV applies.
- 5.8 Nothing in the 2025 CULS Trust Deed shall restrict the Company from making purchases of its Ordinary Shares, by tender offer, market purchase or other mechanism, at a price per Ordinary Share at or below the NAV per Ordinary Share (as determined by the Directors on a date falling not more than 10 days before the date of purchase) except if the Company's gearing is in excess of 50 per cent. of NAV.

## 6. Purchase and Redemption

- 6.1 The Company or any subsidiary of the Company may at any time purchase 2025 CULS on the London Stock Exchange (if the 2025 CULS is then admitted to the Official List and to trading on the Main Market) or on any other recognised stock exchange on which the 2025 CULS is for the time being listed or quoted or by tender (available to all 2025 CULS Holders alike) or by private treaty. If the 2025 CULS is admitted to the Official List and to trading on the Main Market, and unless the purchase is by way of tender or partial offer made to all holders of 2025 CULS on the same terms, any purchase of 2025 CULS by the Company or any subsidiary of the Company shall be at a price (exclusive of all costs of purchase) which shall not exceed the aggregate of (i) 5 per cent. above the average of the middle market quotations for the 2025 CULS (as derived from the Stock Exchange Daily Official List) for the five consecutive dealing days immediately preceding the date on which the purchase is made and (ii) accrued interest (or at such other price as may be permitted by the Listing Rules). If the 2025 CULS is not admitted to the Official List and to trading on the Main Market, the price of any purchase of 2025 CULS by the Company or any subsidiary of the Company shall not exceed 110 per cent. of the nominal amount thereof.
- 6.2 All 2025 CULS not previously redeemed, purchased or converted in accordance with any of the foregoing provisions will be redeemed by the Company on 31 May 2025 at its nominal amount, together with interest accrued up to (but excluding) the date of final repayment of the 2025 CULS.
- 6.3 If the middle market price of an Ordinary Share (as derived from the Stock Exchange Daily Official List or any other record of daily prices approved in writing by the Trustee) for at least 20 dealing days (on the Main Market) during any period of 30 consecutive dealing days ending on or at any time after 31 May 2021 is at least 20 per cent. or more above the Conversion Price prevailing at the end of such period, the Company may, no later than 30 days after the end of such period, serve notice (in a form previously approved in writing by the Trustee) (a "**Redemption Notice**") on the 2025 CULS Holders pursuant to this paragraph 6.3 that all 2025 CULS not converted pursuant to this paragraph 6.3 is to be redeemed on the redemption date specified in the notice (which shall be a date falling not less than seven weeks nor more than 10 weeks following the Redemption Notice). Each 2025 CULS Holder shall be entitled within six weeks after the date of the Redemption Notice to exercise their Conversion Rights in respect of the whole of any part (being an integral multiple of £1 nominal) of their 2025 CULS



as they may specify (and so that for this purpose such six-week period shall be deemed to be a Conversion Period, the last day thereof shall be deemed to be a Conversion Date and the provisions of paragraph 3.11 of this Part IV shall apply accordingly) at the Conversion Price applicable on such deemed Conversion Date (after making any appropriate adjustments pursuant to paragraph 4 of this Part IV) by completing and signing the conversion notice(s) on the certificate(s) representing the 2025 CULS in respect of which they wish to exercise their Conversion Rights and delivering such certificate(s) together with a form or forms of nomination (if required) to the Registrars or lodging an Uncertificated Conversion Notice, in each case prior to the expiry of such six-week period. All, but not part only, of the 2025 CULS remaining unconverted after such entitlement has expired shall be redeemed by the Company at its nominal amount, together with interest accrued up to (but excluding) the date of redemption, on the redemption date specified in the Redemption Notice. For the purpose of this paragraph 6.3, a certificate signed by two Directors as to the middle market prices of an Ordinary Share (determined as aforesaid) may be relied on by the Trustee as sufficient evidence thereof and, if so relied on, shall (in the absence of manifest error) be binding on all parties.

- 6.4 If, at any date after 31 May 2021, the nominal amount of the 2025 CULS outstanding shall represent 30 per cent. or more of the Company's net assets calculated by reference to the aggregate of the Company's assets less its liabilities and expenses in accordance with its published accounting policies for at least 20 business days during any period of 30 consecutive business days ending on or at any time after 31 May 2021, the Company shall no later than 30 days after such period be entitled to serve notice (in a form previously approved in writing by the Trustee) (a "**Compulsory Redemption Notice**") on the 2025 CULS Holders pursuant to this paragraph 6.4 that all outstanding 2025 CULS will be redeemed on the redemption date specified in the notice (which shall be a date falling not less than four weeks nor more than 6 weeks following the Compulsory Redemption Notice) at its nominal amount, together with interest accrued up to (but excluding) the date of redemption, on the redemption date specified in the Compulsory Redemption Notice. For the purpose of this paragraph 6.4, a certificate signed by two Directors as to the value of the Company's net assets (determined as aforesaid) may be relied on by the Trustee as sufficient evidence thereof and, if so relied on, shall (in the absence of manifest error) be binding on all parties.
- 6.5 All 2025 CULS redeemed, purchased or converted in accordance with any of the provisions of this paragraph 6 shall be cancelled and shall not be resold or re-issued.
- 6.6 The Company may exercise its rights and powers of redemption and purchase as regards the 2025 CULS at its sole discretion and without obligation to maintain the ratio between the nominal amounts for the time being outstanding of stock of any series.

## 7. Events of Default

On the occurrence of any of the following events the Trustee may at its discretion and, if requested in writing by 2025 CULS Holders holding at least one-quarter in nominal amount of the 2025 CULS then outstanding or directed by an Extraordinary Resolution, shall (subject in each case to being indemnified jointly and severally and/or secured and/or pre-funded by 2025 CULS Holders to its satisfaction) give written notice to the Company that the 2025 CULS is (and it shall thereupon forthwith become) immediately due and repayable at its nominal amount together with accrued interest as provided in the 2025 CULS Trust Deed:

- (i) if the Company makes default for a period of 30 days or more in the payment on the due date of any interest in respect of the 2025 CULS or of any amount due for repayment in accordance with paragraph 3.12 of this Part IV;
- (ii) if an order is made or an effective resolution is passed for winding-up or dissolution of the Company or any subsidiary of the Company (except for the purpose of a reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution);
- (iii) if:
  - (a) the Company or any subsidiary of the Company is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or by reason of actual or anticipated financial difficulties commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;

- (b) the value of the assets of the Company is less than its liabilities (taking into account contingent and prospective liabilities);
  - (c) a moratorium is declared in respect of any indebtedness of the Company or any subsidiary of the Company;
  - (d) if the Company or any subsidiary of the Company ceases or threatens to cease to carry on the whole or a substantial part of its business, which shall not include (1) a change in investment objective, policy, performance benchmark or manager, (2) a reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution or (3) the winding-up of any subsidiary in accordance with that subsidiary's articles of association;
- (iv) if an encumbrancer takes possession or a receiver or administrator or administrative receiver is appointed of the Company or any subsidiary of the Company or of the whole or a substantial part of the assets or undertaking of the Company or any subsidiary of the Company or a distress or execution is levied or enforced on or sued out against the whole or a substantial part of the assets or property of the Company or any subsidiary of the Company and, in each case, is not discharged within 30 days of being levied, enforced or sued out;
- (v) if the Company breaches any of the provisions binding on it under or pursuant to the 2025 CULS Trust Deed (other than any covenant for the payment of principal and interest in respect of the 2025 CULS) or if any event occurs or any action is taken or fails to be taken which is (or but for the provisions of any applicable law would be) a breach of any of the covenants contained in the 2025 CULS Trust Deed and (except where in the opinion of the Trustee the same is not capable of remedy, when no such continuation or notice as is herein provided will be required) the same continues for more than 14 days after receipt by the Company of written notice from the Trustee requiring the same to be remedied; or
- (vi) if the Company, without the prior written consent of the Trustee or by an Extraordinary Resolution, alters the rights attached to all or any of its Ordinary Shares in issue from time to time or attaches any special rights, privileges or restrictions thereto, or creates or issues any new class of equity share capital other than the Ordinary Shares ranking *pari passu* in all respects (or in all respects except as regards any restriction on their rights to receive dividends or other distributions or on their rights on a return of capital or on their rights to participate in any issue by way of capitalisation of profits or reserves or on their voting rights, which in all such cases make such rights less favourable than those attached to the Ordinary Shares) with the Ordinary Shares, and in each case (except where, in the opinion of the Trustee, such alteration, attachment, creation or issue is not capable of cancellation when no such continuation or notice as is herein provided shall be required) such alteration, attachment, creation or issue shall continue for more than 14 days after written notice requiring such alteration, attachment, creation or issue to be cancelled shall have been given to the Company by the Trustee, provided that nothing in this sub-paragraph (vi) shall restrict the right of the Company to consolidate or subdivide Ordinary Shares or convert Ordinary Shares into stock or vice versa and no such consolidation, subdivision or conversion shall give rise to any rights under this paragraph 7.

Provided that no such event set out in sub-paragraph (ii) above (in relation to any subsidiary of the Company only) or any of sub-paragraphs (iii) to (vi) above (both inclusive) shall constitute an event on the occurrence of which the 2025 CULS may become immediately due and repayable unless the Trustee shall have certified in writing that, in its opinion, such event is materially prejudicial to the interests of the 2025 CULS Holders.

## **8. Subordination**

The rights and claims of the 2025 CULS Holders will, in the event of the winding-up or dissolution of the Company, be subordinated to the claims of creditors in respect of the Company's secured and unsecured borrowings such that, on such winding-up or dissolution, no payments (whether of principal or outstanding or accrued interest) will be made to the 2025 CULS Holders until payment in full has been made to all such creditors.

## **9. Denomination and Transfer**

The 2025 CULS will be denominated, and will be registered and transferable without payment of any fee (excepting all transfer taxes), in integral multiples of £1 nominal. The 2025 CULS Trust Deed will contain

provisions enabling the 2025 CULS to be held and transferred in uncertificated form. The Trustee may, without any sanction of 2025 CULS Holders, concur with the Company in making modifications to the provisions of the 2025 CULS Trust Deed in order to reflect changes in the CREST Regulations or in the applicable law and practice relating to the holding or transfer of 2025 CULS in uncertificated form and the issue of Ordinary Shares in uncertificated form on conversion of 2025 CULS.

## **10. Issues of Further Unsecured Loan Stock**

Provision will be made in the 2025 CULS Trust Deed to enable further unsecured loan stock of the Company to be issued either so as to be identical in all respects with and to form a single series with the 2025 CULS or on such terms, including rights as to interest, ranking (but not ranking ahead of the 2025 CULS), conversion, premium, repayment and otherwise as the Directors may determine. However, no additional loan capital of the Company or any subsidiary of the Company shall be paid up in whole or in part by way of capitalisation of profits or reserves or be issued by way of collateral security.

## **11. Modification of Rights, Etc.**

- 11.1 2025 CULS Holders will have power by Extraordinary Resolution, *inter alia*, to sanction any modification, abrogation or compromise of or arrangement in respect of their rights against the Company and to assent to any modification of the provisions of the 2025 CULS Trust Deed. In addition, the Trustee may from time to time without the consent or sanction of the 2025 CULS Holders (but only if and insofar as in the opinion of the Trustee the interests of the 2025 CULS Holders will not be materially prejudiced thereby), on such terms and subject to such conditions as it shall deem expedient, waive or authorise any breach or proposed breach by the Company of any of the covenants or provisions of the 2025 CULS Trust Deed, determine that any act or omission which would or could constitute an event of default under the 2025 CULS Trust Deed shall not do so, or agree to any modification of the provisions of the 2025 CULS Trust Deed. The Trustee may also agree, without such consent or sanction, to any modification of the 2025 CULS Trust Deed which is of a formal, technical or minor nature or to correct a manifest error or an error which is in the opinion of the Trustee proven. Provision will be made for convening separate meetings of the holders of the 2025 CULS when the Trustee considers this appropriate.
- 11.2 In connection with the exercise by it of any of its trusts, powers, authorities and discretions under the 2025 CULS Trust Deed (including without limitation any modification, waiver, authorisation or determination referred to in paragraph 11.1 of this Part IV), the Trustee shall have regard to the general interests of the 2025 CULS Holders as a class but shall not have regard to any interests arising from circumstances particular to individual 2025 CULS Holders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual 2025 CULS Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Trustee shall not be entitled to require, nor shall any 2025 CULS Holder be entitled to claim, from the Company, the Trustee or any other person, any indemnification or payment in respect of any tax consequences of any such exercise on individual 2025 CULS Holders.

## **12. Trustee's Indemnification and Consents**

The 2025 CULS Trust Deed will contain provisions for the indemnification and/or pre-funding of and/or provision of security to the Trustee and for its relief from responsibility in certain events. The 2025 CULS Trust Deed will provide that when determining whether an indemnity or any security or prefunding is satisfactory to it, the Trustee shall be entitled:

- (i) to evaluate its risk in any given circumstance by considering the worst-case scenario; and
- (ii) to require that any indemnity or security given to it by the 2025 CULS Holders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

Any consent given by the Trustee may be given on such terms and subject to such conditions (if any) as the Trustee may in its absolute discretion think fit and, notwithstanding anything to the contrary in this Part IV, may be given retrospectively.

### **13. Removal, Retirement and Replacement of Trustee**

The 2025 CULS Trust Deed will contain provisions for the removal of the Trustee by an Extraordinary Resolution and will permit the Trustee to retire at any time without assigning any reason. The Company will have the power to appoint a new Trustee but such new Trustee shall be subject to the approval of an Extraordinary Resolution.

### **14. Payments**

#### **14.1 *Method of Payment***

##### *14.1.1 2025 CULS in Certificated Form*

Payment of the nominal amount of 2025 CULS on redemption and/or interest will be made by transfer to a sterling account (or other account to which sterling may be credited) maintained by the 2025 CULS Holder with a bank in the City of London as previously notified to the Registrar, or in the absence of a bank account by cheque posted to the registered address of the first-named holder on the 2025 CULS Register, and (in the case of redemption and/or interest payable on redemption) will be made against surrender of the relevant 2025 CULS certificate at the Registrars' Office.

##### *14.1.2 2025 CULS in Uncertificated Form*

The Company shall pay or cause to be paid payments of nominal amount in respect of 2025 CULS held in uncertificated form by way of a CREST assured payment in accordance with the CREST Regulations.

Payments of interest in respect of 2025 CULS held in uncertificated form will be made by transfer to a sterling account (or other account to which sterling may be credited) maintained by the 2025 CULS Holder with a bank in the City of London where previously notified to the Registrar, or by cheque posted to the address of the first-named holder on the 2025 CULS Register relating to 2025 CULS held in uncertificated form.

#### **14.2 *Payments subject to Fiscal Laws***

All payments in respect of the 2025 CULS are subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment. No commissions or expenses shall be charged to 2025 CULS Holders in respect of such payments.

#### **14.3 *Non-business Days***

Every cheque sent through the post shall be sent by first class post on or before the business day next preceding the due date of the relevant nominal and or interest payment unless such due date is not a business day, in which event it shall be sent on or before the second business day next preceding the due date of the relevant payment. Where payment is to be made by transfer to a sterling bank account, payment instructions (for value the due date or, if the due date is not a London business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of nominal amount and interest payable on redemption) on the later of the due date for payment and (in the case of 2025 CULS held in certificated form only) the day on which the relevant 2025 CULS certificate is surrendered at the Registrars' Office and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A holder of a 2025 CULS shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for payment not being a London business day.

#### **14.4 *Record Date***

Each payment in respect of 2025 CULS will be made to the person shown as the 2025 CULS Holder in the 2025 CULS Register or in the case of joint holders to the person whose name stands first in the

2025 CULS Register at the opening of business in London on the fifteenth day before the due date for such payment.

#### **14.5 *Fractions***

When making payments of nominal amount and/or interest to 2025 CULS Holders, the relevant payment will be rounded down to the nearest whole pence.

#### **15. Auditors**

The 2025 CULS Trust Deed will provide that the Trustee may rely on certificates or reports provided by the Auditors or other experts in accordance with the provisions of the 2025 CULS Trust Deed whether or not any such certificate or report shall be addressed to the Trustee and whether or not any such certificate or report or any engagement letter or other document entered into by the Trustee and/or the Auditors or such other experts in connection therewith contains any limit (whether monetary or otherwise) on the liability of the Auditors or such other expert.

#### **16. Governing Law**

The 2025 CULS Trust Deed, and any non-contractual obligations arising out of or in connection with it, will be governed by, and construed in accordance with, English law. The 2025 CULS Trust Deed will not contain any restriction on borrowings (including borrowings ranking ahead of the 2025 CULS), the disposal of assets or the creation of charges by, or changes in the nature of the business of, the Company or any subsidiary of the Company.

## PART V

### TERMS AND CONDITIONS OF THE PLACING

#### 1 INTRODUCTION

- 1.1 2025 CULS are available under the Placing at the Issue Price.
- 1.2 Each Placee which confirms its agreement (whether orally or in writing) to Panmure Gordon to subscribe for 2025 CULS under the Placing will be bound by these terms and conditions and will be deemed to have accepted them.
- 1.3 Panmure Gordon may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as Panmure Gordon (in its absolute discretion) sees fit and may require any such Placee to execute a separate placing letter (a “**Placing Letter**”). The terms of this Part V will, where applicable, be deemed to be incorporated into such Placing Letters.
- 1.4 Subject to paragraph 1.3 above, the commitment to acquire 2025 CULS under the Placing will be agreed orally with Panmure Gordon as agent for the Company and further evidenced in a contract note (“**Contract Note**”) or placing confirmation (“**Placing Confirmation**”).

#### 2 AGREEMENT TO APPLY FOR 2025 CULS AND CONDITIONS

- 2.1 A Placee agrees to subscribe for those 2025 CULS allocated to it by Panmure Gordon at the Issue Price, conditional on:
  - 2.1.1 the Placing Agreement becoming wholly unconditional (save for any condition relating to Admission) and not having been terminated in accordance with its terms on or before the date of Admission;
  - 2.1.2 clawback, if any, to the extent necessary to satisfy valid applications made by existing shareholders under the Open Offer and 2025 CULS issued pursuant to the Reinvestment Scheme;
  - 2.1.3 the minimum net proceeds raised pursuant to the Issue being at least £10 million;
  - 2.1.4 Admission occurring and becoming effective by 8.00 a.m. on 29 May 2018 (or such later time and/or date as the Company, AMFL and Panmure Gordon may agree and, in any event, no later than 8.00 a.m. on 12 June 2018); and
  - 2.1.5 Panmure Gordon confirming to Placees their allocation of 2025 CULS.
- 2.2 To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

#### 3 PAYMENT FOR 2025 CULS

- 3.1 Each Placee must pay the Issue Price for the 2025 CULS issued to the Placee in the manner and by the time directed by Panmure Gordon. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for 2025 CULS may, at the discretion of Panmure Gordon, either be rejected or accepted and, in the latter case, paragraph 3.2 of these terms and conditions shall apply.
- 3.2 Each Placee is deemed to agree that if it does not comply with its obligation to pay the Issue Price for the 2025 CULS allocated to it in accordance with paragraph 3.1 of these terms and conditions and Panmure Gordon elects to accept that Placee's application, the relevant Placee shall be deemed hereby to have appointed Panmure Gordon or any nominee of Panmure Gordon as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the 2025 CULS allocated to the Placee in respect of which payment shall not have been made as directed, and to indemnify Panmure Gordon and its affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales. A sale of all or any of such 2025 CULS shall not release the relevant Placee from the obligation to make such



payment for relevant Shares to the extent that Panmure Gordon or its nominee has failed to sell such Shares at a consideration which, after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, exceeds the Issue Price.

#### **4 REPRESENTATIONS AND WARRANTIES**

- 4.1 By agreeing to subscribe for 2025 CULS under the Placing, each Placee which enters into a commitment to subscribe for 2025 CULS will (for itself and any person(s) procured by it to subscribe for 2025 CULS and any nominee(s) for any such person(s)) be deemed to represent, warrant and acknowledge to each of the Company, the Investment Manager, the Registrar and Panmure Gordon that:
- 4.1.1 in agreeing to subscribe for 2025 CULS under the Placing, it is relying solely on this document and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company or the Placing. It agrees that none of the Company, the Investment Manager, Panmure Gordon or the Registrar, nor any of their respective officers, agents, or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
  - 4.1.2 if the laws of any territory or jurisdiction outside England and Wales are applicable to its agreement to subscribe for 2025 CULS under the Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Investment Manager, Panmure Gordon or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing;
  - 4.1.3 it has carefully read and understands this document in its entirety and acknowledges that it is acquiring 2025 CULS on the terms and subject to the conditions set out in this Part V and the Articles as in force at the date of Admission and agrees that in accepting a participation in the Placing it has had access to all information it believes necessary or appropriate in connection with its decision to subscribe for the 2025 CULS;
  - 4.1.4 it has not relied on Panmure Gordon or any person affiliated with Panmure Gordon in connection with any investigation of the accuracy of any information contained in this document or any supplementary prospectus published by the Company prior to Admission;
  - 4.1.5 the content of this document and any supplementary prospectus published by the Company prior to Admission is exclusively the responsibility of the Company and the Directors and neither Panmure Gordon nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any information, representation or statement contained in this document or any supplementary prospectus published by the Company prior to Admission or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Placing based on any information, representation or statement contained in this document or any supplementary prospectus or otherwise;
  - 4.1.6 it acknowledges that no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this document and any supplementary prospectus published by the Company prior to Admission and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Investment Manager, Panmure Gordon or the Registrar;
  - 4.1.7 it is not applying as, nor is it 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 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services);

- 4.1.8 if it is within the United Kingdom, it is a person to whom the 2025 CULS may lawfully be offered under such Order and is a person who is a professional client or an eligible counterparty within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, it is a person to whom the 2025 CULS may be lawfully offered under that other jurisdiction's laws and regulations;
- 4.1.9 if it is a resident in the EEA (other than the United Kingdom): (a) it is a 'qualified investor' within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive 2003/71/EC (the "**Prospectus Directive**"); and (b) if that relevant Member State has implemented the Prospectus Directive, that it is a person to whom the 2025 CULS may lawfully be marketed under the Prospectus Directive or under the applicable implementing legislation (if any) of that relevant Member State;
- 4.1.10 in the case of any 2025 CULS acquired by a Placee as a financial intermediary within the EEA (other than the United Kingdom) as that term is used in Article 3(2) of the Prospectus Directive: (a) the 2025 CULS acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive 2010/73/EU, or in circumstances in which the prior consent of Panmure Gordon has been given to the offer or resale; or (b) where 2025 CULS have been acquired by it on behalf of persons in any relevant Member State (other than the United Kingdom) other than qualified investors, the offer of those 2025 CULS to it is not treated under the Prospectus Directive 2010/73/EU as having been made to such persons;
- 4.1.11 it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the 2025 CULS and it is not acting on a non-discretionary basis for any such person;
- 4.1.12 if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for 2025 CULS pursuant to the Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or material could lawfully be provided to it or such person and 2025 CULS could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 4.1.13 if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such Placee's agreement to subscribe for 2025 CULS under the Placing and will not be any such person on the date any such agreement to subscribe under the Placing is accepted;
- 4.1.14 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other offering materials concerning the Placing or the 2025 CULS to any persons within the United States or to any US Persons, nor will it do any of the foregoing;
- 4.1.15 it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading United States purchase and transfer restrictions in paragraph 7, below;
- 4.1.16 it acknowledges that neither Panmure Gordon nor any of its affiliates, nor any person acting on its or their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing or providing any advice in relation to the Placing and participation in the Placing is on the basis that it is not and will not be a client of Panmure Gordon and that Panmure Gordon do not have any duties or responsibilities to it for providing the protections afforded to their clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities otherwise required to be given by it in connection with its application under the Placing;

- 4.1.17 it acknowledges that where it is subscribing for 2025 CULS for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account:
- (a) to subscribe for the 2025 CULS for each such account;
  - (b) to make on each such account's behalf the representations, warranties and agreements set out in this document; and
  - (c) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Company and Panmure Gordon;
- and it agrees that the provisions of this paragraph shall survive any resale of the 2025 CULS by or on behalf of any such account;
- 4.1.18 it irrevocably appoints any director of the Company and any director and/or authorised signatory of Panmure Gordon to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the 2025 CULS for which it has given a commitment under the Placing, in the event of its own failure to do so;
- 4.1.19 it accepts that if the Placing does not proceed or the conditions to the Placing Agreement are not satisfied or the 2025 CULS for which valid applications are received and accepted are not admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities for any reason whatsoever then neither of Panmure Gordon nor the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- 4.1.20 in connection with its participation in the Placing it has observed all relevant legislation and regulations;
- 4.1.21 it acknowledges that Panmure Gordon and the Company are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to it;
- 4.1.22 the representations, undertakings and warranties contained in this document given by it are irrevocable. It acknowledges that Panmure Gordon and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the 2025 CULS are no longer accurate, it shall promptly notify Panmure Gordon and the Company;
- 4.1.23 where it or any person acting on behalf of it is dealing with Panmure Gordon, any money held in an account with Panmure Gordon on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Panmure Gordon to segregate such money, as that money will be held by Panmure Gordon under a banking relationship and not as trustee;
- 4.1.24 any of its clients, whether or not identified to Panmure Gordon, will remain its sole responsibility and will not become clients of Panmure Gordon for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 4.1.25 it accepts that the allocation of 2025 CULS shall be determined by Panmure Gordon in its absolute discretion and that Panmure Gordon may scale down any commitments for this purpose on such basis as it may determine;
- 4.1.26 time shall be of the essence as regards its obligations to settle payment for the 2025 CULS and to comply with its other obligations under the Placing;
- 4.1.27 its commitment to acquire 2025 CULS will be agreed orally with Panmure Gordon as agent for the Company and that a Contract Note or Placing Confirmation will be issued by Panmure Gordon as soon as possible thereafter. That oral confirmation will constitute an irrevocable, legally

binding commitment upon that person (who at that point will become a Placee) in favour of the Company and Panmure Gordon to subscribe for the number of 2025 CULS allocated to it at the Issue Price on the terms and conditions set out in this Part V and, as applicable, in the Contract Note or Placing Confirmation. Except with the consent of Panmure Gordon, such oral commitment will not be capable of variation or revocation after the time at which it is made; and

4.1.28 its allocation of 2025 CULS under the Placing will be evidenced by the Contract Note or Placing Confirmation, as applicable, confirming:

- (a) the number of 2025 CULS that such Placee has agreed to subscribe for;
- (b) the aggregate amount that such Placee will be required to pay for such 2025 CULS; and
- (c) settlement instructions to pay Panmure Gordon as agents for the Company.
- (d) The terms of this Part V will be deemed to be incorporated into that Contract Note or Placing Confirmation.

4.2 The Company and/or Panmure Gordon reserve the right to reject all or part of any offer to purchase 2025 CULS for any reason. The Company also reserves the right to sell fewer than all of the 2025 CULS offered by this document or to sell to any purchaser fewer than all of the 2025 CULS a purchaser has offered to purchase.

## 5 MONEY LAUNDERING

### 5.1 *Each Placee acknowledges and agrees that:*

5.1.1 its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person:

- (a) subject to the Money Laundering Regulations 2017 in force in the United Kingdom; or
- (b) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) (the “**Money Laundering Directive**”); or
- (c) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive; and

5.1.2 due to anti-money laundering requirements, Panmure Gordon and/or the Company and/or their agents may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Panmure Gordon, the Company and/or their agents may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Panmure Gordon, the Company and their agents against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it.

## 6 THE DATA PROTECTION ACT

6.1 Each Placee acknowledges and agrees that, pursuant to applicable data protection legislation the Company and/or the Registrar and/or the Administrator, may hold personal data relating to past and present Shareholders, 2019 CULS Holders and 2025 CULS Holders. Personal data may be retained on record for a period exceeding six years after it is no longer used (subject always to any limitations on retention periods set out in the applicable data protection legislation. The Registrar and the Administrator will process such personal data at all times in compliance with applicable data protection legislation and shall only process such information for the purposes set out below (collectively, the “**Purposes**”), being to:

6.1.1 process its personal data (including sensitive personal data (or its equivalent) as defined in applicable data protection legislation) to the extent and in such manner as is necessary for the

performance of their obligations under their respective service contracts, including as required by or in connection with its holding of 2025 CULS, including processing personal data in connection with credit and money laundering checks on it;

- 6.1.2 communicate with it as necessary in connection with its affairs and generally in connection with its holding of 2025 CULS;
  - 6.1.3 provide personal data to such third parties as the Registrar and/or the Administrator may consider necessary in connection with its affairs and generally in connection with its holding of 2025 CULS or as applicable data protection legislation may require, including to third parties outside the European Economic Area;
  - 6.1.4 without limitation, provide such personal data to their affiliates, the Company or the Investment Manager and their respective associates for processing, notwithstanding that any such party may be outside the European Economic Area; and
  - 6.1.5 process its personal data for the Registrar's and/or the Administrator's internal administration.
- 6.2 Insofar as a data protection notice is required to be given to any data subjects, who comprise the personal data being processed, under applicable data protection legislation the Company and/or the Registrar and/or the Administrator (as applicable) shall provide such data protection notice as required under applicable data protection laws.
- 6.3 By becoming registered as a holder of 2025 CULS a person becomes a data subject (as defined under applicable data protection laws). In providing the Registrar and the Administrator with information, the Placee hereby represents and warrants to the Company, the Registrar and the Administrator that: (1) it has notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of any data protection notice which has been provided by the Company and/or the Registrar and/or the Administrator; and (2) where consent is legally competent and/or required under applicable data protection laws the Placee has obtained the consent of any data subject to the Company and Registrar and the Administrator, and their respective affiliates and group companies, holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out above in this paragraph 6).

## **7 UNITED STATES PURCHASE AND TRANSFER RESTRICTIONS**

- 7.1 By participating in the Placing, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for 2025 CULS and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, the Investment Manager, the Registrar and Panmure Gordon that:
- 7.1.1 it is either:
    - (a) not a US Person, is not located within the United States, is acquiring the 2025 CULS in an offshore transaction meeting the requirements of Regulation S and is not acquiring the 2025 CULS for the account or benefit of a US Person; or
    - (b) a US Person to whom 2025 CULS may be offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States;
  - 7.1.2 it acknowledges that the 2025 CULS have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and in compliance with all applicable state securities laws and under circumstances that would not require the Company to register under the US Investment Company Act;
  - 7.1.3 it acknowledges that the Company has not and will not be registered under the US Investment Company Act and that the Company has put in place restrictions for transactions not involving



any public offering in the United States, and to ensure that the Company is not and will not be required to register under the US Investment Company Act;

- 7.1.4 unless the Company expressly consents otherwise in writing, no portion of the assets used to purchase, and no portion of the assets used to hold, the 2025 CULS or any beneficial interest therein constitutes or will constitute the assets of:
- (a) an employee benefit plan as defined in Section 3(3) of ERISA that is subject to Title I of ERISA;
  - (b) a plan as defined in Section 4975 of the US Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Code; or
  - (c) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the US Code. In addition, if a Placee is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Code, its purchase, holding, and disposition of the 2025 CULS must not constitute or result in a non-exempt violation of any such substantially similar law;
- 7.1.5 if any 2025 CULS are issued to it in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect, unless otherwise determined by the Company in accordance with applicable law:

**ABERDEEN ASIAN SMALLER COMPANIES INVESTMENT TRUST PLC (THE COMPANY) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED. IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS EXCEPT IN ACCORDANCE WITH THE US SECURITIES ACT OR AN EXEMPTION THEREFROM AND UNDER CIRCUMSTANCES WHICH DO NOT REQUIRE THE COMPANY TO REGISTER UNDER THE US INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS. IN ADDITION, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO ANY PERSON USING THE ASSETS OF (I) (A) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF ERISA THAT IS SUBJECT TO TITLE I OF ERISA; (B) A "PLAN" AS DEFINED IN SECTION 4975 OF THE US CODE, INCLUDING AN INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE US CODE; OR (C) AN ENTITY WHICH IS DEEMED TO HOLD THE ASSETS OF ANY OF THE FOREGOING TYPES OF PLANS, ACCOUNTS OR ARRANGEMENTS THAT IS SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE US CODE OR (II) A GOVERNMENTAL, CHURCH, NON-US OR OTHER EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-US LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE US CODE UNLESS THE PURCHASE, HOLDING OR DISPOSITION OF THE SECURITIES WILL NOT RESULT IN A VIOLATION OF APPLICABLE LAW AND/OR CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 503 OF THE US CODE OR ANY SUBSTANTIALLY SIMILAR LAW.**

- 7.1.6 if in the future the Placee decides to offer, sell, transfer, assign or otherwise dispose of its 2025 CULS, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act and under circumstances which will not require the Company to register under the US Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;



- 7.1.7 it is purchasing the 2025 CULS for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the 2025 CULS in any manner that would violate the US Securities Act, the US Investment Company Act or any other applicable securities laws;
  - 7.1.8 it acknowledges that the Company reserves the right to make inquiries of any holder of the 2025 CULS or interests therein at any time as to such person's status under US federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under US securities laws to transfer such 2025 CULS or interests in accordance with the Articles;
  - 7.1.9 it acknowledges and understands that the Company is required to comply with FATCA and agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA;
  - 7.1.10 it is entitled to acquire the 2025 CULS under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the 2025 CULS and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Manager, the Registrar, Panmure Gordon or their respective members directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Placing or its acceptance of participation in the Placing;
  - 7.1.11 it has received, carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the 2025 CULS to within the United States or to any US Persons, nor will it do any of the foregoing; and
  - 7.1.12 if it is acquiring any 2025 CULS as a fiduciary or agent for one or more accounts, the Placee has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.
- 7.2 The Company, the Investment Manager, the Registrar, Panmure Gordon and their respective members directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.
  - 7.3 If any of the representations, warranties, acknowledgments or agreements made by the Placee are no longer accurate or have not been complied with, the Placee will immediately notify the Company and Panmure Gordon.

## **8. SUPPLY AND DISCLOSURE OF INFORMATION**

If Panmure Gordon, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for 2025 CULS under the Placing, such Placee must promptly disclose it to them.

## **9. NON UNITED KINGDOM INVESTORS**

- 9.1 If the Placee is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for 2025 CULS pursuant to the Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and 2025 CULS could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements.

- 9.2 None of the 2025 CULS has been or will be registered under the laws of the United States, Canada, Australia, the Republic of South Africa or Japan. Accordingly, the 2025 CULS may not be offered, sold, issued or delivered, directly or indirectly, within any of the United States, Canada, Australia, the Republic of South Africa or Japan or to any US Person or to any national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan unless an exemption from any registration requirement is available.

## **10. MISCELLANEOUS**

- 10.1 The rights and remedies of the Company, the Investment Manager, Panmure Gordon and the Registrar under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 10.2 On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.
- 10.3 Each Placee agrees to be bound by the Articles once the 2025 CULS, which the Placee has agreed to subscribe for pursuant to the Placing, have been acquired by the Placee. The contract to subscribe for 2025 CULS under the Placing and the appointments and authorities mentioned in this document and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Company, the Investment Manager, Panmure Gordon and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.
- 10.4 In the case of a joint agreement to subscribe for 2025 CULS under the Placing, references to a Placee in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.
- 10.5 Panmure Gordon and the Company expressly reserve the right to modify the Placing (including, without limitation, the timetable and settlement) at any time before allocations are determined. The Placing are subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in paragraph 4.5 of Part IX of this Prospectus.

## PART VI

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### 1. Introduction

The Company is proposing to issue up to £10 million nominal of 2025 CULS through the Open Offer. The offer price for the 2025 CULS under the Open Offer is 100p per £1 nominal of 2025 CULS. The 2025 CULS will be issued credited as fully paid and will rank ahead of the Ordinary Shares on a winding-up of the Company at the date of issue.

**The record date for Shareholders' entitlements under the Open Offer is 6.00 p.m. on 18 April 2018. This Prospectus and, for Qualifying non-CREST Shareholders, the Application Form contain the formal terms and conditions of the Open Offer. Qualifying Shareholders' attention is drawn to paragraph 3.1 (in relation to Ordinary Shares held in certificated form) and 3.2 (in relation to Ordinary Shares held in uncertificated form) of this Part VI which gives details of the procedure for application and payment for the 2025 CULS and for any Excess 2025 CULS applied for pursuant to the Excess Application Facility.**

**Any Qualifying Shareholder who has sold or transferred all or part of their registered holding(s) of Ordinary Shares prior to 8.00 a.m. on 23 April 2018 is advised to consult their stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for 2025 CULS under the Open Offer may be a benefit which may be claimed from them by the purchasers under the rules of the London Stock Exchange.**

The 2025 CULS is not being made available in whole or in part to the public except under the terms of the Open Offer.

The Issue is conditional, *inter alia*, upon:

- (i) the passing of special resolution 1 at the General Meeting;
- (ii) the passing of the Extraordinary Resolution at the Stockholder Meeting;
- (iii) receipt of subscriptions under the Issue in respect of an aggregate of not less than £10 million (or such lower amount as the Company, the Investment Manager and Panmure Gordon may agree in writing);
- (iv) the Placing Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms; and
- (v) Admission becoming effective by no later than 8.00 a.m. on 29 May 2018 (or such later date as the Company, AMFL and Panmure Gordon may agree, not being later than 12 June 2018).

Accordingly, if these conditions are not satisfied, the Issue will not proceed and any applications made by Qualifying Shareholders pursuant to the Open Offer will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter.

**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 Prospectus into a jurisdiction other than the UK is drawn to paragraph 5 of this Part VI. Subject to the provisions of that paragraph, Qualifying Shareholders with a registered address in the United States or any other of the Excluded Jurisdictions are not being sent this Prospectus and will not be sent an Application Form.**

## 2. The Open Offer

The Open Offer gives Qualifying Shareholders the opportunity to apply for, in aggregate:

### **Up to 10 million £1 nominal of 2025 CULS at the issue price of 100 p per £1 nominal**

*pro rata* as nearly as practicable to their current holdings and in accordance with the terms of the Open Offer set out in this Prospectus (and, where relevant, in the Application Form).

Subject to the terms and conditions set out in this Prospectus (and, where relevant, in the Application Form), Qualifying Shareholders are being given the opportunity to apply for such amount of 2025 CULS at the Issue Price (payable in full on application and free of all expenses) up to a maximum of their *pro rata* entitlement. This will be calculated on the basis of:

### **£0.29227324 nominal of 2025 CULS for each Ordinary Share**

in each case registered in the name of each Qualifying Shareholder at the Record Date and so in proportion for any other number of Ordinary Shares then registered. Open Offer Entitlements will be rounded down to the nearest whole £1 nominal of 2025 CULS and any fractional entitlements will not be allocated but will be aggregated and sold for the benefit of the Company under the Excess Application Facility or, failing which, the Placing. **Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.**

Applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Open Offer Entitlement. Qualifying Shareholders are also being given the opportunity, provided they take up their Open Offer Entitlement in full, to apply for Excess 2025 CULS through the Excess Application Facility.

The maximum amount of 2025 CULS a Qualifying Shareholder will be able to apply for under the Open Offer is fixed and will not be increased in response to excess applications under the Excess Application Facility. Applications for excess 2025 CULS will therefore be satisfied only to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full.

If applications under the Excess Application Facility are received for more than the total nominal amount of 2025 CULS available under the Open Offer following take up of Open Offer Entitlements, such applications will be scaled back in the absolute discretion of Panmure Gordon in consultation with the Company, who will have regard to the *pro rata* number of excess 2025 CULS applied for by Qualifying Shareholders under the Excess Application Facility. No assurance can therefore be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part, or at all.

The Application Form shows the number of Ordinary Shares registered in the relevant Qualifying non-CREST Shareholder's names at the Record Date (in Box 1) and the maximum nominal amount of 2025 CULS, for which they are entitled to apply pursuant to their Open Offer Entitlement (in Box 2).

Qualifying CREST Shareholders will have Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraph 3.2 of this Part VI and also to the CREST Manual for further information on the relevant CREST procedures.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying non-CREST Shareholders should also note that the Application Form is not a negotiable document and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. 2025 CULS not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up 2025 CULS will have no rights under the Open Offer. Any Open Offer Entitlements which are not applied for in respect of the Open Offer (including the Excess Application Facility) will be issued to Placees subject to the terms and conditions of the Placing Agreement with the proceeds retained for the benefit of the Company.

### 3. Procedure for Application and Payment

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether, at the relevant time, they have an Application Form in respect of their entitlement under the Open Offer (including the Excess Application Facility) or they have an Open Offer Entitlement and Excess CREST Open Offer Entitlement credited to their CREST stock account in respect of such entitlement.

Qualifying Shareholders who hold their Ordinary Shares in certificated form will be allotted 2025 CULS in certificated form. Qualifying Shareholders who hold part of their Ordinary Shares in uncertificated form will be allotted 2025 CULS in uncertificated form to the extent that their entitlement to 2025 CULS arises as a result of holding Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 3.2.6 of this Part VI.

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 Entitlements and Excess CREST Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

#### 3.1 Ordinary Shares Held in Certificated Form

*If Qualifying Shareholders have an Application Form in respect of their entitlement under the Open Offer:*

##### 3.1.1 General

Subject as provided in paragraph 5 of this Part VI in relation to Overseas Shareholders, Qualifying non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Ordinary Shares registered in their name at the Record Date in Box 1. It also shows the maximum nominal amount of 2025 CULS (set out in Box 2) for which they are entitled to apply under the Open Offer. Box 3 shows how much they would need to pay if they wish to take up their Open Offer Entitlement in full. Qualifying non-CREST Shareholders may apply for less than their maximum entitlement should they wish to do so. Qualifying non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim.

Under the Excess Application Facility, provided they have agreed to take up their Open Offer Entitlement in full, Qualifying non-CREST Shareholders may apply for more than the amount of their Open Offer Entitlement should they wish to do so. Please refer to paragraph 3.1.4 of this Part VI for further details of the Excess Application Facility.

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer to Qualifying non-CREST Shareholders.

##### 3.1.2 Market Claims

Applications to acquire 2025 CULS may only be made on the Application Form and may only be made by the Qualifying non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Ordinary Shares through the market prior to the date upon which the Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer. Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 16 May 2018. The Application Form is not a negotiable document and cannot be separately traded.

Qualifying non-CREST Shareholders who have sold or otherwise transferred all or part of their holding of Ordinary Shares prior to the date upon which the Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer should consult their broker or other professional adviser as soon as possible, as the invitation to acquire 2025 CULS under the Open Offer may be a benefit which may be claimed by the transferee.

Qualifying non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 8 on page 4 of the

Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however be forwarded to or transmitted in or into the United States or any of the Excluded Jurisdictions.

If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 3.2 of this Part VI.

### 3.1.3 *Application Procedures for Qualifying Non-CREST Shareholders*

Qualifying non-CREST Shareholders wishing to apply to acquire all or any of the 2025 CULS (whether in respect of all or part of their Open Offer Entitlement or in addition to their Open Offer Entitlement under the Excess Application Facility) should complete the Application Form in accordance with the instructions printed on it.

Completed Application Forms should be returned to Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, (who will be acting as receiving agent in relation to the Open Offer) so as to be received by Equiniti by no later than 11.00 a.m. on 18 May 2018, after which time the Application Forms will not be valid. Within the United Kingdom, Qualifying non-CREST Shareholders can use the pre-paid envelope accompanying the Application Form. If Application Forms are posted by first-class post in the UK or using the reply-paid envelope included with the Application Form, at least four business days should be allowed for delivery. Application Forms delivered by hand will not be checked upon delivery and no receipt will be provided. Qualifying non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged.

Cheques should be drawn on a personal account in respect of which the Qualifying non-CREST Shareholder has sole or joint title to the funds and should be made payable to "Equiniti Limited re: Aberdeen Asian Smaller Companies Investment Trust PLC Open Offer a/c" and crossed "A/C Payee Only". Payments must be made in sterling and the account name on the cheque must be the same as that shown on the Application Form. If this is not practicable and a Qualifying non-CREST Shareholder wishes to pay by building society cheque or banker's draft, they must:

- (i) write the name, address and date of birth of the person named on the Application Form (or one of such persons) on the back of the building society cheque or banker's draft; and
- (ii) ask the building society or bank (as the case may be) to endorse the name and account number of the person whose building society or bank account is being debited on the cheque or banker's draft.

Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying non-CREST Shareholder has title to the underlying funds) may not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Cheques and banker's draft will be presented for payment on receipt and it is a term of the Open Offer that cheques and banker's drafts will be honoured on first presentation. The Company may elect to treat as valid or invalid any applications made by Qualifying non-CREST Shareholders in respect of which cheques or banker's drafts are not so honoured. If cheques or banker's drafts are presented for payment before all of the conditions of the Placing and Open Offer are fulfilled, the application monies will be kept in a separate non-interest bearing bank account. If the Placing and Open Offer does not become unconditional no 2025 CULS 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 Placing and Open Offer.



The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept any application for 2025 CULS if either:

- (a) the Application Form together with cheques or other remittances for the full amount payable are received through the post after 11.00 a.m. on 18 May 2018 but not later than 11.00 a.m. on the next following business day (the cover bearing a legible postmark not later than 5.00 p.m. on the business day prior to 18 May 2018); or
- (b) the required remittance is received prior to 11.00 a.m. on 18 May 2018 from an authorised person (as defined in FSMA) specifying the nominal amount of 2025 CULS concerned and undertaking to lodge the relevant Application Form as soon as practicable and in any event within two business days following 18 May 2018.

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.

#### 3.1.4 *The Excess Application Facility*

Provided Qualifying non-CREST Shareholders choose to take up their Open Offer Entitlement in full, or in respect of pooled accounts, the Open Offer Entitlements of an underlying beneficial holder in full, the Excess Application Facility enables a Qualifying non-CREST Shareholder to apply for Excess 2025 CULS. For the avoidance of doubt, the maximum nominal amount of 2025 CULS available under the Open Offer (including the Excess Application Facility) is up to £10 million.

To the extent that other Qualifying Shareholders do not take up their Open Offer Entitlements in full, the Excess Application Facility will apply. If applications under the Excess Application Facility are received for more than the total nominal amount of 2025 CULS available following take up of Open Offer Entitlements, such applications will be scaled back, at the absolute discretion of Panmure Gordon, in consultation with the Company, who will have regard to the *pro rata* number of Excess 2025 CULS applied for by Qualifying Shareholders under the Excess Application Facility.

Qualifying non-CREST Shareholders who wish to apply for 2025 CULS in excess of their Open Offer Entitlement must complete the Application Form in accordance with the instructions set out on the Application Form.

Should the Open Offer become unconditional and applications for 2025 CULS exceed £10 million nominal, each Qualifying non-CREST Shareholder who has made a valid application for Excess 2025 CULS under the Excess Application Facility, and from whom payment in full for Excess 2025 CULS has been received, will receive a pounds sterling amount equal to the nominal amount of 2025 CULS applied and paid for, but not allocated to, the relevant Qualifying non-CREST Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk, save that any sums of less than £5 will be retained for the benefit of the Company.

#### 3.1.5 *Incorrect Sums*

If an Application Form encloses a payment for an incorrect sum, the Company through its Receiving Agent reserves the right:

- (i) to reject the application in full and return the cheque or banker's draft or refund the payment to the Qualifying non-CREST Shareholder in question;
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser nominal amount of 2025 CULS (rounded down to the nearest pound) as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the Qualifying non-CREST Shareholder in question, save that any sums of less than £5 will be retained for the benefit of the Company; or

- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all of the 2025 CULS referred to in the Application Form, refunding any unutilised sums to the Qualifying non-CREST Shareholder in question, save that any sums of less than £5 will be retained for the benefit of the Company.

### 3.1.6 *Effect of Application*

By completing and delivering an Application Form the applicant:

- (i) represents and warrants to the Company and Panmure Gordon that they have the right, power and authority and has taken all action necessary to make the application under the Open Offer and to execute, deliver and exercise their rights and perform their obligations under any contracts resulting therefrom and that they are not a person otherwise prevented by legal or regulatory restrictions from applying for such 2025 CULS as they are or are otherwise treated as applying for or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company and Panmure Gordon that all applications under the Open Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by, and construed in accordance with, the laws of England and Wales;
- (iii) confirms to the Company and Panmure Gordon that in making the application they are not relying on any information or representation relating to the Company other than that contained in (or incorporated by reference) this document, and the applicant accordingly agrees that no person responsible solely or jointly for this Prospectus or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this Prospectus, they will be deemed to have had notice of all information in relation to the Company contained in this Prospectus (including information incorporated by reference);
- (iv) confirms to the Company and Panmure Gordon that no person has been authorised to give any information or to make any representation concerning the Company or the 2025 CULS (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or Panmure Gordon;
- (v) represents and warrants to the Company and Panmure Gordon that they are the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that they received such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vi) represents and warrants to the Company and Panmure Gordon that if they have received some or all of their Open Offer Entitlements from a person other than the Company they are entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vii) requests that the 2025 CULS to which they will become entitled be issued to them on the terms set out in this Prospectus and the Application Form, subject to the 2025 CULS Trust Deed;
- (viii) represents and warrants to the Company and Panmure Gordon that they are not, nor are they applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws of any jurisdiction in which the application for 2025 CULS is prevented by law and they are not applying with a view to re-offering, re-selling, transferring or delivering any of the 2025 CULS which is the subject of their application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any jurisdiction in which the application for 2025 CULS is prevented by law (except where proof satisfactory to the Company has been provided to the Company that they are able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), 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 2025 CULS under the Open Offer that they are not, and nor are they applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax

Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986; and

- (ix) confirms that in making the application, they are not relying and have not relied on Panmure Gordon or any person affiliated with Panmure Gordon in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision.

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to the Receiving Agent on telephone number 0371 384 2050, or if calling from overseas +44 121 415 0259. Calls to the helpline from outside the United Kingdom will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note the Receiving Agent cannot provide financial advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements or apply for Excess 2025 CULS under the Excess Application Facility.

### **3.2 Ordinary Shares Held in Uncertificated Form**

*If Qualifying Shareholders have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to their stock account in CREST in respect of their entitlement under the Open Offer:*

#### **3.2.1 General**

Subject as provided in paragraph 5 of this Part VI in relation to Overseas Shareholders, each Qualifying CREST Shareholder will receive credits to their stock account in CREST of their Open Offer Entitlements equal to the maximum nominal amount of 2025 CULS for which they are entitled to apply under the Open Offer and also an Excess CREST Open Offer Entitlement equal to the maximum number of Excess 2025 CULS for which they are entitled to apply. Please refer to paragraph 3.2.10 of this Part VI for further details of the Excess Application Facility.

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

If for any reason the Open Offer Entitlements and/or Excess CREST Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited, by 5.00 p.m. on 24 April 2018, or such later time and/or date as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements and Excess CREST Open Offer Entitlements which should have been credited to their stock account in CREST. In these circumstances the expected timetable as set out in this Prospectus will be adjusted as appropriate and the provisions of this Prospectus applied to Qualifying non-CREST Shareholders with Application Forms.

Qualifying CREST Shareholders who wish to apply to acquire some or all of their entitlements to 2025 CULS and their Excess CREST Open Offer Entitlements should refer to the CREST Manual for further information on the CREST procedures referred to below. If advice is required with regard to these procedures, please contact the Receiving Agent on telephone number 0371 384 2050, or if calling from overseas +44 121 415 0259. Calls to the helpline from outside the United Kingdom will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note the Receiving Agent cannot provide financial advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements and Excess CREST Open Offer Entitlements. CREST sponsored members should consult their CREST sponsor if they wish to apply for 2025 CULS as only CREST sponsors will be able to take the necessary action to make this application in CREST.

### 3.2.2 *Market Claims*

The Open Offer Entitlements and the Excess CREST Open Offer Entitlements in respect of the 2025 CULS will constitute separate securities for the purposes of CREST. Although Open Offer Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and the Excess CREST Open Offer Entitlements may only be made by the Qualifying 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 and the Excess CREST Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) will thereafter be transferred accordingly.

### 3.2.3 *USE Instructions*

Qualifying CREST Shareholders who want to apply for 2025 CULS in respect of all or some of their Open Offer Entitlements and their Excess CREST 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 the Receiving Agent 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 a number of Open Offer Entitlements or Excess CREST Open Offer Entitlements corresponding to the nominal amount of 2025 CULS applied for; 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 nominal amount of 2025 CULS referred to in sub-paragraph (i) above.

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

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

Qualifying CREST Shareholders 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 18 May 2018 in order to be valid is 11.00 a.m. on that day.

In the event that the Placing and Open Offer do not become unconditional by 8.00 a.m. on 29 May 2018 or such later time and date as the Company and Panmure Gordon agree (being no later than 8.00 a.m. on 12 June 2018), the Placing and Open Offer will lapse, the 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, as soon as practicable thereafter.

### 3.2.4 *Content of USE Instruction in respect of Open Offer Entitlements*

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

- (i) the nominal amount of 2025 CULS for which application is being made (and hence the number of the Open Offer Entitlements) being delivered to the Receiving Agent;
- (ii) the relevant ISIN of the Open Offer Entitlements – this is GB00BFZWW430 for Open Offer Entitlements in respect of 2025 CULS;
- (iii) the Participant ID of the accepting Qualifying CREST Shareholder;
- (iv) the Member Account ID of the accepting Qualifying CREST Shareholder from which the Open Offer Entitlements are to be debited;

- (v) the Participant ID of the Receiving Agent in its capacity as a CREST receiving agent – this is 2RA84;
- (vi) the Member Account ID of the Receiving Agent in its capacity as a CREST receiving agent – this is RA279001;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction – this must be the full amount payable on application for the nominal amount of 2025 CULS referred to in sub-paragraph (i) above;
- (viii) the intended settlement date – this must be on or before 11.00 a.m. on 18 May 2018; and
- (ix) the corporate action number for the Open Offer – this will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 18 May 2018.

### 3.2.5 *Contents of USE Instruction in respect of Excess CREST 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 nominal amount of 2025 CULS for which application is being made (and hence the number of the Excess CREST Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement – this is GB00BFZWW547 for Excess CREST Open Offer Entitlements;
- (iii) the Participant ID of the accepting Qualifying CREST member;
- (iv) the 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 the Receiving Agent in its capacity as a CREST receiving agent – this is 2RA85;
- (vi) the Member Account ID of the Receiving Agent in its capacity as a CREST receiving agent – this is RA279002;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction – this must be the full amount payable on application for the nominal amount of 2025 CULS referred to in sub-paragraph (i) above;
- (viii) the intended settlement date – this must be on or before 11.00 a.m. on 18 May 2018 and
- (ix) the Corporate Action Number for the Open Offer – this will be available by viewing the relevant corporate action details in CREST.

In order for an application 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 11.00 a.m. on 18 May 2018.

### 3.2.6 *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 their Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer and entitlement to apply



under the Excess Application Facility is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST 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 entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 18 May 2018. After depositing their Open Offer Entitlement into their CREST account, CREST holders will shortly thereafter receive a credit for their Excess CREST Open Offer Entitlement, which will be managed by the Receiving Agent. In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as an Open Offer Entitlement and an Excess CREST Open Offer Entitlement in CREST, is 3.00 p.m. on 15 May 2018 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of an Open Offer Entitlement or an Excess CREST Open Offer Entitlement from CREST is 4.30 p.m. on 14 May 2018 in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlement and entitlement to apply under the Excess Application Facility following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlement and entitlement to apply under the Excess Application Facility and an Excess CREST Open Offer Entitlement prior to 11.00 a.m. on 18 May 2018. CREST holders inputting the withdrawal of their Open Offer Entitlement from their CREST account must ensure that they withdraw both their Open Offer Entitlement and their Excess CREST Open Offer Entitlement.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Receiving Agent by the relevant CREST member(s) that they are not in breach of the provisions of the notes on page 3 of the Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that they are not citizen(s) or residents of any jurisdiction in which the application for 2025 CULS is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST members are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

#### 3.2.7 *Validity of Application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 18 May 2018 will constitute a valid application under the Open Offer.

#### 3.2.8 *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 their CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 18 May 2018. 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.



### 3.2.9 *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:

- (i) to reject the application in full and refund the payment to the CREST member in question without any interest (with interest, if any, retained for the benefit of the Company);
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser nominal amount of 2025 CULS (rounded down to the nearest pound) 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, save that sums of less than £5 will be retained for the benefit of the Company; or
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the 2025 CULS referred to in the USE instruction, refunding any unutilised sum to the CREST member in question without any interest, save that sums of less than £5 will be retained for the benefit of the Company.

### 3.2.10 *The Excess Application Facility*

Provided Qualifying CREST Shareholders choose to take up their Open Offer Entitlement in full, or in respect of pooled accounts, the Open Offer Entitlements of an underlying beneficial holder in full, the Excess Application Facility enables Qualifying CREST Shareholders to apply for Excess 2025 CULS up to a maximum amount equal to 10 times their total number of existing Ordinary Shares held in such Qualifying CREST Shareholder's name as at the Record Date. If however a Qualifying CREST Shareholder wishes to apply for more than 10 times the total number of existing Ordinary Shares held in such Qualifying Shareholder's name as at the Record Date, the Qualifying CREST Shareholder should contact Equiniti by telephone on the helpline number stated on page 2 of this Prospectus who will arrange for additional Excess 2025 CULS to be credited to the relevant CREST account of the Qualifying CREST Shareholder concerned. Any such applications will be granted at the absolute discretion of the Company in consultation with Panmure Gordon. For the avoidance of doubt, the maximum nominal amount of 2025 CULS available under the Open Offer (including the Excess Application Facility) is £10 million.

To the extent that other Qualifying Shareholders do not take up their Open Offer Entitlements in full the Excess Application Facility will apply. The total nominal amount of 2025 CULS available under the Open Offer will not be increased in response to any excess applications under the Excess Application Facility. If applications under the Excess Application Facility are received for more than the total nominal amount of 2025 CULS available following take up of Open Offer Entitlements such applications will be scaled back, at the absolute discretion of Panmure Gordon, in consultation with the Company, who will have regard to the *pro rata* number of Excess 2025 CULS applied for by Qualifying Shareholders under the Excess Application Facility.

An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred. Subject as provided in paragraph 5 of this Part VI in relation to 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 2025 CULS 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 2025 CULS 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 Prospectus.

To apply for Excess 2025 CULS 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. Should a Qualifying CREST Shareholder cease to hold all of their Ordinary Shares as a result of one or

more *bona fide* market claims, the Excess CREST Open Offer Entitlement allocated and credited to the relevant Qualifying Shareholder, will be deemed transferred to the purchaser(s). Please note that an additional USE Instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

Should the Open Offer become unconditional and applications for 2025 CULS by Qualifying Shareholders under the Open Offer exceed £10 million nominal, each Qualifying CREST Shareholder who has made a valid application for Excess 2025 CULS under the Excess Application Facility, and from whom payment in full for the Excess 2025 CULS has been received, will receive a pounds sterling amount equal to the nominal amount of 2025 CULS validly applied and paid for but which are not allocated to the relevant Qualifying CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest, and at the applicant's sole risk, save that any sums of less than £5 will be retained for the benefit of the Company.

### 3.2.11 *Effect of Valid Application*

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

- (i) represents and warrants to the Company and Panmure Gordon that they have the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise their rights and perform their obligations under any contracts resulting therefrom and that they are not a person otherwise prevented by legal or regulatory restrictions from applying for such 2025 CULS as they are or are otherwise treated as applying for or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (iii) agrees with Panmure Gordon that all applications under the Open Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by, and construed in accordance with, the laws of England and Wales;
- (iv) confirms to the Company and Panmure Gordon that in making the application they are not relying on any information or representation in relation to the Company other than that contained in (or incorporated by reference in) this Prospectus, and the applicant accordingly agrees that no person responsible solely or jointly for this Prospectus or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further have had notice of all the information in relation to the Company contained in this Prospectus (including information incorporated by reference);
- (v) confirms to the Company and Panmure Gordon that no person has been authorised to give any information or to make any representation concerning the Company or the 2025 CULS (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or Panmure Gordon;
- (vi) represents and warrants to the Company and Panmure Gordon that they are the Qualifying Shareholder originally entitled to the Open Offer Entitlements and Excess CREST Open Offer Entitlements or that they have received such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vii) represents and warrants to the Company and Panmure Gordon that if they have received some or all of their Open Offer Entitlements and Excess CREST Open Offer Entitlements from a person other than the Company, they have entitled to apply under the Open Offer in relation to such Open Offer Entitlement by virtue of a *bona fide* market claim;

- (viii) requests that the 2025 CULS to which they will become entitled be issued to them on the terms set out in this Prospectus, subject to the 2025 CULS Trust Deed;
- (ix) represents and warrants to the Company and Panmure Gordon that they are not, nor are they applying on behalf of a person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws of any jurisdiction in which the application for 2025 CULS is prevented by law and they are not applying with a view to re-offering, re-selling, transferring or delivering any of the 2025 CULS which are the subject of their application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws, of any jurisdiction in which the application for 2025 CULS is prevented by law (except where proof satisfactory to the Company has been provided to the Company that they are able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), 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 2025 CULS under the Open Offer;
- (x) represents and warrants to the Company and Panmure Gordon that they are not, and nor are they applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986; and
- (xi) confirms to the Company and Panmure Gordon that in making the application they are not relying and has not relied on Panmure Gordon or any person affiliated with Panmure Gordon in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision.

### 3.2.12 *Company's Discretion as to the Rejection and Validity of Applications*

Each of the Company and Panmure Gordon may in its sole discretion:

- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part VI;
- (ii) 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;
- (iii) treat a properly authenticated dematerialised instruction (in this paragraph 3.2.12, the "first instruction") as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction (these matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction); and
- (iv) 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 2025 CULS 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).

### 3.2.13 *Lapse of the Open Offer*

In the event that the Placing and Open Offer do not become unconditional by 8.00 a.m. on 29 May 2018 or such later time and date as the Company, AMFL and Panmure Gordon may agree (being no later than 8.00 a.m. on 12 June 2018), the Placing and Open Offer will lapse, the Open Offer Entitlements and Excess CREST 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, as soon as practicable thereafter.

## 4. **Money Laundering Regulations**

### 4.1 **Holders of Application Forms**

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the “verification of identity requirements”). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent’s stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the “**acceptor**”), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such nominal amount of 2025 CULS referred to therein (for the purposes of this paragraph 4.1 the “**relevant CULS**”) and shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements.

If the Receiving Agent determines that the verification of identity requirements apply to any acceptor or application, the relevant CULS (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Receiving Agent nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of certificates in respect of 2025 CULS taken up or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor’s risk) without interest to the account of the bank or building society on which the relevant cheque or banker’s draft was drawn. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence. Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company and Panmure Gordon from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

- (i) if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing);
- (ii) if the acceptor is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (iii) if the applicant (not being an applicant who delivers their application in person) makes payment by way of a cheque drawn on an account in the applicant’s name; or

- (iv) if the aggregate subscription price for the 2025 CULS is less than €15,000 (or its pounds sterling equivalent).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (a) if payment is made by cheque or banker's draft in sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques, should be made payable to "Equiniti Limited re: Aberdeen Asian Smaller Companies Investment Trust PLC Open Offer a/c" in respect of an application by a Qualifying Shareholder, and crossed "A/C Payee Only". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. The account name should be the same as that shown on the Application Form; or
- (b) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in sub-paragraph (a) above or which is subject to antimoney laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form written confirmation that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent. If the agent is not such an organisation, it should contact the Receiving Agent at the address set out on page 15 of this Prospectus.

To confirm the acceptability of any written assurance referred to in sub-paragraph (b) above, or in any other case, the acceptor should contact the Receiving Agent. The telephone number of the Receiving Agent is 0371 384 2050 from within the UK or +44 121 415 0259 if calling from outside the UK between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except public holidays in England and Wales). Calls to the helpline from outside the United Kingdom will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

If the Application Form has in respect of 2025 CULS an aggregate subscription price of €15,000 (or its pounds sterling equivalent) or more and is lodged by hand by the acceptor in person, or if the Application Form is lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, they should ensure that they have with them evidence of identity bearing their photograph (for example, their passport) and separate evidence of their address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 18 May 2018, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

#### 4.2 **Open Offer Entitlements in CREST**

If Qualifying Shareholders hold their Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST and apply for 2025 CULS in respect of all or some of their Open Offer Entitlements and Excess CREST Open Offer Entitlements as agent for one or more persons and are not a UK or European Union-regulated person or institution (for example, a UK 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 the application is made.



The Receiving Agent should be contacted before any USE instruction or other instruction is sent 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 2025 CULS concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the 2025 CULS represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

## **5. Overseas Shareholders**

This Prospectus has been approved by the FCA, being the competent authority in the United Kingdom.

The making of the Open Offer to persons who are 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 custodian trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom may be restricted by the laws or regulatory requirements of the relevant jurisdictions. Such Overseas Shareholders should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement to enable them to take up the 2025 CULS under the Open Offer.

Receipt of this Prospectus and/or the Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST will not constitute an invitation to subscribe for 2025 CULS in those jurisdictions in which it would be illegal to make such an invitation or any related offer and/or acceptance and, in those circumstances, this Prospectus and/or the Application Form will be sent for information only and should not be copied or redistributed. No person receiving a copy of this Prospectus and/or the Application Form and/or a credit of Open Offer Entitlements or Excess CREST 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 them, or use the Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to them and such Application Form and/or a credit of Open Offer Entitlements or Excess CREST 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.

Accordingly, persons receiving a copy of this Prospectus and/or the Application Form or a credit of Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess CREST 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 Prospectus and/or the Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by their agent or nominee in any such territory, that person must not seek to apply for 2025 CULS. Any person who does forward this Prospectus and/or the Application Form and/or transfers Open Offer Entitlements or Excess CREST Open Offer Entitlements into any such territories (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph 5.

Any person (including, without limitation, custodians, nominees and trustees) outside the United Kingdom wishing to apply for 2025 CULS must satisfy themselves as to full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The comments set out in this paragraph 5 are intended as a general guide only and any Shareholder who is in any doubt as to their position should consult their appropriately authorised professional adviser without delay.



The Company reserves the right to treat as invalid any application or purported application for 2025 CULS which appears to the Company or its agents to have been executed, effected or dispatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if the Company believes or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of certificates for 2025 CULS, or in the case of a credit of an Open Offer Entitlement or an Excess CREST Open Offer Entitlement to a stock account in CREST, to a CREST member whose registered address would be, in any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such certificates or 2025 CULS.

Shareholders in jurisdictions outside the United Kingdom may, subject to the laws of their relevant jurisdiction, take up 2025 CULS in accordance with the instructions set out in this Prospectus and the Application Form. Such Qualifying Shareholders who have registered addresses in, or who are resident in, or who are citizens of, countries other than the United Kingdom should, however, consult their appropriate professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their 2025 CULS.

Notwithstanding any other provision of this Prospectus or the Application Form, the Company reserves the right to permit any Shareholder to apply for 2025 CULS if the Company, in its sole and absolute discretion, is satisfied at any time prior to 11.00 a.m. on 18 May 2018 that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

If Qualifying Shareholders are in any doubt as to their eligibility to take up 2025 CULS, they should contact an appropriate professional adviser immediately.

#### **5.1 United States**

The Open Offer Entitlements, the 2025 CULS and the Application Form have not been and will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States except in reliance on an 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 unless an exemption from the registration requirements of the US Securities Act is available and, subject to certain exceptions, none of this Prospectus, the Application Form or the crediting of Open Offer Entitlements nor Excess CREST Open Offer Entitlements to a stock account in CREST will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any 2025 CULS in the United States. Subject to certain exceptions, neither this Prospectus nor the Application Form will be sent to, and no Open Offer Entitlements or Excess CREST Open Offer Entitlements will be credited to, a stock account in CREST with a bank or financial institution of any person with a registered address in the United States. Subject to certain exceptions, an Application Form sent from, or post-marked in, the United States will be deemed to be invalid and all persons acquiring 2025 CULS and wishing to hold such 2025 CULS in registered form must provide an address for registration of the 2025 CULS issued outside the United States.

Subject to certain exceptions, any person who acquires 2025 CULS will be deemed to have declared, warranted and agreed, by accepting delivery of this Prospectus or the Application Form or by applying for 2025 CULS in respect of Open Offer Entitlements or Excess CREST Open Offer Entitlements credited to a stock account in CREST or of Euroclear, or by accepting delivery of the 2025 CULS, that they are not, and that at the time of acquiring the 2025 CULS, they will not be, in the United States or applying for 2025 CULS on behalf of, or for the account or benefit of, persons in the United States on a non-discretionary basis. The Company reserves the right to treat as invalid any Application Form that appears to the Company or its agents to have been executed in or despatched from the United States, or that provides an address in the United States for the registration of the 2025 CULS, or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements. The Company will not be bound to issue any 2025 CULS to any person or to any person who is acting on behalf of, or for the account or benefit of, any person on a non-discretionary basis with an address in, or who is otherwise located in, the United States. In addition, the Company reserves the right to reject any USE instruction sent by or on behalf of any CREST member that does not make

the above warranty or is applying for the 2025 CULS on behalf of, or for the account or benefit of, a person in the United States.

Notwithstanding the foregoing, 2025 CULS may be made available under the Placing and Open Offer to Qualifying Shareholders that are, or who are acting on behalf of, or for the account or benefit of, qualified institutional buyers in reliance on an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Such Shareholders will be required to execute an investor representation letter confirming, among other things, their status as a “qualified institutional buyer” (as such term is defined under Rule 144A under the Securities Act), and their ability to rely on an exemption from the registration requirements of the US Securities Act in connection with their participation in the Placing and Open Offer. 2025 CULS may also be made available, in the sole discretion of the Company, to other Qualifying Shareholders who may be offered the 2025 CULS pursuant to an available exemption from the registration requirements of the Securities Act.

## 5.2 **Other Excluded Jurisdictions**

Due to restrictions under the securities laws of the Excluded Jurisdictions and subject to certain exemptions, Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any of the Excluded Jurisdictions will not be able 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 nor Excess CREST Open Offer Entitlements.

The 2025 CULS has not been and will not be registered under the relevant laws of any of the Excluded Jurisdictions or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any of the Excluded Jurisdictions 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 of the Excluded Jurisdictions except pursuant to an applicable exemption.

No offer of 2025 CULS is being made by virtue of this Prospectus or the Application Form into any of the Excluded Jurisdictions.

## 5.3 **Other Overseas Territories**

Application Forms will be sent to Qualifying non-CREST Shareholders and Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the United States or the other Excluded Jurisdictions may, subject to the laws of their relevant jurisdiction, take up 2025 CULS under the Open Offer in accordance with the instructions set out in this Prospectus and the Application Form. Such Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the UK should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any 2025 CULS.

## 5.4 **Representations and Warranties Relating to Overseas Shareholders**

### 5.4.1 *Qualifying Non-CREST Shareholders*

Any person completing and returning an Application Form requesting registration of the 2025 CULS 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 the 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 2025 CULS from within the United States;
- (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire 2025 CULS in respect of the Open Offer or to use the 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 for a person located within any Excluded Jurisdiction or any territory referred to in sub-paragraph (ii) above at the time the instruction to accept was given; and

- (iv) such person is not acquiring 2025 CULS with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such 2025 CULS into any of the Excluded Jurisdictions – the Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of 2025 CULS comprised in an Application Form if it:
  - (a) appears to the Company or its agents to have been executed, effected or dispatched 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;
  - (b) provides an address for delivery of the certificates for 2025 CULS in an Excluded Jurisdiction (or in any jurisdiction outside the United Kingdom in which it would be unlawful to deliver such certificates);
  - (c) purports to exclude the representation and warranty required by this paragraph 5.4.1.

#### 5.4.2 *Qualifying CREST Shareholders*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part VI 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 in any territory in which it is unlawful to make or accept an offer to acquire 2025 CULS;
- (ii) it is not accepting on a non-discretionary basis for a person located within any Excluded Jurisdiction at the time the instruction to accept was given; and
- (iii) neither it nor its client is acquiring any 2025 CULS with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such 2025 CULS into any Excluded Jurisdiction.

### 5.5 **Waiver**

The provisions of this paragraph 5 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company, in its absolute discretion. Subject to this, the provisions of this paragraph 5 supersede any terms of the Open Offer inconsistent herewith.

References in this paragraph 5 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 5 shall apply to them jointly and to each of them.

## 6. **Withdrawal Rights**

Qualifying Shareholders wishing to exercise or direct the exercise of statutory withdrawal rights pursuant to section 87Q(4) of FSMA after the issue by the Company of a prospectus supplementing this Prospectus must do so by lodging a written notice of withdrawal (which shall include a notice sent by any form of electronic communication) by post with the Receiving Agent, Equiniti Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. The withdrawal notice must be sent not later than two business days after the date on which the supplementary prospectus is published. The withdrawal notice must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the Participant ID and the Member Account ID of such CREST member. Notice of withdrawal which is deposited with the Receiving Agent after the expiry of such period will not constitute a valid withdrawal.

Following the valid exercise of statutory withdrawal rights, application monies will be returned by post to relevant Qualifying non-CREST Shareholders at their own risk and without interest and/or Equiniti will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as

applicable within 14 days of such exercise of statutory withdrawal rights. Interest earned on such monies will be retained for the benefit of the Company. The provisions of this paragraph 6 are without prejudice to the statutory rights of Qualifying Shareholders. In such event Qualifying Shareholders are advised to seek independent legal advice.

## **7. Admission, Settlement and Dealings**

The result of the Placing and Open Offer is expected to be announced through an RIS on 22 May 2018 and the 2025 CULS, including details of any scaling back of applications under the Excess Application Facility, will be issued with effect from the date of Admission.

Applications will be made to the UKLA for the 2025 CULS issued pursuant to the Issue to be admitted to the standard debt segment of the Official List and to the London Stock Exchange for the 2025 CULS to be admitted to trading on the Main Market. It is expected that Admission will become effective and that dealings in the 2025 CULS, fully paid, will commence at 8.00 a.m. on 29 May 2018. There will be no dealings prior to Admission and post Admission dealings in 2025 CULS in advance of the issue of certificates or the crediting of the relevant CREST accounts will be at the risk of the persons concerned.

The Ordinary Shares are already admitted to CREST and application will be made for admission to CREST of the 2025 CULS. All such securities, when issued and fully paid, may be held and transferred by means of CREST.

For Qualifying non-CREST Shareholders who have applied by using an Application Form, certificates in respect of the 2025 CULS validly applied for, and any Excess 2025 CULS successfully applied for, under the Excess Application Facility, are expected to be dispatched by post in the week commencing 4 June 2018. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the Register. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk.

Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 8.00 a.m. on 29 May 2018. Following Admission, 2025 CULS will be issued in uncertificated form to those persons who submitted a valid application for 2025 CULS by utilising the CREST application procedures and whose applications have been accepted by the Company. On 29 May 2018, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to 2025 CULS. 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. Notwithstanding any other provision of this Prospectus, the Company reserves the right to allot and/or issue any 2025 CULS in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

All monies received by the Receiving Agent in respect of 2025 CULS will be held by the Receiving Agent in a non-interest bearing account. If any of the conditions of the Issue are not satisfied, the Placing and Open Offer will not proceed and any applications made by Qualifying Shareholders pursuant to the Open Offer will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter.

## **8. Times and Dates**

The Company shall, in its discretion and after consultation with its financial and legal advisers and with the prior written consent of Panmure Gordon, be entitled to amend the dates that Application Forms are dispatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this Prospectus and in such circumstances shall notify the UKLA, and make an announcement through an RIS but Qualifying Shareholders may not receive any further written communication.

If a supplementary prospectus is issued by the Company two or fewer business days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this Prospectus, the latest date for acceptance under the Open Offer shall be extended to the date that is three business days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

## **9. Taxation**

Certain statements regarding United Kingdom taxation in respect of the 2025 CULS and the Open Offer are set out in Part VIII of this Prospectus. Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the United Kingdom, should immediately consult a suitable professional adviser.

## **10. Further Information**

Qualifying Shareholders' attention is drawn to the further information set out in this Prospectus and also, in the case of Qualifying non-CREST Shareholders, to the terms, conditions and other information printed on the accompanying Application Form.

## **11. Governing Law and Jurisdiction**

The terms and conditions of the Open Offer as set out in this Prospectus, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, the laws of England and Wales. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this Prospectus or the Application Form including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this Prospectus or the Application Form. By taking up 2025 CULS whether by way of their Open Offer Entitlement or through the Excess Application Facility (as applicable) in accordance with the instructions set out in this Prospectus and, where applicable, the Application Form, 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.

## PART VII

### FINANCIAL INFORMATION

#### 1. Introduction

- 1.1 The Company's auditor is Ernst & Young LLP of Ten George Street, Edinburgh EH2 2DZ, which is a Registered Auditor and a member of the Institute of Chartered Accountants in England and Wales.
- 1.2 The audited financial statements and unaudited interim reports of the Company are prepared in accordance with UK GAAP and the AIC's Statement of Recommended Practice for the financial statements of investment trust companies (the "**AIC SORP**"). Accordingly, in order to provide further useful information with respect to the activities of the Company and in accordance with the AIC SORP, the Company shows a revenue and capital column in its income statement.
- 1.3 Save for the historical information of the Company for the three financial years ended 31 July 2017 set out, or incorporated by reference, in paragraph 2 of this Part VII, none of the information in this Prospectus has been audited. Unless otherwise indicated, all unaudited financial information relating to the Company contained in this Prospectus has been sourced, without material adjustment, from the internal accounting records of the Company which are maintained by the Administrator on the Company's behalf on a basis consistent with the Company's accounting policies.
- 1.4 The financial information set out in this Part VII does not constitute statutory accounts (as defined in section 434(3) of the Companies Act 2006) of the Company.

#### 2. Published Annual Reports and Financial Statements for the Three Financial Years Ended 31 July 2017

##### 2.1 Introduction

Unless otherwise indicated, the historical information of the Company for the three financial years ended 31 July 2017 set out, or incorporated by reference, in this paragraph 2 was audited by Ernst & Young LLP. In respect of the Company's audited financial statements for those years, Ernst & Young LLP gave unqualified opinions that such financial statements:

- (i) gave a true and fair view, in accordance with UK GAAP, of the state of the Company's affairs as at 31 July 2017, 31 July 2016 or 31 July 2015 (as appropriate) and of its profit or loss respectively for the financial years then ended; and
- (ii) had been properly prepared in accordance with the Companies Act 2006.

##### 2.2 Historical Financial Information Incorporated by Reference into this Document

The list in the table below is intended to enable investors to identify easily specific items of historical financial information relating to the Company that are incorporated by reference in this Prospectus. The parts of the 2017 Annual Report, 2016 Annual Report, 2015 Annual Report not incorporated in this Part VII of this Prospectus are either not relevant for investors or are covered elsewhere in this Prospectus.

The page numbers in the table below refer to the relevant pages of the relevant annual report and accounts.

Nature of information	Annual Report and Accounts for Year Ended 31 July		
	2015 Page No(s)	2016 Page No(s)	2017 Page No(s)
Statement of comprehensive income	48	50	52
Statement of financial position	49	51	53
Statement of changes in equity	50	52	54
Statement of cash flows	51	53	55
Notes to the financial statements (including accounting policies)	52	54	56
Independent auditors' report	44	43	45



## 2.3 **Selected Financial Information**

Set out in the table below is a summary of the Company's financial results for the three financial years ended 31 July 2017, which has been extracted without material adjustment from the audited financial statements of the Company for those financial years.

<i>Capital</i>	<i>As at 31 July</i>		
	<i>2015</i>	<i>2016</i>	<i>2017</i>
Total assets (£'000)	380,911	427,725	473,250
Net Asset Value (£'000)	343,967	285,735	430,105
NAV per Ordinary Share (basic) (p)	906.16	1,068.92	1,235.45
<i>Revenue</i>			
Total income (£'000)	14,746	10,992	13,896
Return on ordinary activities after taxation (£'000)	6,938	3,396	6,817
Return per Ordinary Share (basic) (p)	18.21	9.22	19.31
Dividend per Ordinary Share (p)	15.00	10.50	16.00
<i>Total</i>			
Net return before finance costs and tax (£'000)	(17,070)	63,019	63,075
Return on ordinary activities after taxation (£'000)	(19,095)	60,893	60,834
Return per Ordinary Share (basic) (p)	(50.13)	165.38	172.29

## 2.4 **Operating and Financial Review Incorporated by Reference into this Document**

The published annual report and accounts of the Company for the three financial years ended 31 July 2017 included descriptions of the Company's financial condition (in both capital and revenue terms), changes in its financial condition and details of the Company's portfolio of investments for each of those years and the list in the table below is intended to enable investors to identify easily those specific items of information regarding such matters which are incorporated by reference into this Prospectus. The page numbers in the following table refer to the relevant pages of the relevant annual report and accounts. A1.9.1

<i>Section</i>	<i>Annual Report and Accounts for the Year Ended 31 July</i>		
	<i>2015 Page No(s)</i>	<i>2016 Page No(s)</i>	<i>2017 Page No(s)</i>
Financial highlights	2	2	2
Performance	14	14	14
Investment portfolio	20-25	20-24	20-25
Chairman's statement	4	4	4
Manager's review	16	16	16
Directors' report (including business review)	32	30	32
Directors remuneration report	39	36	38

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

## 2.5 **Availability of Annual Reports and Accounts for Inspection**

Copies of the published annual reports and accounts of the Company for the three financial years ended 31 July 2017 (as filed with the UK Listing Authority) are available for inspection at the address set out in paragraph 6 of Part IX of this Prospectus.

### 3. Published Unaudited Half Yearly Report for the Six Months Ended 31 January 2018

#### 3.1 Introduction

The Company has published an unaudited half yearly report for the six months ended 31 January 2018, which included comparative financial information for the six months ended 31 January 2017.

#### 3.2 Historical Financial Information Incorporated by Reference into this Document

The list in the table below is intended to enable investors to identify easily specific items of historical financial information relating to the Company that are incorporated by reference into this Prospectus. The parts of the Interim Results not incorporated in Part VII of this Prospectus are either not relevant for investors or are covered elsewhere in this Prospectus.

The page numbers in the table below refer to the relevant pages of the unaudited interim report.

<i>Nature of Information</i>	<i>Half Yearly Report for Six Months Ended 31 January 2018</i>	
	<i>Page No(s)</i>	
Income statement	8	
Balance sheet	9	
Reconciliation of movements in Shareholders' funds	10	
Cash flow statement	11	
Notes to the accounts	12	

#### 3.3 Selected Financial Information

Set out in the table below is a summary of the Company's interim results for the six months ended 31 January 2018, which has been extracted without material adjustment from the unaudited half yearly report of the Company for that period.

<i>Capital</i>	<i>As at 31 January</i>	
	<i>2017</i>	<i>2018</i>
Total assets (£'000)	473,250	471,985
Net Asset Value (£'000)	430,105	421,103
NAV per Ordinary Share (basic) (p)	1,235.45	1,218.22
<i>Revenue</i>		
Total income (£'000)	5,824	5,976
Return on ordinary activities after taxation (£'000)	2,429	2,268
Return per Ordinary Share (basic) (p)	6.82	6.57
<i>Total</i>		
Net return before finance costs and tax (£'000)	36,093	1,028
Return on ordinary activities after taxation (£'000)	35,215	(158)
Return per Ordinary Share (basic) (p)	98.94	(0.46)

#### 3.4 Operating and Financial Review Incorporated by Reference into this Document

The published half yearly report of the Company for the six months ended 31 January 2018 included descriptions of the Company's financial condition (in both capital and revenue terms), changes in its financial condition and details of the Company's portfolio of investments for that period and the list in the table below is intended to enable investors to identify easily those specific items of information regarding such matters which are incorporated by reference into this Prospectus. The page numbers in the table below refer to the relevant pages of the interim report.

<i>Section</i>	<i>Half yearly report for the six months ended 31 January 2018</i>	
	<i>Page No(s)</i>	
Financial highlights	1	
Investment portfolio	5	
Interim Board report	2	

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

**3.5 *Availability of unaudited half yearly report for inspection***

A copy of the published unaudited half yearly report of the Company for the six months ended 31 January 2018 (as filed with the UKLA) is available for inspection at the address set out in paragraph 6 of Part IX of this Prospectus.

**4. Legal and arbitration proceedings**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months immediately preceding the date of this Prospectus (nor are there any such proceedings at the date of this document) which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company.

**5. Significant change**

- 5.1 There has been no significant change in the financial or trading position of the Company since 31 January 2018 (being the end of the last financial period of the Company for which interim unaudited financial information has been published).
- 5.2 There has been no material adverse change in the prospects of the Company since 31 January 2018 (being the end of the last financial period of the Company for which interim unaudited financial statements have been published).

## PART VIII

### TAXATION

The information in this Part VIII, which is intended as a general guide only, is based on current legislation and practice regarding UK taxation and may be subject to change. It summarises advice received by the Directors as to the position of Shareholders and 2025 CULS Holders (and 2019 CULS holders participating in the Reinvestment Scheme or exercising their Special Conversion Right) who are resident in the UK for tax purposes and who hold their Ordinary Shares, 2019 CULS and 2025 CULS as an investment (and not by reason of their employment). Any change in the Company's tax status or in taxation legislation in the UK, or any other tax jurisdiction affecting the Company's investments, Shareholders, 2019 CULS Holders or 2025 CULS Holders, could affect the value of the investments held by the Company or affect the Company's ability to achieve its investment objective or alter the post-tax returns to Shareholders, 2019 CULS Holders or 2025 CULS Holders.

Investors who are in any doubt as to their tax position, or who are subject to tax in a jurisdiction other than the UK or hold their Ordinary Shares, 2019 CULS or 2025 CULS otherwise than as an investment (or by reason of their employment), are strongly recommended to consult their professional adviser.

#### 1. The Company

It is the intention of the Directors to continue to conduct the affairs of the Company so as to satisfy the conditions for approval as an investment trust under Chapter 4 of Part 24 of the CTA 2010 and regulations made thereunder. While the Company qualifies as an investment trust under CTA 2010 and the regulations, the Company is exempt from UK taxation on its capital gains. The Company will, however, be liable to UK corporation tax on its income in the normal way.

#### 2. UK-resident investors

##### 2.1 CULS

###### 2.1.1 *Taxation of Interest*

Under current tax legislation, while the 2025 CULS are admitted to trading on the Main Market, payments of interest on the 2025 CULS will be made by the Company without deduction at source of UK income tax. For individual 2025 CULS Holders, the amount of interest paid on the 2025 CULS will form part of the recipient's income for the purposes of UK income tax.

The provisions of the accrued income scheme may apply to individuals transferring 2025 CULS and to individuals to whom 2025 CULS are transferred. In circumstances where the 2025 CULS are transferred cum interest, the charge to tax on income that may arise to the transferor, and the relief which may be allowed to the transferee, will be in respect of an amount representing interest on the 2025 CULS which has accrued since the preceding interest date. In circumstances where the 2025 CULS are transferred ex interest, the charge to tax on income that may arise to the transferee, and the relief which may be allowed to the transferor, will be in respect of an amount representing interest on the 2025 CULS which has accrued from the date of transfer to the following interest date. These amounts will be taken into account in calculating any chargeable gain or allowable loss arising on a disposal of the 2025 CULS.

Individual 2025 CULS Holders who are resident in the UK will be subject to UK income tax on the interest at the rate of 20 per cent. for basic rate taxpayers, 40 per cent. for higher rate taxpayers, and 45 per cent. for additional rate taxpayers. As a result of the Scottish Parliament's devolved powers to set income tax rates for Scottish resident taxpayers, the rates above will not apply to Scottish resident 2025 CULS holders for April 2018/19 tax year. Instead Scottish resident 2025 CULS holders will pay income tax at the following rates: 19 per cent. for starter rate tax payers; 20 per cent. for basic rate tax payers; 21 per cent for intermediate tax rate payers; 41 per cent. for higher rate tax payers; and 46 per cent for top rate taxpayers.

The UK tax treatment of a 2025 CULS Holder who is within the charge to UK corporation tax will depend on, among other things, the accounting treatment of 2025 CULS in the 2025 CULS Holder's hands. 2025 CULS Holders within the charge to UK corporation tax should therefore consult their own accounting and tax advisers concerning the tax liabilities that may arise as a result of holding 2025 CULS.

#### 2.1.2 *Disposal or Conversion of CULS*

UK resident individuals who convert their 2019 or 2025 CULS into Ordinary Shares should be deemed not to have made a disposal of their CULS for the purposes of capital gains tax. Instead, they should be treated as having acquired their Ordinary Shares at the same time and for the same base cost as their 2019 or 2025 CULS.

UK resident individual 2025 CULS Holders may be subject to capital gains tax in the normal way on a disposal of their 2025 CULS other than by way of conversion into Ordinary Shares. The rate of capital gains tax which would apply to a disposal of the 2025 CULS is 10 per cent. for basic rate taxpayers and 20 per cent. for higher and additional rate taxpayers.

For those UK resident 2019 CULS Holders wishing to participate in the Reinvestment Scheme, a capital disposal will be realised for UK capital gains tax purposes on the sale of the 2019 CULS to Panmure Gordon. Any gain arising (calculated by reference to the proceeds received less the acquisition price paid for the 2019 CULS) will be subject to UK capital gains tax. The rate of capital gains tax which would apply to a disposal of the 2025 CULS is 10 per cent. for basic rate taxpayers and 20 per cent. for higher and additional rate taxpayers.

Statutory clearance has been received from HMRC under s.701 of Income Tax Act 2007 and s.748 of Corporation Act 2010 confirming that HMRC are satisfied that the transaction is being effected for *bona fide* commercial reasons and will not form part of a scheme or arrangement to avoid tax, and therefore no counteraction notice will be issued by HMRC under s.698 of Income Tax Act 2007 or s.746 of Corporation Tax Act 2010.

The UK tax treatment of a 2019 or 2025 CULS Holder within the charge to UK corporation tax in respect of a disposal or conversion of 2019 or 2025 CULS will depend on, among other things, the accounting treatment of the 2019 or 2025 CULS in the individual entity accounts for the 2019 or 2025 CULS Holder. 2019 or 2025 CULS Holders within the charge to UK corporation tax should therefore consult their own accounting and tax advisers concerning the tax liabilities that may arise as a result of the disposal or conversion of 2019 or 2025 CULS.

#### 2.1.3 *Stamp Duty and Stamp Duty Reserve Tax*

The issue of 2025 CULS should not be subject to stamp duty or stamp duty reserve tax ("**SDRT**").

Transfers in writing of 2025 CULS on sale will be liable to stamp duty at a rate of 0.5 per cent. of the consideration provided in exchange therefor, rounded up to the nearest £5. No stamp duty will be chargeable to the extent the consideration provided, when aggregated with any consideration payable for any larger transaction or series or transactions of which the transfer forms part of, is less than or equal to £1,000.

Agreements to transfer the 2025 CULS will be liable to SDRT at a rate of 0.5 per cent. of the consideration provided in exchange therefor, rounded to the nearest penny. Such SDRT will be cancelled by payment of stamp duty on a written transfer executed in pursuance of the agreement, providing the transfer is duly stamped within six years of the date of the agreement (or the date on which the agreement becomes unconditional, if later).

For those UK resident 2019 CULS Holders wishing to participate in the Reinvestment Scheme, it is anticipated that no stamp duty or SDRT will be due on sale of the 2019 CULS to Panmure Gordon by virtue of transactions falling within the exemption for stamp duty and SDRT for transfers to recognised intermediaries.

Liability to pay stamp duty or SDRT normally falls on the transferee or purchaser.

#### 2.1.4 *Provision of Information*

2019 and 2025 CULS Holders who are individuals should note that HMRC has the power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the UK who either pays interest to, or receives interest for, the benefit of an individual. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the 2019 and 2025 CULS Holders are resident for tax purposes.

## 2.2 **Ordinary Shares**

### 2.2.1 *Dividends*

No tax will be withheld when the Company pays a dividend. In the new 2018-2019 tax year individuals Shareholders will be entitled to an annual tax-free dividend allowance of £5,000 in respect of dividends paid by the Company. If the amount of any dividend which a UK-resident individual Shareholder receives from the Company, when added to other dividend income received by the individual in the tax year in which the dividend is received, is less than or equal to £5,000, the individual will have no liability for income tax in respect of the receipt of the dividend. With effect from the 2018-2019 tax year, the dividend allowance to which an individual is entitled will reduce from £5,000 to £2,000.

If the amount of any dividend which a UK-resident individual Shareholder receives from the Company, when added to other dividend income received by the individual in the tax year in which the dividend is received, exceeds £5,000, the excess amount will be subject to income tax at either the dividend ordinary rate (currently 7.5 per cent.), the dividend upper rate (currently 32.5 per cent.) or the dividend additional rate (currently 38.1 per cent.), depending on the individual's total taxable income for the tax year in question and disregarding any personal allowance to which the individual may be entitled.

A company resident in the UK for tax purposes will not generally be liable to UK corporation tax on any dividend received from the Company dividends provided that the dividends are exempt under Part 9A of the Corporation Tax Act 2009.

### 2.2.2 *Gains Arising on Sale or Other Disposal*

UK resident individual Shareholders will generally, subject to any available exemption or relief and subject to their circumstances, be subject to capital gains tax in respect of any gain arising on a disposal, or deemed disposal, of Ordinary Shares (including Ordinary Shares arising on conversion of 2025 or 2019 CULS).

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

### 2.2.3 *Stamp Duty and Stamp Duty Reserve Tax*

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

Transfers in writing of Ordinary Shares on sale will be liable to stamp duty at a rate of 0.5 per cent. of the consideration provided in exchange therefor, rounded up to the nearest £5. No stamp duty will be chargeable to the extent the consideration provided, when aggregated with any consideration payable for any larger transaction or series of transactions of which the transfer forms part of, is less than or equal to £1,000.

Agreements to transfer Ordinary Shares, including paperless transfers within the CREST system, will be liable to SDRT at a rate of 0.5 per cent. of the consideration provided in exchange therefor, rounded to the nearest penny. Such SDRT will be cancelled by payment of stamp duty on a written transfer executed in pursuance of the agreement, providing the transfer is duly stamped within six years of the date of the agreement (or the date on which the agreement becomes unconditional, if later).



Liability to pay stamp duty or SDRT normally falls on the transferee or purchaser.

### 2.3 **ISAs**

2025 CULS and Ordinary Shares are eligible to be held in a stocks and shares ISA, subject to the applicable annual subscription limit (£20,000 for the 2018-19 tax year). Accordingly, 2025 CULS acquired pursuant to the Placing, the Open Offer (or through the market) or the Reinvestment Scheme and Ordinary Shares arising on conversion of 2025 or 2019 CULS (or acquired through the market) can be included in a stocks and shares ISA, subject to the applicable subscription limit. Investments held in an ISA will be free of UK tax on both capital gains and income. The opportunity to invest in a stocks and shares ISA is restricted to certain UK resident individuals aged 18 or over. Individuals wishing to invest through an ISA should consult their professional advisers regarding their eligibility.

### 2.4 **SIPPs and SSASs**

Both 2025 CULS and Ordinary Shares acquired pursuant to the Placing, Open Offer Reinvestment Scheme or through the market are permitted investments for SIPPs and SSASs.

## PART IX

### ADDITIONAL INFORMATION

#### 1. Share Capital

As at 18 April 2018, the issued share capital of the Company is as follows:

	<i>No. Issued and Fully Paid</i>	<i>Nominal Amount (£)</i>
<i>Ordinary Shares of £0.25p each</i>	34,214,560	8,553,640
<i>2019 CULS</i>	30,301,810	30,301,810

#### 2. Ordinary Shares

The underlying shares into which the 2025 CULS will on any conversion convert are the Ordinary Shares of the Company created under the Companies Act 2006. The Ordinary Shares are denominated in Pounds Sterling.

The Ordinary Shares were admitted to listing on the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange on 19 October 1995. All of the Ordinary Shares are in registered form and may be held in certificated or uncertificated form.

In the event that the 2025 CULS are not repaid, but rather are converted for Ordinary Shares or in the event that the 2025 CULS Holders determine to convert, the voting rights of Shareholders would be diluted such that the Shareholders would hold voting rights of approximately 93 per cent. of the total voting rights in the Company.

The rights attaching to the Ordinary Shares and procedure for the exercise of those rights are as follows:

Subject to the superior rights of any other class or classes of shares that are, or may be, issued by the Company, the rights and restrictions attaching to Ordinary Shares as regards participation in the profits and assets of the Company are as follows:

#### **Income**

Any profits which the Company may determine to distribute in respect of any financial year shall be distributed among the holders of Ordinary Shares pro rata according to the amounts paid up or credited as paid up on Ordinary Shares held by them.

#### **Capital**

The capital and assets of the Company on a winding-up or other return of capital shall be applied in repaying to the holders of Ordinary Shares the amounts paid up or credited as paid up on such Ordinary Shares and, subject thereto, shall belong to and be distributed according to the number of such Ordinary Shares held by them respectively.

#### **Voting Rights**

The holders of Ordinary Shares are entitled in respect of any Ordinary Share held by them to attend, vote or speak at a general meeting (including a separate meeting of the holders of shares of a particular class) either personally or by proxy, or to exercise any other right conferred by membership in relation to such meetings of the Company, if any call or other sum presently payable by them to the Company in respect of such Ordinary Share remains unpaid. This restriction shall cease to apply when all amounts due (including interest) are paid, together with all costs, charges and expenses incurred by the Company by reason of the non-payment.

### **Dividends and Reserves**

Subject to the provisions of the Companies Act 2006 and of the Articles, the Company may by ordinary resolution declare dividends be paid to holders of Ordinary Shares. Any dividend which is unclaimed for a period of 12 years from the due date for payment of such dividend shall be forfeited and shall revert to the Company. All dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid in proportion to the amounts paid on the Ordinary Shares during any part or parts of the period in respect of which the dividend is paid. Where the Company has a lien on any Ordinary Share and a sum in respect of which the lien exists is presently payable, the Directors may, instead of enforcing the lien, retain any dividend or other moneys payable on or in respect of that Ordinary Share (up to the amount of such sum) and apply the same in or towards satisfaction of the moneys payable to the Company in respect of that share.

### **Transfer of Shares**

Ordinary Shareholders may transfer all or any of their certificated shares by an instrument of transfer in any usual form or in any other form approved by the Directors. An uncertificated Ordinary Share may be transferred in accordance with the Uncertificated Securities Regulations 2001 and the rules of any relevant system.

### **Restrictions on the Free Transferability of the Ordinary Shares**

If the Board is satisfied that a holder of Ordinary Shares or any person appearing to be interested in Ordinary Shares in the Company has been duly served with a notice under section 793 of the Companies Act 2006 and is in default in supplying to the Company the information thereby required within a prescribed period after the service of such notice, the Board may serve on such member or on any such person a notice (“**a direction notice**”) in respect of the Ordinary Shares in relation to which the default occurred (“**default shares**”) directing that a member shall not be entitled to vote, attend or speak at any general meeting or class meeting of the Company.

Where default shares represent at least 0.25 per cent. of the Ordinary Shares, the direction notice may in addition direct that any dividend which would otherwise be payable on such Ordinary Shares and any Ordinary Shares issued in lieu of a dividend that would otherwise be issued by the Company shall be retained by the Company without liability to pay interest or compensation and no transfer of any of the shares held by the member shall be registered unless it is a transfer on sale to a *bona fide* unconnected third party or by the acceptance of a takeover offer or through a sale through a recognised investment exchange as defined in FSMA. The prescribed period referred to above means not less than 14 days from the date of service of the notice under section 793 of the Companies Act 2006.

## **3. Articles of Association**

The Articles contain provisions, *inter alia*, to the following effect:

### **3.1 Shares**

Subject to the superior rights of any other class or classes of shares that are, or may be, issued by the Company, the rights and restrictions attaching to Ordinary Shares as regards participation in the profits and assets of the Company are as follows:

#### **3.1.1 Income**

Any profits which the Company may determine to distribute in respect of any financial year shall be distributed among the holders of Ordinary Shares *pro rata* according to the amounts paid up or credited as paid up on Ordinary Shares held by them.

#### **3.1.2 Capital**

The capital and assets of the Company on a winding-up or other return of capital shall be applied in repaying to the holders of Ordinary Shares the amounts paid up or credited as paid up on such shares and, subject thereto, shall belong to and be distributed according to the number of such shares held by them respectively.

### 3.2 **Issue of Shares**

Subject to the provisions of the Companies Act 2006, any shares may be issued on terms that they are, or are liable to be, redeemed at the option of the Company or the members on the terms and in the manner provided for in the Articles and with such preferred, deferred or other rights or subject to such restrictions, whether as regards dividend, return of capital, voting, conversion or otherwise, as the Company may from time to time determine by ordinary resolution.

### 3.3 **Voting Rights**

Subject to any special rights or restrictions as to voting on which shares have been allotted or issued or in accordance with the Articles:

- (i) on a show of hands every member entitled to vote on the resolution who is present in person has one vote, and every proxy present who has been duly appointed by a member entitled to vote on the resolution has one vote; and
- (ii) on a poll every member who is present in person or by proxy and entitled to vote on the resolution has one vote for every share held by them.

Unless the Directors otherwise determine, no member shall be entitled in respect of any share held by them to attend, vote or speak at a general meeting (including a separate meeting of the holders of shares of a particular class) either personally or by proxy, or to exercise any other right conferred by membership in relation to such meetings of the Company, if any call or other sum presently payable by them to the Company in respect of such share remains unpaid. This restriction shall cease to apply when all amounts due (including interest) are paid, together with all costs, charges and expenses incurred by the Company by reason of the non-payment.

### 3.4 **Dividends and Reserves**

Subject to the provisions of the Companies Act 2006 and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, subject to any special rights for the time being attached to any shares, no dividend shall exceed the amount recommended by the Directors.

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid. Subject as aforesaid, all dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly.

Provided that the Directors act in good faith, they shall not incur any liability to the holders of shares for any loss that they may suffer by the lawful payment of any fixed or interim dividend.

Subject to the Companies Act 2006 and the Articles, the Directors may, before recommending any dividend whether preferential or otherwise, transfer to reserves out of the profits of the Company such sums as they think fit. All sums standing to reserve may be applied from time to time, at the discretion of the Directors, for any purpose to which the profits of the Company may properly be applied and, pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments as the Directors think fit.

All dividends, interest or other sums payable and unclaimed after having become payable may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends which remain unclaimed for a period of 12 years after having become due for payment shall be forfeited and shall revert to the Company.

### 3.5 **Transfer of Shares**

Subject to the Articles, any member may transfer all or any of their certificated shares by an instrument of transfer in any usual form or in any other form approved by the Directors. The instrument of transfer of a share shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on

behalf of the transferee. An uncertificated share may be transferred in accordance with the Uncertificated Securities Regulations 2001 and the rules of any relevant system. A transferor shall remain the holder of the share concerned (whether a certificated share or an uncertificated share) until the name of the transferee is entered in the Register as the holder of that share.

Subject to the Articles, the rules of the London Stock Exchange and the requirements of the UKLA, the Directors may refuse to register the transfer of a certificated share which is not fully paid provided that this power will not be exercised so as to disturb the market in the shares.

The Directors may also refuse to register the transfer of a certificated share or a renunciation of a renounceable letter of allotment (except where to do so would disturb the market in the shares) unless all of the following conditions are satisfied:

- (i) it is in respect of only one class of share;
- (ii) it is in favour of a single transferee or renouncee or not more than four joint transferees or renouncees;
- (iii) it is duly stamped (if required); and
- (iv) it is delivered for registration to the registrar's office or such other place as the Directors have specified, accompanied by the certificate(s) for the shares to which it relates (except in the case of a transfer by a financial institution where a certificate has not been issued or in the case of a renunciation) and such other evidence as the Directors may reasonably require to prove the title of the transferor or person renouncing and the due execution by them of the transfer or renunciation or, if the transfer or renunciation is executed by some other person on their behalf, the authority of that person to do so.

In addition, the Directors may refuse to register a transfer if a notice has been duly served in respect of shares representing at least 0.25 per cent. of the issued shares of the class in question pursuant to section 793 of the Companies Act 2006 or any other statutory provision concerning the disclosure of interests in voting shares and the notice has not been complied with within the period stipulated in the notice (which must be not less than 14 days) and continues not to be complied with.

### 3.6 **Restrictions on Shares**

If the Board is satisfied that a member or any person appearing to be interested in shares in the Company has been duly served with a notice under section 793 of the Companies Act 2006 and is in default in supplying to the Company the information thereby required within a prescribed period after the service of such notice, the Board may serve on such member or on any such person a notice ("**a direction notice**") in respect of the shares in relation to which the default occurred ("**default shares**") directing that a member shall not be entitled to vote, attend or speak at any general meeting or class meeting of the Company.

Where default shares represent at least 0.25 per cent. of the class of shares concerned, the direction notice may in addition direct that any dividend which would otherwise be payable on such shares and any shares issued in lieu of a dividend that would otherwise be issued by the Company shall be retained by the Company without liability to pay interest or compensation and no transfer of any of the shares held by the member shall be registered unless it is a transfer on sale to a *bona fide* unconnected third party or by the acceptance of a takeover offer or through a sale through a recognised investment exchange as defined in FSMA. The prescribed period referred to above means not less than 14 days from the date of service of the notice under section 793 of the Companies Act 2006.

### 3.7 **Variations of Rights**

Whenever the share capital of the Company is divided into different classes of shares, all or any of the rights for the time being attached to any class may, subject to the Companies Act 2006, be varied or abrogated in such manner (if any) as may be provided by those rights or, in the absence of such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate

general meeting, all the provisions of the Companies Act 2006 and the Articles relating to general meetings of the Company or to the proceedings thereat shall apply.

### **3.8 *Alteration of Capital***

Subject to the Companies Act 2006, the Company may from time to time by ordinary resolution:

- (i) consolidate, or consolidate and divide, all or any of its share capital into shares of a larger nominal amount than its existing shares; and
- (ii) sub-divide its shares, or any of them, (whether or not following a consolidation) into shares of a smaller nominal amount than its existing shares and the resolution may determine that, as between the shares resulting from such sub-division, any of them may, as compared with the others, have any such preferred, deferred or other rights, or be subject to any such restrictions, as the Company has power to attach to new shares.

### **3.9 *General Meetings***

Annual general meetings of the Company shall be convened in accordance with the Companies Act 2006. The Directors may convene other general meetings whenever they think fit, and are required to do so if requisitioned by members in accordance with the Companies Act 2006. If the Directors fail to convene a general meeting when requisitioned, the meeting may be convened by the requisitionists.

If at any time there are not within the United Kingdom sufficient Directors to call a general meeting, any Director may convene a general meeting. If the Company has fewer than two Directors and the Director (if any) is unable or unwilling to appoint sufficient Directors to make up a quorum or to call a general meeting to do so, two or more members may call a general meeting (or instruct the company secretary to do so) for the purpose of appointing one or more Directors.

### **3.10 *Record Date for Attendance and Voting at Meetings***

In relation to each general meeting of the Company, the Company shall determine the time by which a person must be entered on the Register in order to be entitled to attend or vote at the meeting. No person shall have the right to attend or vote at the meeting if they are entered on the Register after the time determined by the Company. That time shall not be more than 48 hours before the time fixed for the meeting. In calculating that period of 48 hours, no account shall be taken of any part of a day that is not a working day.

### **3.11 *Corporate Representatives***

Any body corporate which is a member of the Company may, by resolution of its directors or other governing body, authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the Company or of any class of members of the Company. Such body corporate shall for the purposes of the Articles be deemed to be present in person at any such meeting if one or more persons so authorised is present thereat and all references to attendance and voting in person shall be construed accordingly.

A person so authorised shall be entitled to exercise (on behalf of the body corporate) the same powers as the body corporate could exercise if it were an individual member of the Company, save that where a body corporate authorises more than one person:

- (i) on a vote on a resolution on a show of hands at a meeting, each authorised person has one vote if the body corporate is entitled to vote on the resolution; and
- (ii) where sub-paragraph (i) does not apply, where more than one authorised person purports to exercise a power on behalf of the body corporate in respect of the same shares, if they purport to exercise the power in the same way as each other, the power is treated as exercised in the same way, or if they do not purport to exercise the power in the same way as each other, the power is treated as not exercised.



### 3.12 **Borrowing Powers**

Subject to the provisions of the Companies Act 2006, the Directors may exercise all of the powers of the Company to borrow money and to mortgage or charge its undertaking, property (present and future) and uncalled capital or any part thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure that the aggregate amount at any one time owing by the Company and its subsidiaries (if any) in respect of moneys borrowed does not at any time without the previous sanction of an ordinary resolution of the Company exceed a sum equal to the adjusted total of capital and reserves as calculated in accordance with the Articles.

### 3.13 **Directors**

#### 3.13.1 *Number of Directors*

Unless otherwise determined by ordinary resolution of the Company, the Directors (other than alternate Directors) shall not be less than two nor more than eight in number.

#### 3.13.2 *Shareholding Qualification*

A Director shall not be required to hold any shares in the Company.

#### 3.13.3 *Directors' Remuneration and Expenses*

The ordinary remuneration of the Directors (other than any Director who holds any executive office, including for this purpose the office of chairman or deputy chairman where such office is held in an executive capacity, or employment with the Company or any associated company, entitling them to remuneration under any agreement and who is not thereby entitled to any fees as a Director) shall not exceed in aggregate £150,000 per annum (or such other amount as may from time to time be determined by ordinary resolution of the Company). Such remuneration shall be deemed to accrue from day to day and shall be divisible among the Directors in such proportion and manner as the Directors may determine.

#### 3.13.4 *Retirement*

At each annual general meeting of the Company, one third of the Directors, or if their number is not three or a multiple of three, then the number nearest to, but not exceeding one third shall retire from office and be eligible for re-appointment. Each Director shall offer themselves for re-election at the first annual general meeting following their appointment or where appointed to fill a vacancy where the number of Directors has fallen below the minimum.

#### 3.13.5 *Interests and Conflicts*

The Directors are empowered pursuant to section 175 of the Companies Act 2006 to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director to avoid a situation in which they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. Any such authorisation shall be subject to such conditions or limitations as the Directors may determine, whether at the time such authorisation is given or subsequently, and may be terminated by the Directors at any time. Neither the Director in question nor any other interested Director shall vote on, or be counted in the quorum at any meeting relating to, any resolution concerning any such authorisation.

A Director, notwithstanding their office, may be or become a director or other officer of, or hold any place of profit in, or act in a professional capacity for, or otherwise be interested in, any associated company. In such circumstances, the Director is authorised to act subject to any guidance from time to time issued by the Directors for dealing with conflict situations arising in relation to associated companies or any of them.

Where a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and the matter constituting such conflict or potential

conflict has been authorised by the Directors, or by the Company or is otherwise permitted by the Articles, subject to the terms on which any authorisation has been given:

- (i) the Director in question need not disclose to or use for the benefit of the Company any information relating to the relevant matter which they obtain or have obtained otherwise than as a Director or employee of the Company and in respect of which they owe a duty of confidentiality to a person other than the Company;
- (ii) the Director in question shall not, unless otherwise agreed, be liable to account to the Company for any profit, remuneration or other benefits realised or receivable by them in consequence of the relevant matter and no contract, transaction or arrangement relating thereto shall be liable to be avoided on the grounds of their conflict of interests;
- (iii) the Director in question need not consider board papers, nor participate in discussion of the Directors, relating to the relevant matter; and
- (iv) any Director may act in any way authorised by any guidance for dealing with conflicts of interest issued by the Directors from time to time.

### 3.13.6 *Restrictions on Voting*

Except as provided in the Articles, a Director shall not vote (or, if they do vote, their vote shall not be counted) on any resolution of the Directors in respect of any contract, arrangement, transaction or any other kind of proposal in which they have a direct or indirect interest unless their interest cannot reasonably be regarded as likely to give rise to a conflict of interests or the resolution relates to one of the permitted matters listed below and they have no other interest beyond that listed below.

A Director shall not be counted as part of the quorum at a meeting in relation to any resolution on which they are not entitled to vote.

The following are permitted matters for the purposes of the Articles:

- (i) any contract, arrangement, transaction or other proposal concerning an offer of shares, debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase, in which offer they are, or may be, entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which they are to participate;
- (ii) any contract, arrangement, transaction or other proposal to which the Company is or is to be a party concerning any other body corporate in which they do not, to their knowledge, directly or indirectly, hold an interest in shares (as that term is defined in the Companies Act 2006) representing 1.0 per cent. or more of either any class of the equity share capital (excluding, for the avoidance of doubt, any shares of that class held as treasury shares), or the voting rights (excluding, for the avoidance of doubt, any voting rights attached to shares held as treasury shares), in such body corporate;
- (iii) any contract, arrangement, transaction or other proposal concerning in any way a pension, retirement, superannuation, death and/or disability benefits scheme or fund or employees' share scheme under which they may benefit and which either:
  - (a) has been approved, or is conditional on approval, by HMRC for taxation purposes; or
  - (b) relates both to employees and Directors of the Company (or any associated company) and does not award them any privilege or benefit not generally awarded to the employees to whom such scheme or fund relates; and
- (iv) any contract or other proposal concerning any insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any Directors or for persons including Directors.

### 3.13.7 *Indemnity*

Subject to the Companies Act 2006 and the Articles but without prejudice to any indemnity to which they may otherwise be entitled, every Director, alternate Director or secretary (or former Director or secretary) of the Company or of any associated company shall be indemnified out

of the assets of the Company against all costs, charges, losses, expenses and liabilities which they may sustain or incur in the execution or purported execution or discharge of their duties or in the exercise or purported exercise of their powers or otherwise in relation to or in connection with their duties, powers or office. This indemnity shall not operate to provide an indemnity against any liability attaching to a Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or any associated company except as permitted by law.

### **3.14 *Untraced Shareholders***

The Company shall be entitled to sell, at the best price reasonably obtainable at the time of sale, the shares of a member or the shares to which a person is entitled by transmission if, during a period of 12 years at least three dividends (whether interim or final) in respect of those shares have become payable and no dividend in respect of those shares during that period has been claimed, the Company has advertised its intention to sell the relevant shares in a UK national newspaper and within a newspaper circulating in the area in which the last known address of the relevant person is located and, within a further period of three months following the date of such advertisement, the Company, so far as the Directors are aware, has not received any communication from such member or person entitled by transmission (in their capacity as such).

### **3.15 *Name***

In the event that the Investment Manager ceases to be the investment manager of the Company, the Investment Manager is entitled at any time thereafter to serve notice on the Company requiring that the Company name be changed to a name which does not contain the words “Aberdeen” or “Aberdeen Fund Managers”. If within three months of giving such notice the name of the Company has not been changed, the Investment Manager is entitled to convene a general meeting of the Company for the purposes of passing a special resolution to change the Company’s name to a name selected by the Investment Manager. The Articles contain weighted voting rights so that any vote in favour carries in aggregate three quarters of the votes cast on the resolution.

## **4. *Material Contracts***

### **4.1 *Investment Management Agreement***

By an investment management agreement dated 14 July 2014, the Company appointed AFML to act as the Company’s Alternative Investment Fund Manager, to manage the assets of the Company in accordance with the Company’s investment objective, policy and restrictions from time to time in place.

Under the investment management agreement, AFML has delegated management of the Company’s portfolio to AAM Asia by way of a group delegation agreement in place between AFML and AAM Asia. An investment management fee is payable monthly in arrears based on an annual amount of 1.0% (previously calculated using a rate of 1.2% until July 2016) calculated on the average net asset value of the Company over a 24 month period, valued monthly. The fee is calculated by reference to the value of the Company’s net assets (gross assets less liabilities excluding the amount of any loan facilities or overdraft facilities drawn down).

Under the terms of the Investment Management Agreement, the Investment Manager is authorised to delegate any of its functions, powers, authorities, duties and discretions under the IMA to an associate subject to the prior approval of the Directors.

The management agreement may be terminated by either the Company or AFML on the expiry of twelve months’ written notice. On termination, the AFML would be entitled to receive fees which would otherwise have been due to that date.

The investment management agreement contains indemnity provisions which are customary for this type of agreement in favour of the Investment Manager (and any person to whom AFML properly delegates its duties under the investment management agreement) against all claims and demands except where there has been fraud, negligence, wilful default or breach of the investment management agreement on the part of AFML (or any third party to whom the AFML properly delegates its duties under the investment management agreement).

#### 4.2 **Administration Agreement**

By an administration agreement dated 11 October 1995 between (i) the Company and (ii) AFML, Company secretarial services are provided by AFML and accounting and administrative services are delegated to Aberdeen Asset Managers Limited, which then outsources those arrangements to BNP Paribas Securities Services, London Branch.

The Administrator is entitled to a fee from the Company of £89,000 (exclusive of VAT), payable quarterly in advance. The fee is recalculated for each successive period of 12 months in line with any increase in RPI over the preceding year. In addition, the Administrator is entitled to be reimbursed for all expenses properly incurred by it on behalf of the Company in providing the services under the Administration Agreement.

The Administrator may delegate all or any of its functions under the Administration Agreement with the approval of the Directors. The Administrator has delegated the role of company secretary to Aberdeen Asset Management. The Administration Agreement is terminable by either party giving to each other not less than six months' written notice.

The Administration Agreement contains indemnity provisions which are customary for this type of agreement in favour of the Administrator against all claims and demands except where there has been fraud, negligence, wilful default or breach of the Administration Agreement on the part of the Administrator.

#### 4.3 **Depository Agreement**

The Company entered into a depository agreement with AFML and BNP Paribas Securities Services on 14 July 2014. BNP Paribas Securities Services, London Branch was appointed to act as depository of the Company's investments, cash and other assets and to accept responsibility for the safe custody of the property of the Company which is delivered to, and accepted by, BNP Paribas Securities or any of its sub-depositaries. Either party is able to terminate the Depository Agreement on 90 days' notice in writing or with immediate effect for cause, including the bankruptcy or insolvency of the other party.

BNP Paribas Securities Services receives fees for the provision of its services of £52,000 per annum.

#### 4.4 **Multicurrency revolving loan facility**

On 9 June 2017 the Company agreed a new three year multicurrency revolving loan facility and a term loan facility in an aggregate amount of \$25 million with The Royal Bank of Scotland plc ("**Bank Facility**"). Under the Bank Facility \$12.5 million was drawn down on 9 June 2017 and fixed for three years at an all-in rate of 2.506%. On the same date a maturing loan of \$9 million was repaid to State Street. As at the date of this document, \$22.5 million had been drawn down under the Bank Facility.

#### 4.5 **Placing Agreement**

4.5.1 By a placing agreement dated 16 April 2018 between (i) the Company, (ii) Aberdeen Fund Managers Limited, (iii) Panmure Gordon agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for up to £37 million nominal of 2025 CULS at the Issue Price.

4.5.2 The placing agreement is conditional on, *inter alia*:

4.5.3 the Company, and AFML having complied with all of their respective obligations under the Placing Agreement which fall to be performed or satisfied on or prior to Admission;

4.5.4 receipt of subscription monies under the Issue in respect of an aggregate of not less than £10 million (or such lower amount as the Company, AFML and Panmure Gordon may agree in writing);

4.5.5 the Placing Agreement not having been terminated in accordance with its terms prior to Admission; and

- 4.5.6 Admission becoming effective by 8.00 a.m. on 29 May 2018 (or such later time and/or date as the Company, AFML and Panmure Gordon may agree, (being no later than 8.00 a.m. on 12 June 2018).
- 4.5.7 Conditional on Admission, the Company will pay to Panmure Gordon a commission equal to 1 per cent. of the aggregate value, at the Issue Price, of the 2025 CULS issued pursuant to the Issue (plus VAT, if applicable). The Company will also pay all other costs and expenses incurred in connection with the Issue and the application for Admission, including Panmure Gordon's out-of-pocket expenses and legal fees.
- 4.5.8 Under the Placing Agreement, the Company and AFML have given certain warranties and indemnities which are standard for this type of agreement to Panmure Gordon concerning, *inter alia*, the accuracy of the information contained in this Prospectus.
- 4.5.9 Panmure Gordon may terminate the Placing Agreement in certain circumstances including, *inter alia*, if there is a fundamental change or development in economic, financial, political, diplomatic or other market conditions or any change in any government regulation which, in Panmure Gordon's reasonable opinion (acting in good faith), is likely to be prejudicial to the Company or to the success of the Issue or to dealings in the 2025 CULS.
- 4.5.10 The currency of the Issue is Sterling.
- 4.5.11 No commissions will be paid by the Company to any applicants for 2025 CULS pursuant to the Issue.
- 4.5.12 There is no minimum nominal amount of 2025 CULS that can be applied for pursuant to the Issue. There is no maximum number of 2025 CULS that may be applied for pursuant to the Placing, but applications pursuant to the Placing may be subject to claw back to meet valid applications pursuant to the Reinvestment Scheme and the Open Offer (including the Excess Application Facility) and scaling back so that the maximum nominal amount of 2025 CULS issued pursuant to the Issue does not exceed £37 million. The maximum number of 2025 CULS that Qualifying Shareholders may apply for under the Open Offer is 200 per cent. of their Open Offer Entitlement.
- 4.5.13 The Issue has not been underwritten.

#### 4.6 **Repurchase Agreement**

On 20 April 2018, the Company and Panmure Gordon entered into a Repurchase Agreement relating to the Reinvestment Scheme pursuant to which (i) the Company has agreed to purchase from Panmure Gordon such number of 2019 CULS, in respect of which a Special Conversion Right has not been exercised by 2019 CULS Holders, which Panmure Gordon shall have purchased at the Reinvestment Price (the "**Initial Purchase**"); and subsequent to which (ii) Panmure Gordon will apply the proceeds of that Initial Purchase to subscribe for 2025 CULS at par on behalf of those relevant 2019 CULS Holders.

The Repurchase Agreement is conditional on:

- 4.6.1 the passing of the Extraordinary Resolution at the Stockholders' Meeting;
- 4.6.2 the passing of the special resolution at the General Meeting;
- 4.6.3 the Repurchase Agreement not having been terminated in accordance with its terms and the Reinvestment Scheme and the Special Conversion Right not having been terminated; and
- 4.6.4 Admission and also on admission of the Ordinary Shares arising on conversion pursuant to the Special Conversion Right.

Under the Repurchase Agreement, the Company has given certain warranties and indemnities to Panmure Gordon.

Panmure Gordon may terminate the Repurchase Agreement, in certain circumstances after consultation with the Company, in the event that either: (i) prior to the Initial Purchase and on the

recommendation of the Company (acting through the Directors) given by written notice stating that in the Directors' reasonable opinion the completion of the 2019 CULS pursuant to the Initial Purchase could have unexpected adverse fiscal, regulatory or other consequences (whether by reason of a change in legislation, practice or otherwise); or (ii) the Placing Agreement is terminated in accordance with its terms.

- 4.7 Save for the Investment Management Agreement, the Administration Agreement, the Depositary Agreement and the Placing Agreement and the Repurchase Agreement, the Company has not entered into any other contract (not being a contract entered into in the ordinary course of business) in the two years immediately preceding the date of this Prospectus or which contains any provision under which the Company has any obligation or entitlement which is material to the Company as at the date of this Prospectus.

## **5. Third Party Information, Consent and Declarations of Any Interest**

Where indicated in this Prospectus, information contained in this Prospectus has been sourced from third parties (which can be identified by the word "source" and followed by the source). Such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No persons involved in the Issue have any interests that are material to the Issue.

No application is being made for the 2025 CULS to be listed or dealt in on any stock exchange or investment exchange other than the London Stock Exchange's Main Market.

Panmure Gordon has given and not withdrawn its written consent to the inclusion in this Prospectus of the references to its name in the form and context in which they appear.

## **6. Documents Available for Inspection**

Copies of the following documents are available for inspection at the registered office of the Company being Bow Bells House, 1 Bread Street, London, EC4M 9HH during normal business hours on any day (Saturdays, Sundays and public holidays excepted) until 29 May 2018:

- (i) the articles of association of the Company;
- (ii) the annual report and financial statements of the Company for the three years ended 31 July 2017; and
- (iii) the unaudited interim report of the Company for the six months ended 31 January 2018.

## **7. Service Providers' fees**

In addition to investment management, administration and secretarial fees (details of which are set out under the headings "Investment Management" and "Administration" in Part II of this Prospectus), the Company pays all other fees and expenses incurred in the operation of its business, including, without limitation:

- (i) brokerage and other transaction charges;
- (ii) fees and expenses for corporate broking, custodial, registrar, legal, audit, tax and other professional services;
- (iii) the fees and out-of-pocket expenses of the Directors and the cost of Directors' insurance;
- (iv) the ongoing costs of maintaining the listing of the Ordinary Shares and the CULS;
- (v) any borrowing costs, including interest and the Trustee's fees;
- (vi) promotional and marketing expenses (including membership of any industry bodies and marketing initiatives approved by the Board); and
- (vii) costs of printing the Company's financial reports and posting them to Shareholders.



The ongoing charges ratio of the Company (calculated in accordance with guidelines issued by the AIC as the total of the investment management fee and administrative expenses divided by the average cum income net asset value throughout the year) for the year ended 31 July 2017 was 1.16 per cent.

## 8. Working Capital

In the opinion of the Company, the working capital available to the Company is sufficient for its present requirements, that is for at least the next 12 months following the date of this Prospectus.

## 9. Capitalisation and Indebtedness

At 31 January 2018, the Company's net ordinary shareholders' funds were £421.1 million. After adding back the deficit on the profit and loss reserve of £8.2 million, total shareholders' equity excluding the profit and loss reserve amounted to £412.9 million. The Company's balance sheet at 31 January 2018 showed net assets of £421.1 million.

The following tables set out the capitalisation of the Company as at 31 January 2018 (extracted from the Company's unaudited interim financial information for the half year ended 31 January 2018) and the gross and net financial indebtedness of the Company as at 31 January 2018 (extracted from the Company's unaudited accounting records).

	<i>31 January 2018</i> <i>(unaudited)</i> <i>(£'000)</i>
<b>Total current debt:</b>	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	(12,193)
	<i>31 January 2018</i> <i>(unaudited)</i> <i>(£'000)</i>
<b>Total non-current debt (excluding current portion of long-term debt):</b>	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	(38,689)
<b>Total indebtedness</b>	(50,882)
	<i>31 January 2018</i> <i>(unaudited)</i> <i>(£'000)</i>
<b>Shareholder Equity (*)</b>	
Capitalisation:	
Share capital	9,877
Legal reserves	45,725
Other reserves	357,315
<b>Total capitalisation</b>	412,917

(\*) in accordance with ESMA update of the CESR recommendations, retained earnings (comprising retained revenue reserves and other capital reserves) have been excluded from Shareholder's equity.

The following table shows the Company's unaudited net indebtedness as at 31 January 2018:

	<i>31 January 2018</i> <i>(unaudited)</i> <i>(£'000)</i>
Cash	5,131
Cash equivalent	–
Trading securities	466,066
Liquidity	471,197
Current financial receivables	788
Current bank debt	7,032
Current portion of non-current debt	–
Other current financial debt	5,161
Current financial debt	12,193
Net-current financial indebtedness	(459,792)
Non-current bank loans	8,790
Bonds issued	–
Other non-current loans	29,899
Non-current financial indebtedness	38,689
<b>Net financial indebtedness</b>	<b>(421,103)</b>

There has been no material change to the capitalisation of the Company since 31 January 2018.

As at 31 January 2018 (being not more than 90 days prior to the publication of this Prospectus), the net debt (including contingent and indirect indebtedness) of the Company was £45.8 million.

## **10. Availability of this Document**

A copy of this Prospectus will be available for inspection at the National Storage Mechanism which is located at [www.morningstar.co.uk/uk/NSM](http://www.morningstar.co.uk/uk/NSM). Copies of this Prospectus may also be collected, free of charge during normal business hours, from the Company at its registered office at c/o Aberdeen Asset Management PLC, Bow Bells House, 1 Bread Street, London EC4M 9HH.

## PART X

### DEFINITIONS

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

<b>“2015 Annual Report”</b>	means the Company’s annual report and audited accounts for the year ended 31 July 2015 (which includes the Company’s audited historical consolidated financial statements for the year ended 31 July 2015);
<b>“2016 Annual Report”</b>	means the Company’s annual report and audited accounts for the year ended 31 July 2016 (which includes the Company’s audited historical consolidated financial statements for the year ended 31 July 2016);
<b>“2017 Annual Report”</b>	means the Company’s annual report and audited accounts for the year ended 31 July 2017 (which includes the Company’s audited historical consolidated financial statements for the year ended 31 July 2017);
<b>“2019 CULS”</b>	3.5 per cent. convertible unsecured loan stock 2019 of the Company;
<b>“2019 CULS Holder”</b>	a holder of 2019 CULS;
<b>“2019 CULS Trust Deed”</b>	the trust deed between the Company and the Trustee constituting the 2019 CULS dated 17 May 2017;
<b>“2025 CULS”</b>	2.25 per cent. convertible unsecured loan stock 2025 of the Company, with the rights described in Part II of this Prospectus to be issued conditional upon the passing of special resolution 1 at the General Meeting and the Extraordinary Meeting at the Stockholder Meeting;
<b>“2025 CULS Holder”</b>	a holder of 2025 CULS;
<b>“2025 CULS Register”</b>	the register of 2025 CULS Holders maintained on behalf of the Company;
<b>“2025 CULS Trust Deed”</b>	the trust deed proposed to be entered into between the Company and the Trustee constituting the 2025 CULS, the principal terms of which are summarised in Part II of this Prospectus;
<b>“Aberdeen Asset Management”</b>	Aberdeen Asset Management PLC, a wholly owned subsidiary of Standard Life Aberdeen PLC;
<b>“Aberdeen Group”</b>	Standard Life Aberdeen PLC and its subsidiary undertakings from time to time;
<b>“Aberdeen Fund Managers” or “AFML”</b>	Aberdeen Fund Managers Limited, a wholly owned subsidiary of Standard Life Aberdeen PLC;
<b>“Administration Agreement”</b>	the administration agreement between the Administrator and the Company, details of which are set out in paragraph 6.2 of Part IX of this Prospectus;
<b>“Administrator”</b>	Aberdeen Asset Managers Limited;

<b>“Admission”</b>	admission of the 2025 CULS issued pursuant to the Issue to the standard debt segment of the Official List and to trading on the London Stock Exchange’s Main Market becoming effective in accordance with the Listing Rules and the LSE Admission Standards respectively;
<b>“AIC”</b>	The Association of Investment Companies;
<b>“AIC Code”</b>	AIC Code of Corporate Governance;
<b>“AIC Guide”</b>	AIC Corporate Governance Guide for Investment Companies;
<b>“AIC SORP”</b>	The Association of Investment Companies’ Statement of Recommended Practice;
<b>“AIF”</b>	Alternative Investment Fund;
<b>“AIFM”</b>	Aberdeen Fund Managers Limited;
<b>“AIFMD”</b>	EU Directive on Alternative Investment Fund Managers;
<b>“Annual Reports”</b>	the 2015 Annual Report, the 2016 Annual Report and the 2017 Annual Report;
<b>“Application Form”</b>	the personalised application form for use by Qualifying non-CREST Shareholders in connection with the Open Offer accompanying, where relevant, this Prospectus;
<b>“Articles”</b>	the articles of association of the Company (as amended from time to time);
<b>“Bank Facility”</b>	the three year multicurrency revolving loan facility and term loan facility in an aggregate amount of \$25 million entered into by the Company and The Royal Bank of Scotland plc dated 9 June 2017;
<b>“BNP Paribas Securities Services”</b>	BNP Paribas Securities Services, London Branch;
<b>“Board”</b>	the board of directors of the Company (or any duly authorised committee thereof) from time to time;
<b>“business day”</b>	any day other than a Saturday, Sunday or public holiday in the United Kingdom;
<b>“CA 1985”</b>	the Companies Act 1985;
<b>“Calculation Date”</b>	close of business on 18 May 2018, being the time and date as at which the Reinvestment Price and the 2025 CULS Conversion Price will be calculated;
<b>“certificated form”</b>	evidenced by a share certificate (i.e. not in uncertificated form);
<b>“Companies Act 2006”</b>	the Companies Act 2006;
<b>“Company”</b>	Aberdeen Asian Smaller Companies Investment Trust PLC;
<b>“Comparable CULS Offer Notice”</b>	as defined in paragraph 3.12.2 of Part IV of this Prospectus;
<b>“Compulsory Conversion Notice”</b>	as defined in paragraph 3.14 of Part IV of this Prospectus;

<b>“Conversion Price”</b>	the nominal amount of 2025 CULS required for conversion into one Ordinary Share in accordance with the provisions of this Prospectus and the 2025 CULS Trust Deed;
<b>“Conversion Rights”</b>	the right of each 2025 CULS Holder (and where applicable, the Trustee on their behalf) to convert the whole or such part (being an integral multiple of £1 nominal) of their 2025 CULS as they may specify into fully paid Ordinary Shares in accordance with the provisions of this Prospectus and the 2025 CULS Trust Deed;
<b>“CREST”</b>	the paperless settlement system operated by Euroclear governed by the CREST Regulations and any successor system or operator for the purposes of the CREST Regulations;
<b>“CTA 2010”</b>	the Corporation Tax Act 2010;
<b>“Depository”</b>	BNP Paribas Securities Services, London Branch;
<b>“Depository Agreement”</b>	the depository agreement between the Depository and the Company, details of which are set out in paragraph 3.3 of Part IX of this Prospectus;
<b>“Directors”</b>	the directors of the Company from time to time;
<b>“Disclosure and Transparency Rules”</b>	the disclosure and transparency rules made by the FCA pursuant to section 73A of FSMA;
<b>“ERISA”</b>	Employee Retirement Income Security Act of 1974;
<b>“EU or European Union”</b>	an economic and political union of 28 member states which are located primarily in Europe;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of CREST;
<b>“Excess Application Facility”</b>	the arrangement pursuant to which each Qualifying Shareholder may apply for an amount of 2025 CULS in excess of their Open Offer Entitlement up to a maximum amount equal to 100 per cent. of their Open Offer Entitlement provided they have agreed to take up their Open Offer Entitlement in full and such application may be subject to scaling back in accordance with the provisions of this Prospectus;
<b>“Excess CREST Open Offer Entitlement”</b>	in respect of each Qualifying CREST Shareholder, the entitlement to apply for CULS in excess of their Open Offer Entitlement which will be credited to their stock account in CREST, pursuant to the Excess Application Facility, provided that the Qualifying CREST Shareholder has agreed to take up their Open Offer Entitlement in full and such application may be subject to scaling back in accordance with the provisions of this Prospectus;
<b>“Excess 2025 CULS”</b>	2025 CULS in addition to the Open Offer Entitlement for which Qualifying Shareholders may apply under the Excess Application Facility;
<b>“Excluded Jurisdictions”</b>	the United States, Canada, Australia, Japan, New Zealand and the Republic of South Africa;
<b>“Excluded Shareholders”</b>	Shareholders resident in Excluded Jurisdiction;
<b>“Ex-entitlement Date”</b>	8.00 a.m. on 23 April 2018

<b>“Extraordinary Resolutions”</b>	the extraordinary resolutions to be put to Stockholders at the Stockholder Meeting;
<b>“FACTA”</b>	Foreign Account Tax Compliance Act;
<b>“FCA”</b>	the Financial Conduct Authority;
<b>“Final Conversion Date”</b>	as defined in paragraph 3.2 of Part IV of this Prospectus;
<b>“Form of Proxy”</b>	the form of proxy which accompanies this Prospectus for use by Shareholders in connection with the General Meeting;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000;
<b>“General Meeting”</b>	the general meeting of the Company convened for 9.00 a.m. on 23 May 2018, or any adjournment of that meeting, and notice of which is set out in Part XI of this Prospectus;
<b>“HMRC”</b>	HM Revenue & Customs;
<b>“Interim Results”</b>	the Company’s interim results for the six months ended 31 January 2018;
<b>“Investment Company Act”</b>	United States Investment Company Act of 1940 (as amended);
<b>“Investment Management Agreement” or “IMA”</b>	the investment management agreement between the Company and the Investment Manager, details of which are set out in paragraph 3.3 of Part II of this Prospectus;
<b>“Investment Manager” or “AAM Asia”</b>	Aberdeen Asset Management Asia Limited, a wholly owned subsidiary of Standard Life Aberdeen PLC;
<b>“Investment Region”</b>	as defined on page 45 of this Prospectus;
<b>“ISA”</b>	an individual savings account;
<b>“Issue”</b>	The Reinvestment Scheme, the Open Offer and the Placing;
<b>“Issue Date”</b>	the date of Admission of the 2025 CULS;
<b>“Issue Price”</b>	100p per £1 nominal of 2025 CULS, being the price at which the 2025 CULS is being offered pursuant to the Placing and Open Offer;
<b>“KID”</b>	key information document;
<b>“Listing Rules”</b>	the listing rules made by the FCA pursuant to section 73A of FSMA;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“LSE Admission Standards”</b>	the rules issued by the London Stock Exchange in relation to the admission to trading of, and continuing requirements for, securities admitted to the Main Market;
<b>“Main Market” or “London Stock Exchange’s Main Market”</b>	the London Stock Exchange’s market for larger and established companies, being a regulated market for the purposes of MiFID;
<b>“Member Account ID”</b>	the identification code or number used in CREST to identify a particular CREST member or other CREST participant;
<b>“MiFID”</b>	the Markets in Financial Instruments Directive 2004/39/EC;



<b>“MiFID II”</b>	the Markets in Financial Instruments Directive 2014/65/EU (as amended)
<b>“Money Laundering Regulations”</b>	the Money Laundering Regulations 2017;
<b>“NAV”</b>	the net asset value of the Company as calculated by the Company in accordance with the Company’s normal accounting policies (with the net asset value per Ordinary Share being calculated by dividing the net asset value of the Company by the number of Ordinary Shares in issue on the relevant date);
<b>“Net Issue Proceeds”</b>	the proceeds of the Issue after deducting the costs payable by the Company in connection with the Issue;
<b>“Official List”</b>	the list maintained by the UK Listing Authority pursuant to Part VI of FSMA;
<b>“Open Offer”</b>	the open offer to Qualifying Shareholders for subscription of CULS on and subject to the terms and conditions set out in this Prospectus (and, where applicable, the Application Form);
<b>“Open Offer Entitlement”</b>	the entitlement of a Qualifying Shareholder to apply for £0.29227324 nominal of 2025 CULS for each Ordinary Share held by them at the Record Date (but excluding, for the avoidance of doubt, 2025 CULS pursuant to the Excess Application Facility), on and subject to the terms of the Open Offer;
<b>“Ordinary Shares”</b>	Ordinary Shares of 25p each in the capital of the Company;
<b>“Overseas Shareholders”</b>	means Shareholders who are resident in, ordinarily resident in, or citizens of jurisdictions outside the United Kingdom;
<b>“Panmure Gordon”</b>	Panmure Gordon (UK) Limited;
<b>“Participant ID”</b>	the identification code or membership number used in CREST to identify a particular CREST member or CREST participant;
<b>“Placees”</b>	any persons who have conditionally agreed or shall agree to subscribe for CULS pursuant to the Placing subject to claw back to satisfy valid applications by Qualifying Shareholders pursuant to the Open Offer and the Reinvestment Scheme;
<b>“Placing”</b>	the conditional placing of CULS by Panmure Gordon on behalf of the Company pursuant to the Placing Agreement;
<b>“Placing Agreement”</b>	the conditional placing agreement between the Company, the Investment Manager and Panmure Gordon, details of which are set out in paragraph 7.1 of Part IX of this Prospectus;
<b>“PRIIPS”</b>	Packaged Retail and Insurance-Based Investment Products;
<b>“Proposals”</b>	the Issue, the Special Conversion Right and the proposed changes to the Company’s investment objective and investment policy;
<b>“Prospectus”</b>	this document, including the information incorporated by reference into this document;
<b>“Prospectus Directive”</b>	Prospectus Directive Regulation EU (809/2004/EC), as amended;
<b>“Prospectus Rules”</b>	the prospectus rules made by the FCA pursuant to section 73A of FSMA;

<b>“Qualifying CREST Shareholders”</b>	Qualifying Shareholders holding Ordinary Shares in uncertificated form in CREST;
<b>“Qualifying non-CREST Shareholders”</b>	Qualifying Shareholders holding Ordinary Shares in certificated form;
<b>“Qualifying Shareholders”</b>	holders of Ordinary Shares (other than Excluded Shareholders) on the Register at the Record Date;
<b>“Receiving Agent”, “Registrar” or “Equiniti”</b>	Equiniti Limited;
<b>“Record Date for the Open Offer”</b>	6.00 p.m. on 18 April 2018;
<b>“Record Date for the Reinvestment Scheme and the Special Conversion Right”</b>	6.00 p.m. on 18 May 2018;
<b>“Redemption Notice”</b>	as defined in paragraph 6.3 of Part VI of this Prospectus;
<b>“Register”</b>	the register of members of the Company;
<b>“Reinvestment Price”</b>	as defined on page 35 of this Prospectus;
<b>“Reinvestment Scheme”</b>	the sale of 2019 CULS by 2019 CULS Holders to Panmure Gordon as intermediary with the proceeds of the sale being reinvested by Panmure Gordon on behalf of the selling 2019 CULS Holders to subscribe for 2025 CULS at the Reinvestment Price;
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting in connection with the Proposals;
<b>“RIS”</b>	a regulatory information service that is on the list of regulatory information services maintained by the FCA;
<b>“RPI”</b>	the UK retail prices index (all items), using the monthly index numbers;
<b>“Savings Plans Participants”</b>	beneficial owners of Ordinary Shares held through one or more of the Aberdeen Savings Plans and ISAs;
<b>“Shareholders”</b>	holders of Ordinary Shares;
<b>“SIPP”</b>	a self-invested personal pension;
<b>“Special Conversion Right”</b>	the right, conditional upon the passing of the Extraordinary Resolutions, offered to 2019 CULS Holders not wishing to exchange their 2019 CULS for 2025 CULS pursuant to the Exchange allowing such 2019 CULS Holders to convert their 2019 CULS into Ordinary Shares on the existing terms of the 2019 CULS;
<b>“Sterling”</b>	the lawful currency of the United Kingdom;
<b>“Stockholder Circular”</b>	the circular despatched to the 2019 CULS Holders on or around the date of this Prospectus and convening the Stockholder Meeting;
<b>“Stockholder Meeting”</b>	the meeting of the Stockholders to be held at 9.05 a.m. on 23 May 2018;
<b>“SSAS”</b>	a small self-administered scheme;

<b>“Trustee”</b>	the trustee from time to time of the 2025 CULS, which on the issue of the 2025 CULS will be The Law Debenture Trust Corporation p.l.c.;
<b>“UK Corporate Governance Code”</b>	means the UK Corporate Governance Code issued by the Financial Reporting Council in the UK from time to time;
<b>“UK GAAP”</b>	UK generally accepted accounting practice;
<b>“UKLA”</b>	the FCA acting in its capacity as competent authority for the purposes of Part VI of FSMA;
<b>“uncertificated form”</b>	recorded in the Register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST;
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“United States” or “US”</b>	the United States of America (including each of its states and the District of Columbia), its territories, possessions and other areas subject to its jurisdiction;
<b>“US Person”</b>	any “US Person” as such term is defined in Regulation S under the US Securities Act;
<b>“US Securities Act”</b>	the United States Securities Act of 1933 (as amended);
<b>“VAT”</b>	value added tax.

## PART XI

### NOTICE OF GENERAL MEETING

#### ABERDEEN ASIAN SMALLER COMPANIES INVESTMENT TRUST PLC

*(Incorporated in England and Wales with registered number 03106339;  
an investment company under section 833 of the Companies Act 2006)*

Notice is hereby given that a general meeting of Aberdeen Asian Smaller Companies Investment Trust PLC will be held at 9.00 a.m. on 23 May at Bow Bells House, 1 Bread Street, London EC4M 9HH for the purpose of considering and, if thought fit, passing the following resolutions, of which resolution 1 will be proposed as a special resolution and resolution 2 will be proposed as an ordinary resolution:

#### Special Resolution

1. THAT, subject to and conditional upon the proposed issue of up to £37 million nominal of convertible unsecured loan stock 2025 (the “**CULS**”) as described in the prospectus of the Company dated 20 April 2018 of which this notice forms part (the “**Prospectus**”) becoming unconditional in all respects (other than as regards any condition relating to the passing of this resolution):
  - (i) in addition to any existing authorisation granted to the directors of the Company (the “**Directors**”), the Directors be and they are hereby unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “**Act**”), to exercise the powers of the Company to grant Conversion Rights (as defined in the Prospectus) in connection with the Issue (as defined in the Prospectus) up to a maximum nominal amount of £37 million, provided that such authorisation shall (unless previously renewed, varied or revoked) expire at the conclusion of the next Annual General Meeting of the Company, save that the Company may before the expiry of such authorisation make an offer or enter into an agreement which would or might require Conversion Rights to be granted after the expiry of such authorisation and the Directors are authorised to grant such rights in pursuance of such an offer or agreement as if the authorisation had not expired;
  - (ii) in accordance with section 571 of the Act, section 561 of the Act does not apply to the grant of Conversion Rights pursuant to the authorisation conferred by sub-paragraph (i) of this resolution provided that this sub-paragraph (ii) shall cease to have effect when such authorisation is revoked or would (if not renewed) expire, save that the Company may before the expiry of such authorisation make an offer or enter into an agreement which would or might require Conversion Rights to be granted after the expiry of such authorisation and, notwithstanding the expiry of this sub-paragraph (ii), the Directors may grant such rights in pursuance of such an offer or agreement; and

#### Ordinary Resolution

2. THAT the Company’s investment objective and investment policy as set out under the heading “investment objective and policy” respectively in Part II of the Company’s prospectus dated 20 April 2018, a copy of which is produced to the meeting and initialled for the purposes of identification by the chairman of the meeting, be and is hereby approved with immediate effect as the investment objective and investment policy of the Company in place of the existing investment objective and policy.

*By order of the Board*

**Aberdeen Asset Management PLC**  
*Company Secretary*

*Registered Office*

Bow Bells House  
1 Bread Street  
London EC4M 9HH

20 April 2018

**Notes:**

1. In accordance with Section 311A of the Companies Act 2006, the contents of this Notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website [www.asian-smaller.co.uk](http://www.asian-smaller.co.uk).
2. As a member, you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the General Meeting. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share. A form of proxy is enclosed.
3. To be valid, any proxy form or other instrument of proxy and any power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to the Company's registrars Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to arrive not less than 48 hours before the time fixed for the meeting. The return of a completed proxy form or other instrument of proxy will not prevent you attending the General Meeting and voting in person if you wish to do so.
4. The right to vote at the meeting is determined by reference to the Company's Register of Members as at 6.30 p.m. on 21 May 2018 or, if this meeting is adjourned, at 6.30 p.m. on the day two business days prior to the adjourned meeting. Changes to the entries on that Register after that time shall be disregarded in determining the rights of any member to attend and vote at the meeting.
5. As a member you have the right to put questions at the meeting relating to the business being dealt with at the meeting.
6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by utilising 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.
7. In order for a proxy appointment 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 which can be viewed at [www.euroclear.com/CREST](http://www.euroclear.com/CREST). The message must be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of 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.
8. 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 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 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.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.
11. Any person holding 3 per cent. or more of the total voting rights in the Company who appoints a person other than the Chairman as his or her proxy(ies) will need to ensure that both he or she and such proxy(ies) comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
12. The statement of the rights of members in relation to the appointment of proxies in paragraphs 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
13. As at close of business on 18 April 2018 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 34,214,560 Ordinary Shares of 25 pence each. Each Ordinary Share carries the right to one vote at a general meeting of the Company and therefore the total number of voting rights in the Company as at close of business on 18 April 2018 is 34,214,560.
14. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the General Meeting any question relating to the business being dealt with at the General Meeting which is put by a member attending the meeting, except in certain circumstances, including if the answer has already been given on a website in the form of an answer to a question, it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information.
15. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

