

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document or about what action to take, you are recommended immediately to seek your own professional advice from your stockbroker, solicitor, accountant or other appropriately qualified independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are taking advice in the United Kingdom or, if you are taking advice in another jurisdiction, from another appropriately authorised independent financial adviser. All Shareholders are advised to consult their professional advisers regarding their own tax position.

If you have sold or otherwise transferred all of your Shares in Northern Investors Company PLC you should pass this document, but not the accompanying personalised Tender Offer Application Form, as soon as possible to the purchaser or transferee or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee. This Circular and all accompanying documents should not, however, be forwarded or transmitted in or into any Restricted Jurisdiction.

Stifel Nicolaus Europe Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority in the conduct of investment business, is acting for the Company and no one else in connection with the proposals set out in this Circular and will not be responsible to anyone other than the Company (whether or not a recipient of this Circular) for providing the protections afforded to clients of Stifel Nicolaus Europe Limited nor for providing advice in relation to the Tender Offer, the contents of this Circular, or any arrangement referred to herein. No liability whatsoever is accepted by Stifel Nicolaus Europe Limited for the accuracy of any information or opinions contained in this Circular or for the omission of any material information, for which it is not responsible.

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## **Northern Investors Company PLC**

*(incorporated and registered in England and Wales with registered number 1822966, an investment company within the meaning of Section 833 of the Companies Act 2006)*

### **Tender Offer**

**by**

**Stifel Nicolaus Europe Limited**

**to purchase up to 64.29% of the Company's issued share capital**

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Notice of a General Meeting of the Company to be held at the offices of King & Wood Mallesons LLP at 10 Queen Street Place, London EC4R 1BE at 9.00am on Thursday 31 March 2016 is set out at the end of the Circular. To be valid, Forms of Proxy for use at the meeting must be completed and returned in accordance with the notes to the Notice of Meeting and the Form of Proxy itself.

The Tender Offer will close at 11.00am on Tuesday 29 March 2016. Shareholders who do not wish to participate in the Tender Offer do not need to return Tender Offer Application Forms or submit a TTE Instruction.

Shareholders holding their Shares in certificated form and wishing to tender Shares for purchase in the Tender Offer should ensure that their completed Tender Offer Application Forms are returned by post or by hand (during normal business hours only) to the Registrars so as to arrive by no later than 11.00am on Tuesday 29 March 2016. Shareholders who hold their Shares in certificated form should also return their share certificates and/or other documents of title in respect of the Shares tendered.

Shareholders who hold their Shares in uncertificated form (that is in CREST) who wish to tender Shares for purchase in the Tender Offer should arrange for the Shares tendered to be transferred into escrow as described in Part IV of this document.

The availability of the Tender Offer to Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction in which they are located. Persons who are not resident in the United Kingdom should read the paragraph headed "Overseas Shareholders" set out in Part IV of this document and should inform themselves about, and observe, any applicable legal or regulatory requirements.

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### Expected Timetable of Events

Publication of Tender Offer Circular	8 March 2016
Record date for the Tender Offer	close of business on 24 March 2016
Latest time for receipt of Forms of Proxy	9.00am on 29 March 2016
Latest time and date for receipt of Tender Offer Application Forms and TTE Instructions in relation to the Tender Offer	11.00am on 29 March 2016
General Meeting	9.00am on 31 March 2016
Announcement of take-up level under the Tender Offer	31 March 2016
Effective date of re-purchase of Shares by the Company pursuant to the Tender Offer	31 March 2016
Settlement date for the Tender Offer: cheques despatched, electronic payments made and assured payments made through CREST	1 April 2016

The above times and/or dates are indicative only and may change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service and through the publication of a supplementary circular if required.

All references to times in this document are to London times unless otherwise stated.

## Definitions

In this Circular, unless the context otherwise requires, the following expressions bear the following meanings:

Act	the Companies Act 2006
Articles	the articles of association of the Company as amended from time to time
Basic Entitlement	64.29% of the Shares held by an Eligible Shareholder
Business Day	any day (excluding Saturdays, Sundays and public holidays) on which banks are open for normal banking business in the City of London
Circular	this document dated 8 March 2016, addressed to Shareholders
Closing Date	11.00am on Tuesday 29 March 2016
Company	Northern Investors Company PLC
CREST	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)) for the paperless settlement of transfers and the holding of shares in uncertificated form which is administered by Euroclear
Directors or Board	the directors of the Company, whose names are set out on page 6 of this document
Eligible Shareholder	a Shareholder on the register of members of the Company at close of business on the Record Date
Escrow Agent	Equiniti Limited
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST
General Meeting	the general meeting of the Company to be held at the offices of King & Wood Mallesons LLP at 10 Queen Street Place, London EC4R 1BE at 9.00am on Thursday 31 March 2016
HMRC	HM Revenue & Customs
London Stock Exchange	London Stock Exchange plc
Manager	NVM Private Equity LLP which is authorised and regulated by the Financial Conduct Authority
NAV	net asset value in pence per Share
Overseas Shareholders	Shareholders resident in, or citizens or nationals of, jurisdictions outside the United Kingdom
Record Date	close of business on 24 March 2016
Registrars	Equiniti Limited
Repurchase Agreement	the agreement dated 7 March 2016 between the Company and Stifel for the repurchase by the Company of the Shares purchased by Stifel pursuant to the Tender Offer (or otherwise a corresponding number of Shares) by way of an on-market purchase

Resolution	the Resolution to be put to the General Meeting as detailed on pages 12 and 13 of this Circular and in the notice of the General Meeting
Restricted Jurisdictions	the United States, Canada, Australia, New Zealand, Japan and South Africa and any other jurisdiction where the mailing of this document into or inside such jurisdiction would constitute a violation of the laws of such jurisdiction
Shareholders	holders of Shares
Shares	ordinary shares of 25p each in the capital of the Company
Stifel	Stifel Nicolaus Europe Limited
Tender Offer	the tender offer enabling Shareholders to apply for the Company to acquire up to 64.29% of the issued share capital of the Company on and subject to the terms and conditions set out in this Circular
Tender Offer Application Form	the application form in relation to the Tender Offer which is enclosed with this document
Tender Price	635 pence per Share
Tendering Shareholders	Eligible Shareholders (other than Shareholders in Restricted Jurisdictions) participating in the Tender Offer
TFE Instruction	a transfer from escrow instruction (as defined by the CREST Manual issued by Euroclear)
TTE Instruction	a transfer to escrow instruction (as defined by the CREST Manual issued by Euroclear)
UK Listing Authority	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000

## Part I – Letter from the Chairman

Northern Investors Company PLC

Registered office:  
Time Central  
32 Gallowgate  
Newcastle upon Tyne  
NE1 4SN

8 March 2016

Directors:  
Nigel Guy, *Chairman*  
John Barnsley  
Philip Marsden  
Mark Nicholls

Dear Shareholder

### **Tender Offer by Stifel Nicolaus Europe Limited to purchase, on behalf of the Company, up to 64.29% of the Company's issued share capital**

#### **Introduction**

In July 2011, Shareholders approved a change in investment strategy whereby the Company ceased making new investments and began an orderly realisation of its portfolio with a view to returning capital to Shareholders. The Company's objective is to realise its assets in a manner that achieves a balance between an efficient return of cash to Shareholders and maximising the value of the Company's investments. Since July 2011, the Company has distributed £61.4 million to Shareholders by way of tender offers and dividend payments.

During the course of the current financial year, the number of holdings in the Company's portfolio has reduced further from fifteen to eight, with investment sales generating total cash proceeds of £20.6 million. As a result of this and other cash inflows the Company now has cash and near-cash balances totalling £25.6 million. Your Board therefore now proposes to return a further £20.0 million of capital to Shareholders by means of the Tender Offer, pursuant to which Stifel will purchase up to 64.29% of the issued share capital of the Company at the Tender Price of 635 pence per Share, which is equivalent to the unaudited NAV as at 29 February 2016, as announced earlier today, but adjusted for the costs of the Tender Offer. The Shares purchased pursuant to the Tender Offer will then be purchased from Stifel by the Company and cancelled. The Tender Offer, in accordance with the Act, will require Shareholder approval, which will be sought at a general meeting of the Company to be held at 9.00am on Thursday 31 March 2016.

On completion of the Tender Offer, assuming full take-up by Shareholders, the cumulative amount returned to Shareholders since July 2011 by way of tender offers and dividends will be approximately £81.4 million, equivalent to 138% of the net assets of the Company at the commencement of the realisation process. The Directors currently estimate that an amount equivalent to between 155% and 170% of the opening net assets will have been returned to Shareholders in cash by the end of 2017.

This Circular sets out the terms and conditions of and the procedure for participating in the Tender Offer, details of which can be found in the accompanying Tender Offer Application Form.

## Key features of the Tender Offer

The key features of the Tender Offer are as follows:

- The Tender Offer is for up to 3,150,000 Shares representing 64.29% of the Company's issued share capital. Under the Tender Offer, each Shareholder is entitled to have up to 64.29% of his or her shareholding purchased by Stifel at the Tender Price (635 pence per Share).
- The Tender Price represents the unaudited NAV as at 29 February 2016, as announced earlier today, adjusted for the costs relating to the Tender Offer, including financial and other professional advice.
- Shareholders will be able to decide whether to tender none, some or all of their Shares within the overall limits of the Tender Offer (but tenders in excess of a Shareholder's Basic Entitlement will only be accepted on a *pro rata* basis to the extent that other Shareholders tender less than their Basic Entitlement or do not tender any Shares).

The Tender Offer is the fifth in a series of tender offers. It is the Board's intention to return further capital to Shareholders, as and when the Board considers it appropriate taking into account the Company's resources and requirements. The Board continues to keep under review the most appropriate methods of returning capital to Shareholders.

The Shares purchased by Stifel under the Tender Offer will subsequently be purchased by the Company under the terms of the Repurchase Agreement and will then be cancelled. The Tender Offer is subject to the conditions set out in the Repurchase Agreement being fulfilled. Following completion of the Repurchase Agreement, the Company's issued share capital will be reduced to 1,750,000 Shares, assuming that the Tender Offer is taken up in full and that there is no change to the terms of the Tender Offer. The Tender Offer is open to Shareholders on the register of the Company at the close of business on 24 March 2016.

There is no guarantee that the Tender Offer will take place. The Tender Offer is conditional on, among other things, the approval of Shareholders and will not proceed if any of the conditions specified in paragraph 2 of Part IV of this document are not satisfied or if it is withdrawn by the Company at any point prior to the announcement of the results of the Tender Offer. The non-fulfilment of the specified conditions would mean that the Tender Offer could not be implemented and that the Company would have to bear the abortive costs of making the Tender Offer.

If the Tender Offer is not implemented, Shareholders who tender Shares will not receive sale proceeds by 1 April 2016 and alternative methods of returning cash to Shareholders will be considered by the Board.

## Options for Shareholders

Under the Tender Offer, Shareholders can choose:

- to do nothing and to retain in full their investment in the Company; or
- to tender some or all of their Shares for purchase and to receive cash in consideration of such purchase (subject to scaling back of tenders in excess of the Basic Entitlement).

Shareholders, other than Shareholders in Restricted Jurisdictions, will be entitled to have up to 64.29% of their respective holdings purchased under the Tender Offer. Such Shareholders will be able to tender additional Shares, but such tenders will only be satisfied, on a *pro rata* basis, to the extent that other Shareholders tender less than their Basic Entitlement or do not submit a tender.

## **Performance and prospects of the Company**

### *Net asset value, investment portfolio and share price*

On 11 November 2015 the Company published its half-yearly results for the six months ended 30 September 2015. The unaudited NAV as at 30 September 2015 was 553.6 pence, an increase of 5.9% compared with the audited NAV of 522.7 pence as at 31 March 2015. The Directors reported that since 31 March 2015 the Company had exited from its investments in Direct Valeting and Wear Inns and that realisation proceeds in the half year totalled £2.5 million. Cash and near-cash balances at 30 September 2015 totalled £7.5 million.

On 17 February 2016 the Company published a quarterly update showing a further increase in the unaudited NAV to 635.5 pence as at 31 December 2015. Earlier today the Company announced that the unaudited NAV as at 29 February 2016 was 643.2 pence. Since 30 September 2015 the Company has exited from its investments in Arleigh Group, North East Property and Investments, Control Risks Group Holdings and Kitwave One. The aggregate cash receipts from the portfolio between 1 October 2015 and 7 March 2016 were £18.1 million, and cash and near-cash balances as at the close of business on 7 March 2016 totalled £25.6 million.

Since 30 September 2015 the Company has made no new investments, nor has it entered into any new investment commitments, in line with the revised investment policy approved by Shareholders in July 2011.

The Company's mid-market share price as at the close of business on 7 March 2016 was 647.5 pence, representing a premium of 0.7% to the unaudited NAV as at 29 February 2016 announced earlier today. The mid-market share price has increased by 9.7% over the period since 30 September 2015 and by 27.6% since 31 March 2015.

### *Investment realisation profile*

At the time of the change in investment policy in July 2011, the Company's portfolio comprised 29 holdings with a carrying value of £47.6 million. Between July 2011 and 7 March 2016 cash proceeds totalling £73.3 million were realised from investment sales, loan stock repayments etc. As at 7 March 2016 the remaining portfolio comprised eight holdings with a carrying value of £10.9 million.

In the half-yearly report to Shareholders for the six months ended 30 September 2015, published on 11 November 2015, the Directors provided an updated indication of the possible range of outcomes of the process of realising the Company's assets and returning cash to Shareholders. It was estimated that the realisation of the portfolio would be substantially completed by December 2017 with an ultimate cash return to Shareholders which could be in the range from £91 million to £100 million, equivalent to between 155% and 170% of the net assets at commencement. The Directors consider that this estimate remains valid.

Shareholders should note that whilst this is the best estimate of the Board and Manager as at the date of this Circular, it cannot be relied on and is subject to a number of uncertainties including, without limitation, general market conditions, the future performance of investee companies, the behaviour of other shareholders in investee companies and the level of activity in the mergers and acquisitions market.

The Board will continue to keep Shareholders informed as to progress through the Company's periodic half-yearly and annual reports and quarterly NAV announcements, in addition to which significant individual realisations will be announced as appropriate.

### *Prospects of the Company following the Tender Offer*

As a result of investment sales during the current financial year, the Company's portfolio has been significantly reduced from fifteen holdings on 1 April 2015 with a value of £24.1 million to eight holdings



with a value of £10.9 million at the date of this Circular. As the realisation process continues, the Company's portfolio will be less diversified than has previously been the case, which will increase the proportionate impact of changes in the value of individual investments on the value of the Company as a whole. Moreover, in the later stages of the process, it may become more difficult to achieve exits at prices equal to or greater than the Directors' valuation of individual investments. The Board and Manager will continue to pursue an orderly realisation strategy, but where necessary will take a pragmatic approach to the investments at the lower end of the valuation range in order to keep the realisation process on track.

As the size of the Company's portfolio diminishes, the level of investment income is also likely to reduce, which, together with the possibility of reduced valuations on exit, may have an impact on the levels of distributions to Shareholders. Based on an issued capital of 1,750,000 Shares following the Tender Offer, and with £81.4 million already returned to Shareholders, the range of projected outcomes implies future distributions of between approximately 550 pence and 1,070 pence per Share in total. However, it should be noted that these figures are likely to change as realisation proceeds continue to be distributed, firstly as the projected amounts to be distributed change over time, and secondly as the projected distributions may accrue to a reducing number of Shares in issue if Shares are re-purchased by the Company through further tender offers. The estimates also remain subject to significant uncertainties including timing, market conditions, individual company performance and the behaviour of other shareholders in investee companies.

Although the Company's Shares are traded on the main market of the London Stock Exchange, the market in the Shares is likely to become increasingly illiquid following the Tender Offer with fewer Shares in issue. Therefore, it may prove difficult for Shareholders to sell their Shares in the market. In addition, there is no guarantee that the market price of the Shares will reflect their underlying NAV or the ability to buy and sell at that price.

A statement of the intentions in relation to the Tender Offer of those Directors and members of the Manager who are also Shareholders in the Company is set out at the end of this Letter and in Part VII on page 33.

Shareholders who are in any doubt as to whether or not to tender their Shares should take independent advice.

#### *Investment management fee*

The Manager provides investment management and secretarial services to the Company under an agreement dated 18 April 1990, as amended by a side letter dated 16 February 2016. The agreement runs until terminated by not less than twelve months' notice given by either party except that with effect from 1 April 2016 the agreement may be terminated by not less than six months' notice given by either party. The Company may also terminate the agreement without notice in the event of a change of control of the Manager.

Under the management agreement the Manager is entitled, with effect from 1 April 2016, to receive an annual advisory fee comprising a fixed basic fee and a variable fee.

The fixed basic fee, which is payable quarterly in advance, is £100,000 per annum for periods commencing on or after 1 April 2016.

In addition a variable fee is payable to the Manager at the rate of 1.0% per annum of the Company's net assets as shown in its published financial statements. The net assets figure used to calculate the variable fee will be updated every six months as at 31 March and 30 September each year. The variable fee will accrue from day to day and will be payable quarterly in arrears on 30 June, 30 September, 31 December and 31 March in each year in respect of the quarters ending on those dates and will be based on the net assets calculated on the immediately preceding calculation day. By way of illustration, the

variable fee for the three months to 30 June 2016 will be 0.25% of the net assets as at 31 March 2016 and will be payable on 30 June 2016, and the variable fee for the three months to 30 September 2016 will be 0.25% of the net assets as at 31 March 2016 and will be payable on 30 September 2016.

The total management fees payable to the Manager, excluding the performance fee referred to below, will not exceed £275,000 per annum.

The Manager also receives an annual fee of £35,000 for the provision of administrative and company secretarial services to the Company.

#### *Performance fee*

When Shareholders approved the revised investment policy of the company in July 2011, the terms of the management agreement with the Manager were amended with a view to aligning, as far as possible, the interests of the Manager with those of Shareholders during the period of the orderly realisation process. Accordingly the Manager is entitled to receive a performance incentive once the Company has made cash distributions to Shareholders subsequent to 31 March 2011 equivalent to £58,988,000 (the Company's net assets as at 31 March 2011), plus a hurdle at the rate of 7% per annum compound applied to net assets as adjusted for cash distributions. Once this target has been achieved, the Manager's performance fee for each financial year will be an amount equivalent to 12.5% of all amounts capable of distribution to Shareholders in excess of £58,988,000, based on the audited accounts for the relevant financial year, less any performance fees paid in respect of earlier years.

As at 29 February 2016 the Company had made cumulative cash distributions of £61,448,000 to Shareholders since 31 March 2011 and the target amount calculated in accordance with the preceding paragraph was £71,482,000. Consequently no performance fee had become payable to the Manager as at 29 February 2016. However if, notionally, an amount equivalent to the 29 February 2016 net asset value had been available for distribution in cash on 29 February 2016, then the conditions for payment of a performance fee would have been satisfied and a fee of £4,853,000 would have been payable. Accordingly a provision of £4,853,000 has been made for future performance fee payments in the financial statements as at 29 February 2016.

Assuming that the Tender Offer is fully taken up by Shareholders, a further £20.0 million will be distributed to Shareholders on 31 March 2016 and the cumulative distributions will increase to £81.4 million. The Directors estimate that this will result in an initial performance fee payment of £2,808,000 becoming due to the Manager on the publication of the audited financial statements for the year ending 31 March 2016, expected to take place in May 2016. The Directors have taken account of this financial obligation when determining the amount of cash which is available to be distributed to Shareholders through the Tender Offer.

#### *Contingent assets*

At the date of this Circular there was a contingent asset of £1,436,000 not recognised in the Company's financial statements in respect of potential deferred proceeds from sales of investee companies which occurred prior to that date. The extent to which these proceeds will be received in due course is dependent on future events, for example, possible warranty claims by acquirers.

In 2013 the Company, in common with a number of other investment trust companies, brought a claim against HMRC to recover VAT paid on investment management fees in the period from 1990 to 2009, to the extent that the amounts overpaid had not been previously recovered by the Company, together with compound interest. The claim arises from a decision by the European Court of Justice that the UK Government had breached EC law by levying VAT on the provision of investment management services to investment trust companies in the relevant period. The Company's claim has, by agreement with HMRC, been stayed pending the outcome of similar litigation involving other investment trust companies which is currently in progress. The Directors consider that the outcome of the claim, and if successful the

timing and quantum of any recovery by the Company, cannot be foreseen with any certainty at this stage. The lead litigation is due to be heard in the Supreme Court in May 2016. No value has been ascribed to this claim for the purposes of calculating the range of possible distributions to Shareholders set out on page 8 of this Circular.

#### *Dividend policy*

Annual dividends are paid in the form of a single final dividend. It is the Directors' present intention to continue distributing substantially all of the revenue surplus available in each financial year, but Shareholders should be aware that the level of investment income, and hence the amount available for distribution by way of annual dividend, is likely to reduce as the Company's income-producing investments are realised and cash is returned to Shareholders. The Directors will in any case declare annual dividends sufficient to maintain the Company's authorised investment trust status by complying with the requirements of Chapter 4 of Part 24 of the Corporation Tax Act 2010 as to the distribution of investment income.

#### *Cash distributions to Shareholders*

Assuming that the Tender Offer is fully taken up by Shareholders, the cumulative cash returned to Shareholders by the Company subsequent to the change in investment policy and up to 31 March 2016 will be approximately £81.4 million, comprising the following:

<b>Form of distribution</b>	<b>Date</b>	<b>Amount £000</b>
Final dividend of 5.8 pence per Share for the year ended 31 March 2011	22 July 2011	1,125
Purchase of 4,267,000 Shares at 300 pence per Share by tender offer	7 December 2011	12,801
Interim dividend of 2.2 pence per Share for the year ended 31 March 2012	6 January 2012	333
Final dividend of 6.8 pence per Share for the year ended 31 March 2012	13 July 2012	1,029
Purchase of 3,000,000 Shares at 335 pence per Share by tender offer	12 December 2012	10,050
Final dividend of 9.5 pence per Share for the year ended 31 March 2013	5 July 2013	1,152
Purchase of 3,400,000 Shares at 415 pence per Share by tender offer	4 March 2014	14,110
Final dividend of 10.0 pence per Share for the year ended 31 March 2014	25 July 2014	873
Purchase of 3,828,440 Shares at 500 pence per Share by tender offer	31 March 2015	19,142
Final dividend of 17.0 pence per Share for the year ended 31 March 2015	24 July 2015	833
Purchase of 3,150,000 Shares at 635 pence per Share by the Tender Offer	31 March 2016	20,003
<b>Total cash returned to Shareholders</b>		<b>81,451</b>

The audited net assets of the Company as at 31 March 2011 were £59.0 million. Based on the unaudited net assets of the Company as at 29 February 2016, adjusted to exclude the amount returned to Shareholders by the Tender Offer (assuming full take-up) and the related costs, the residual net assets of the Company following completion of the Tender Offer will be approximately £11.3 million. The aggregate

of the cumulative cash returned to Shareholders since July 2011 (£81.4 million) and the residual net assets (£11.3 million) will therefore be £92.7 million.

As at 29 February 2016, the unaudited NAV was 643.2 pence. Because the Tender Price is equivalent to the latest published NAV less an allowance for costs, there should be no significant dilution of the NAV attributable to the Shares remaining in issue after completion of the Tender Offer. Assuming full take-up of the Tender Offer, the costs of the Tender Offer to be borne by each of the Tendering Shareholders will be approximately 8.0 pence per Share.

### **Material Terms of Repurchase Agreement**

The Repurchase Agreement between the Company and Stifel is dated 7 March 2016. Under this agreement, the parties agree that, subject to:

- (a) the Tender Offer becoming unconditional in all respects and not lapsing or terminating in accordance with its terms; and
- (b) an amount equal to the Tender Price multiplied by the number of Shares successfully tendered, plus a commission payable to Stifel's settlement agent, being paid by the Company,

Stifel shall purchase, on-market at the Tender Price, the Shares successfully tendered up to a maximum of 64.29% of the Shares in issue.

The Company has agreed that immediately following the purchase by Stifel of all Shares which it has agreed to purchase under the terms of the Repurchase Agreement, the Company will purchase from Stifel such Shares, at the Tender Price.

The Repurchase Agreement contains certain representations, warranties and undertakings from Stifel in favour of the Company concerning its authority to enter into the agreement and to make the purchase of Shares pursuant thereto.

The agreement also contains representations and warranties from the Company in favour of Stifel and incorporates covenants in favour of Stifel in respect of certain facts or events in relation to the Company that would affect the Tender Offer.

### **General Meeting**

The Tender Offer is being made subject to the passing of a special resolution which will be proposed at the General Meeting. The purchase of Shares from Stifel pursuant to the Repurchase Agreement will be funded from cash resources of the Company and paid out of its reserves available for those purposes.

The authorisation of the Repurchase Agreement and, accordingly, the implementation of the Tender Offer requires, *inter alia*, the passing of a special resolution.

Page 35 of this Circular contains a notice convening a General Meeting of the Company to be held at the offices of King & Wood Mallesons LLP at 10 Queen Street Place, London EC4R 1BE at 9.00am on Thursday 31 March 2016, when the following resolution will be proposed:

"THAT, in addition to the authority given to the Company pursuant to resolution 12 at the Annual General Meeting on 7 July 2015, the Company be and is generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of ordinary shares of 25 pence each, provided that:

- (a) the maximum aggregate number of ordinary shares that may be purchased is 3,150,000;
- (b) the price which may be paid for an ordinary share shall be the Tender Price which shall be both the maximum and the minimum price for the purpose of Section 701 of the Companies Act 2006; and

- (c) the authority conferred by this resolution shall expire at the conclusion of the Company's next annual general meeting or on 31 July 2016, whichever is the earlier, save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority."

This resolution will be proposed as a special resolution, which requires the approval of 75% of those voting at the General Meeting in person or by proxy.

If you would like to vote on the Resolution but cannot attend the General Meeting, please complete the Form of Proxy enclosed with this Circular and return it to the Company's Registrars, Equiniti Limited at Aspect House, Spencer Road, Lancing BN99 6DA as soon as possible. They must receive it no later than 9.00am on Tuesday 29 March 2016. Completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person should you so wish.

### **Action to be taken by Shareholders**

Shareholders who hold their Shares in certified form will find accompanying this Circular a personalised Tender Offer Application Form for use by them in connection with the Tender Offer. Shareholders who wish to make an application in respect of some or all of the Shares registered in their name on the Record Date should complete the Tender Offer Application Form in accordance with the instructions printed thereon and in the section of this Circular headed "Terms and Conditions of the Tender Offer" and return it by post or by hand (during normal business hours) to Northern Investors Company Tender Offer, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing BN99 6DA, to arrive no later than 11.00am on Tuesday 29 March 2016. In addition, participating Shareholders who hold Shares in certificated form should return their share certificate(s) (at their own risk) for the Shares in respect of which they are making an application in the Tender Offer. A reply-paid envelope is enclosed for this purpose.

Shareholders who hold Shares in CREST should comply with the procedures set out in the section of this Circular headed "Terms and Conditions of the Tender Offer" in respect of transferring uncertificated Shares in escrow through CREST.

**Shareholders who do not wish to sell Shares in the Tender Offer should not return their Tender Offer Application Forms. A Tender Offer Application Form, once lodged, may not be withdrawn.**

The attention of all Shareholders is drawn to paragraph 10 of the section headed "Terms and Conditions of the Tender Offer".

It is the responsibility of all Shareholders to satisfy themselves as to the observance of any legal requirements in their jurisdiction, including, without limitation, any relevant requirements in relation to the ability of such Shareholders to complete and return a Tender Offer Application Form or a TTE Instruction.

If you have any questions relating to the Tender Offer, please call the Company Secretary, Christopher Mellor, on 0191 244 6000.

### **Recommendation**

In the opinion of the Board, the proposals described in this Circular are in the best interests of Shareholders as a whole.

The Board strongly and unanimously recommends Shareholders to vote in favour of the Resolution, as those Directors who hold Shares intend to do in respect of their own holdings comprising 71,589 Shares (in total representing 1.46% of the Company's total voting rights).

### **Intentions of the Directors of the Company and certain members of the Manager**

As at 7 March 2016, the Directors held a total of 71,589 Shares and members of the Manager held a total of 454,440 Shares. As detailed in Part VII, the Company has been informed that each of the three Directors of the Company who are Shareholders and each of the four members of the Manager who are Shareholders intends to tender part of his holdings in the Tender Offer. The Directors intend to tender a total of 38,652 Shares, representing 53.99% of their aggregate holdings, and the members of the Manager intend to tender a total of 227,234 Shares, representing 50.00% of their aggregate holdings. Assuming that the tenders by the Directors and by the members of the Manager are successful, the Directors participating in the Tender Offer will receive cash proceeds of £245,440 and the members of the Manager participating in the Tender Offer will receive cash proceeds of £1,442,936.

Yours sincerely

**Nigel Guy**  
Chairman

## Part II – Risk Factors

### (A) Risks related to the Tender Offer and return of cash

Shareholders should be aware of the following risks associated with participating in the Tender Offer:

- There is no guarantee that the Tender Offer will take place. The Tender Offer is conditional on, among other things, the approval of Shareholders and will not proceed if any of the conditions set out in Part IV are not satisfied or if it is withdrawn by the Company at any point prior to the announcement of the results of the Tender Offer. The approval of the Resolution requires not less than 75% of those voting at the General Meeting in person or by proxy to vote in favour of the Resolution. It is possible that Shareholders may not approve the Tender Offer. If the Tender Offer does not take place or is not taken up in full, the Company will have larger cash and near-cash balances and there is a risk that the return of cash as part of the revised corporate strategy approved by Shareholders in July 2011 will be delayed. It is not clear when another tender offer or other distribution would take place. In addition, the cash balances may not be able to be returned to Shareholders in a tax-efficient manner.
- Any future distributions could be at a higher or lower value per Share than the Tender Price. The amount of cash that the Company will be able to return to Shareholders in the future will depend on the performance of the Company's remaining investments and the proceeds eventually realised from them.

### (B) Risks related to continued investment in the Company

The Company's business, financial condition or results could be materially and adversely affected by any of the risks described below. In such cases, the market price of the Shares may decline because of any of these risks and Shareholders may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Company. The Directors consider the following to be all the material known risks for the Company, but the risks listed do not necessarily comprise all those associated with the Company:

- The majority of the Company's investments are in small and medium-sized unquoted companies, which by their nature entail a higher level of risk and lower liquidity than investments in large quoted companies. The Manager aims to limit the risk attaching to the portfolio as a whole by close monitoring of individual holdings, including appointment of investor directors where appropriate. The Board reviews the portfolio with the Manager on a regular basis.
- Following the adoption of the Company's revised investment policy in July 2011, the portfolio has and will continue to become more concentrated as investments are realised and cash is returned to Shareholders. This will increase the proportionate impact of changes in the value of individual investments on the value of the Company as a whole. The Directors' valuation of the Company's investments represents their best assessment of the fair value of the investments as at the valuation date and the amounts eventually realised from such investments may be more or less than the Directors' valuation.
- The investments held by the Company are all minority equity holdings in unquoted companies. The realisation of these investments may depend on the agreement of a number of parties over whom the Company has no control.
- As cash is progressively returned to Shareholders through tender offers, there will be fewer Shares in issue. The Company's annual running costs will not necessarily reduce by the same proportion, if at all, and consequently the costs per Share may increase.
- As most of the Company's investments involve a medium to long-term commitment and are relatively illiquid, the Directors consider that it is inappropriate to finance the Company's activities through borrowing except on an occasional short-term basis. Accordingly they seek to maintain a proportion of

the Company's assets in cash or cash equivalents in order to be in a position to meet expenditure commitments, including any investments which may be made under the Company's revised investment policy. If the Company does not maintain sufficient cash or cash equivalents then these expenditure commitments may impact on the value of the Company and ultimately the return provided to Shareholders. The Company has very little exposure to foreign currency risk and does not enter into derivative transactions.

- Events such as economic recession or general fluctuations in stock markets and interest rates may affect the valuation of investee companies and their ability to access adequate financial resources, as well as affecting the Company's own share price and discount to NAV.
- The Company's investments may be difficult to realise. Unquoted investments are not traded on a recognised stock exchange and are inherently illiquid. Investments quoted on a recognised stock exchange may nevertheless be illiquid and there may be a large spread between bid and offer prices.
- As the realisation process continues, it may become more difficult to achieve exits at prices equal to or greater than the Directors' valuation of individual investments. The Board and Manager will continue to pursue an orderly realisation, but where necessary will take a pragmatic approach to the investments at the lower end of the valuation range in order to keep the realisation process on track.
- Although the Company's Shares are traded on the main market of the London Stock Exchange, the market in the Shares is unlikely to be liquid, particularly if the number of Shares in issue reduces as a result of the Tender Offer; it may, therefore, prove difficult for Shareholders to sell their Shares in the market. In addition, there is no guarantee that the market price of the Shares will reflect their underlying NAV or the ability to buy and sell at that price.
- The past performance of investments made by the Company or other funds managed by the Manager should not be regarded as an indication of the future performance of investments made by the Company.



## Part III – Letter from Stifel Nicolaus Europe Limited

Stifel Nicolaus Europe Limited  
150 Cheapside  
London  
EC2V 6ET

8 March 2016

Dear Shareholder

### **1 Tender Offer**

As explained in the letter from your Chairman in Part I of this document, Eligible Shareholders (other than Shareholders in Restricted Jurisdictions) are being given the opportunity to tender some or all of their Shares for purchase in the Tender Offer, subject to the scaling back of tenders in excess of the Basic Entitlement on the basis set out below.

The purpose of this letter is to summarise the principal terms and conditions of the Tender Offer.

Stifel hereby gives Eligible Shareholders (other than Shareholders in Restricted Jurisdictions) the opportunity to tender Shares for purchase by Stifel at the Tender Price. The Company has agreed to purchase from Stifel all Shares acquired by Stifel from Tendering Shareholders and cancel those Shares.

This letter is not a recommendation to Shareholders to sell or tender their Shares and Shareholders are not obliged to tender any Shares. Shareholders who wish to retain all of their investment in the Company should not return a Tender Form or submit a TTE Instruction. Shareholders may tender none, some or all of their Shares. If the aggregate number of Shares tendered by tendering Shareholders equals 64.29% or less of the Shares in issue as at the Record Date (excluding Shares held in treasury), all Shares validly tendered will be accepted and purchased. In the event that tenders in excess of 64.29% of the Shares in issue as at the Record Date (excluding Shares held in treasury) are received, such tenders will be scaled back on a *pro rata* basis to the oversubscription to ensure that the total number of Shares purchased pursuant to the Tender Offer does not exceed 64.29% of the Shares in issue as at the Record Date (excluding Shares held in treasury). Where scaling results in fractional numbers of Shares, requests to sell will be rounded down to the nearest whole number of Shares.

The Tender Offer is made on the terms and subject to the conditions set out in Part IV of this document and the Tender Offer Application Form (for Shareholders holding Shares in certificated form), the terms of which will be deemed to be incorporated in this document and form part of the Tender Offer.

### **2 Procedure for tendering Shares**

The procedure for tendering Shares depends on whether Shares are held in certificated or uncertificated form and is summarised below.

#### *Shares held in certificated form*

Eligible Shareholders (other than Shareholders in Restricted Jurisdictions) who hold Shares in certificated form and wish to tender Shares should complete the Tender Offer Application Form in accordance with the instructions set out therein and return the completed Tender Offer Application Form by post or by hand (during normal business hours only) to Northern Investors Company Tender Offer, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing BN99 6DA to arrive no later than 11.00am on Tuesday 29 March 2016.

Shareholders (other than Shareholders in Restricted Jurisdictions) who hold their Shares in certificated form must also return the Share certificate(s) and/or other document(s) of title in respect of the Shares tendered with their Tender Offer Application Form.

#### *Shares held in uncertificated form*

Eligible Shareholders who hold Shares in uncertificated form (that is, in CREST) and who wish to tender some or all of their Shares should send a TTE Instruction and follow the procedures set out in Part IV of this document in respect of tendering uncertificated Shares, which must have been effected by 11.00am on Tuesday 29 March 2016.

**Completed Tender Offer Application Forms and/or TTE Instructions (as appropriate) must be received by the Registrars no later than 11.00am on Tuesday 29 March 2016.**

**Shareholders should note that, once tendered, those Shares may not be sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer.**

Although the Tender Offer Application Form (in respect of certificated Shares) must be returned by 11.00am on Tuesday 29 March 2016, the purchase by Stifel of Shares tendered may not be effected until on or about 31 March 2016. Upon having returned a Tender Offer Application Form, a Shareholder is deemed to accept that such a tender application may not be withdrawn or cancelled, save with the consent of the Company, before the Closing Date.

Full details of the procedure for tendering Shares are set out in Part IV of this document and (for Shareholders holding Shares in certificated form) in the Tender Offer Application Form.

### **3 Validity of Tender Forms**

Tender Offer Application Forms or TTE Instructions which are received by the Registrars after 11.00am on Tuesday 29 March 2016, or which at that time are incorrectly completed or not accompanied by all relevant documents or instructions, may be rejected and returned to Shareholders or their appointed agent, together with any accompanying Share certificate(s) and/or other document(s) of title or a satisfactory indemnity in lieu thereof.

Stifel reserves the right to treat as valid Tender Offer Application Forms or TTE Instructions which are not entirely in order and which are not accompanied (in the case of Shares held in certificated form) by the relevant Share certificate(s) and/or other document(s) of title or a satisfactory indemnity in lieu thereof and shall be entitled (in its sole discretion) to accept late Tender Offer Application Forms or TTE Instructions.

### **4 Shareholders in restricted jurisdictions and other Overseas Shareholders**

The Tender Offer is not available to Shareholders with registered or mailing addresses in Restricted Jurisdictions, or who are citizens or nationals of, or resident in, a Restricted Jurisdiction and such Shareholders should read paragraph 10 of Part IV of this document and the relevant provisions of the Tender Offer Application Form.

Overseas Shareholders (not being Shareholders in Restricted Jurisdictions) who wish to accept the Tender Offer should also read paragraph 10 of Part IV and satisfy themselves that they have fully observed any applicable legal requirements under the laws of the relevant jurisdiction.

### **5 Conditions**

The Tender Offer is conditional on the terms specified in paragraph 2 of Part IV of this document.

### **6 Termination of Tender Offer**

The Tender Offer may be terminated in the circumstances described in paragraph 8 of Part IV of this document.

## **7 Final settlement**

Subject to the Tender Offer becoming unconditional, final cash payments to Shareholders whose tenders have been accepted will be made (by a sterling cheque, electronic payment or CREST payment, as appropriate) by Friday 1 April 2016.

## **8 Further information**

Your attention is drawn to the information contained in the rest of this document, including, in particular, the terms and conditions of the Tender Offer in Part IV of this document.

Yours sincerely

**Mark Bloomfield**

Stifel Nicolaus Europe Limited

## Part IV – Terms and Conditions of the Tender Offer

### 1 Applications

- 1.1 Every Eligible Shareholder on the register on the Record Date may apply in respect of Shares (up to the number of Shares registered in his or her name on the Record Date) for purchase by Stifel, on the terms and subject to the conditions set out in this Circular and the accompanying Tender Offer Application Form (which together constitute the “Tender Offer”). Shareholders are not obliged to make an application under the Tender Offer. The Company will, in turn, repurchase from Stifel the Shares purchased by Stifel pursuant to the Tender Offer. All of the Shares purchased by the Company will be cancelled.
- 1.2 The Tender Offer is made at the Tender Price.
- 1.3 Upon the Tender Offer becoming unconditional, and unless the Tender Offer has been terminated in accordance with the provisions of paragraph 8 below, Stifel will accept the applications of Shareholders validly made in accordance with these terms and conditions, subject as mentioned below, on the following basis:
- (a) each Eligible Shareholder will be entitled to sell to Stifel a number of Shares equivalent to the Basic Entitlement of that Eligible Shareholder;
  - (b) each Eligible Shareholder will also be entitled to sell Shares in excess of his or her Basic Entitlement, to the extent that other Shareholders do not apply at all or apply in respect of less than the whole of their own individual Basic Entitlement; any such excess applications will be satisfied *pro rata* in proportion to the number of Shares in respect of which applications are made in excess of the Basic Entitlement rounded down to the nearest whole number of Shares; and
  - (c) the Basic Entitlement will apply to each Eligible Shareholder (Eligible Shareholders who hold for multiple beneficial owners may decide the allocation between such beneficiaries in their own discretion and, to the extent that any Eligible Shareholder holds Shares for any of the Directors, in consultation with the relevant Directors acting in their own discretion).
- 1.4 Subject to the terms of the Tender Offer, Stifel will purchase Shares tendered by Eligible Shareholders under the Tender Offer at the Tender Offer Price on or about 31 March 2016.
- 1.5 The total number of Shares purchased pursuant to the Tender Offer will not exceed 3,150,000 Shares (equivalent to a maximum total amount payable of approximately £20.0 million).
- 1.6 The Tender Offer will close on the Closing Date except to the extent that Stifel extends the period for applications under the Tender Offer, in which case a new closing date will be given. Stifel reserves the right, subject to applicable legal and regulatory requirements, to amend the expected timetable shown on page 3 of this Circular, which includes extending the period for applying under the Tender Offer, at any time prior to 11.00am on 29 March 2016. Any material change to the expected timetable will be notified to Shareholders by way of an announcement through a regulatory information service provider of the London Stock Exchange and where required a supplementary circular may be published. Any such changes will comply with all applicable legal and regulatory requirements, including, but not limited to, the duration of any extensions.

### 2 Conditions

- 2.1 The Tender Offer is conditional on:
- (a) the passing of the Resolution;
  - (b) Stifel being satisfied that the Company has paid funds to Stifel in accordance with the terms of the Repurchase Agreement (to hold on trust for the Company pending completion of the Tender Offer), sufficient to allow Stifel to complete the purchase of the Shares to be acquired by Stifel pursuant to the Tender Offer;
  - (c) Stifel being satisfied that the Company is in a position to purchase all Shares which it is required to purchase from Stifel out of profits available for distribution (as defined in Section 830 of the Act);
  - (d) the Repurchase Agreement not having been terminated in accordance with its terms; and
  - (e) the Tender Offer not having been terminated in accordance with paragraph 8 (the “Tender Conditions”).

Stifel will not purchase Shares pursuant to the Tender Offer unless the Tender Conditions have been satisfied. The Tender Conditions may not be waived by Stifel or the Company. If any of the above conditions is not satisfied by 6.00pm on 31 March 2016 (or such later time and date as the Company and Stifel may agree), the Tender Offer will not proceed and will lapse.

### 3 Procedure for application

***There are different procedures for application under the Tender Offer depending on whether your Shares are held in certificated or uncertificated form.***

If you hold Shares in certificated form, you may apply only by completing and returning the Tender Offer Application Form in accordance with the procedure set out in paragraph 3.1 below. Additional Tender Offer Application Forms are available from Equiniti Limited by telephone on 0371 384 2050 (or, if you are calling from outside the United Kingdom, +44 121 415 0259).

If you hold Shares in uncertificated form (that is, in CREST), you may apply only by TTE Instruction in accordance with the procedure set out in paragraph 3.3 below and, if those Shares are held under different account IDs, you should send a separate TTE Instruction for each member account ID.

**If you are in any doubt as to how to complete the Tender Offer Application Form or as to the procedure for application under the Tender Offer, please contact Equiniti Limited by telephone on 0371 384 2050 (or, if you are calling from outside the United Kingdom, +44 121 415 0259).**

**Lines are open from 8.30am to 5.30pm (UK time) Monday to Friday (excluding English and Welsh public holidays). Calls to the Shareholder helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.**

**Please note that, for legal reasons, the helpline is only able to provide information contained in this Circular, information relating to the Company's register of members and information regarding completion of forms and is unable to give advice on the merits of the Tender Offer or to provide legal, financial, tax or investment advice. You are reminded that, if you are a CREST Sponsored Member, you should contact your CREST sponsor before taking any action.**

#### 3.1 *Procedure for Shares held in certificated form (that is, not in CREST)*

To apply in respect of Shares held in certificated form you must complete, sign and have witnessed the Tender Offer Application Form.

The completed, signed and witnessed Tender Offer Application Form should be sent either by post in the accompanying reply-paid envelope (for use in the UK only) or by hand during normal business hours only along with the relevant share certificate(s) and/or other documents of title to Northern Investors Company Tender Offer, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing BN99 6DA as soon as possible and, in any event, so as to be received no later than 11.00am on 29 March 2016. Stifel shall be entitled (in its sole discretion) to accept late Tender Offer Application Forms, but, subject to the exercise of this discretion, applications received after 11.00am on 29 March 2016 will not be valid. No acknowledgement of receipt of documents will be given.

If your share certificate(s) and/or other documents of title are not readily available (for example, if they are with your stockbroker, bank or other agent) or are lost, the Tender Offer Application Form should nevertheless be completed, signed and returned as described above so as to be received by Northern Investors Company Tender Offer, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing BN99 6DA not later than 11.00am on 29 March 2016 together with any share certificate(s) and/or documents of title you may have available, accompanied by a letter of explanation stating that the (remaining) share certificate(s) and/or other document(s) of title will be forwarded as soon as possible thereafter and, in any event, not later than 11.00am on 29 March 2016. Equiniti Limited will effect such procedures as are required to transfer your Shares to the Company under the Tender Offer. If you have lost your share certificate(s) and/or other document(s) of title, you should write to Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA, for a letter of indemnity in respect of the lost share certificate(s) which, when completed in accordance with the instructions given, should be returned to Equiniti Limited so as to be received not later than 11.00am on 29 March 2016.

#### 3.2 *Validity of Tender Offer Application Form*

Notwithstanding the powers in paragraph 9.4 below Stifel reserves the right to treat as valid only Tender Offer Application Forms which are received entirely in order by 11.00am on Tuesday 29 March 2016 and which are accompanied (in the case of Shares held in certificated form) by the relevant share certificate(s) and/or other document(s) of title or a satisfactory indemnity in lieu thereof or (in the case of Shares held in uncertificated form) by the relevant TTE Instruction, in each case in respect of the entire number of Shares in respect of which application is made. The Record Date for the Tender Offer is close of business on 24 March 2016.

Notwithstanding the completion of a valid Tender Offer Application Form, the Tender Offer may be suspended or terminated or may lapse in accordance with these terms and conditions. Stifel shall be entitled to accept Tender Offer Application Forms which are received after 11.00am on Tuesday 29 March 2016 in its sole discretion. The decision of the Company as to the Shares in respect of which applications have been validly made shall be conclusive and binding on all Shareholders.

### 3.3 *Procedure for Shares held in uncertificated form (that is, in CREST)*

If the Shares in respect of which you wish to apply under the Tender Offer are held in uncertificated form, you should take (or procure to be taken) the action set out below to transfer (by means of a TTE Instruction) the number of Shares in respect of which you wish to make an application under the Tender Offer to an escrow balance, specifying Equiniti Limited (in its capacity as a CREST receiving agent under its participant ID and Member Account ID referred to below) as the Escrow Agent, **as soon as possible and, in any event, so that the transfer to escrow settles by no later than 11.00am on 29 March 2016. Stifel shall be entitled (in its sole discretion) to accept late transfers to escrow.**

If you are a CREST Sponsored Member, you should refer to your CREST Sponsor before taking any action. Your CREST Sponsor will be able to confirm details of your Participant ID and the member account ID under which your Shares are held. In addition, only your CREST Sponsor will be able to send the TTE Instruction to Euroclear in relation to the Shares in respect of which you wish to apply. You should send (or, if you are a CREST Sponsored Member, procure that your CREST Sponsor sends) a TTE Instruction to Euroclear, which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to other information that is required for the TTE Instruction to settle in CREST, the following details:

- the corporate action number of the Tender Offer. This is allocated by Euroclear and will be available on screen from Euroclear;
- the number of Shares to be transferred to an escrow balance;
- your Member Account ID;
- your participant ID;
- the Participant ID of the Escrow Agent, in its capacity as a CREST receiving agent. This is 6RA28;
- the Member Account ID of the Escrow Agent. This is RA224801;
- the intended settlement date for the transfer to escrow. This should be as soon as possible and, in any event, by no later than 11.00am on 29 March 2016;
- the ISIN of the Shares, which is GB00B08S4K30;
- input with the standard delivery instruction, priority 80; and
- a contact name and telephone number in the shared note field.

After settlement of the TTE Instruction, you will not be able to access the Shares concerned in CREST for any transaction or for charging purposes, notwithstanding that they will be held by Equiniti Limited as your agent until completion or lapsing of the Tender Offer. If the Tender Offer becomes unconditional, Equiniti Limited will transfer your Shares to the Company. You are recommended to refer to the CREST manual published by Euroclear for further information on the CREST procedures outlined above. For ease of processing you are requested, wherever possible, to ensure that a TTE Instruction relates to only one transfer to escrow. You should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST Sponsor) to enable a TTE Instruction relating to your Shares to settle prior to 11.00am on 29 March 2016. In this connection you are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings. The Company shall be entitled (in its sole discretion) to accept late TTE Instructions to settle but, subject to the exercise of this discretion, TTE Instructions which settle after 11.00am on 29 March 2016 will not be valid.

An appropriate announcement will be made if any of the details contained in this paragraph 3.3 are altered.

### 3.4 *Deposits of Shares into, and withdrawals of Shares from, CREST*

CREST procedures (including timings) apply in relation to any Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Tender Offer (whether such conversion arises as a result of a transfer of Shares or otherwise). Shareholders who are proposing to convert any such Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Shares as a result of the conversion to take all necessary steps in connection with such person's participation in the Tender Offer (in particular, as regards delivery of any share certificate(s) and/or other document(s) of title or transfers to an escrow balance as described above) prior to 11.00am on 29 March 2016.

## 4 **Shares not purchased**

If only part of a holding of Shares is sold pursuant to the Tender Offer or if, because of scaling back, any Shares in excess of the Basic Entitlement are not purchased pursuant to the terms of the Tender Offer:

- (a) where the Shares are held in certificated form, the Shareholder will be entitled to receive a certificate in respect of the balance of the remaining Shares; or

- (b) where the Shares are held in uncertificated form (that is, in CREST), the unsold Shares will be transferred by the Escrow Agent by means of a TFE Instruction to the original available balance from which those Shares came.

## **5 Tender Offer Application Form**

Each Shareholder by whom, or on whose behalf, a Tender Offer Application Form is executed hereby irrevocably undertakes, represents, warrants and agrees to and with Stifel (so as to bind him or her and his or her personal representatives, heirs, successors and assigns) that:

- 5.1 the execution of the Tender Offer Application Form shall constitute an offer to sell to Stifel such Basic Entitlement or, if relevant, the number of Shares inserted in Box 2B or 2C of the Tender Offer Application Form, in each case, on and subject to the terms and conditions set out or referred to in this Circular and the Tender Offer Application Form and that, once lodged, such offer shall be irrevocable;
- 5.2 such Shareholder has full power and authority to submit a Tender Offer Application Form and to sell, assign or transfer the Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by Stifel, Stifel will acquire such Shares with full title guarantee, fully paid and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the Closing Date including the right to receive all dividends and other distributions declared, paid or made after that date;
- 5.3 the execution of the Tender Offer Application Form will, subject to the Tender Offer becoming unconditional, in respect of Shares held in certificated form, constitute the irrevocable appointment of any director or officer of Stifel as such Shareholder's attorney and/or agent (the "attorney"), and an irrevocable instruction and authority to the attorney to:
- (a) complete and execute all or any instruments of transfer and/or other documents at the attorney's discretion in relation to the Shares referred to in paragraph 5.1 above in favour of Stifel or such other person or persons as Stifel may direct;
  - (b) to deliver such instrument(s) of transfer and/or other documents at the discretion of the attorney, together with the share certificate(s) and/or other document(s) relating to such Shares, for registration within six months of the Tender Offer becoming unconditional and to do all such other acts and things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the Tender Offer and to vest in Stifel or its nominee(s) or such other person(s) as Stifel may direct such Shares;
  - (c) procure the purchase of the Shares which are the subject of the Tender Offer Application Form and sell such Shares to the Company for cancellation; and
  - (d) despatch or otherwise make payment of the proceeds of sale in respect of the purchased Shares in accordance with the settlement provision set out in these terms and conditions;
- 5.4 such Shareholder shall not take any action which would prevent the Company or Equiniti Limited from cancelling the Shares tendered under the Tender Offer;
- 5.5 such Shareholder will ratify and confirm each and every act or thing which may be done or effected by Stifel or any of its directors or any person nominated by Stifel in the proper exercise of its or his or her powers and/or authorities hereunder;
- 5.6 if holding Shares in certificated form, such Shareholder will deliver to Equiniti Limited his or her share certificate(s) and/or other document(s) of title in respect of the Shares referred to in paragraph 5.1 above, or an indemnity acceptable to Stifel in lieu thereof, or will procure the delivery of such document(s) to such person as soon as possible thereafter and, in any event, not later than the Closing Date;
- 5.7 such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable, in each case to complete the purchase of the Shares and/or to perfect any of the authorities expressed to be given hereunder;
- 5.8 such Shareholder has observed the laws of all relevant jurisdictions, obtained any requisite consents, complied with all applicable formalities, that the invitation under the Tender Offer may be made to him or her under the laws of the relevant jurisdiction, and has not taken or omitted to take any action which would otherwise result in Stifel or the Company acting in breach of any applicable legal or regulatory requirement in respect of the purchase of the Shares tendered by him or her under the Tender Offer;
- 5.9 such Shareholder has not received or sent copies or originals of the Tender Offer Application Form or any related documents in or to any overseas jurisdiction and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile, transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of any overseas jurisdiction, that the Tender Offer Application Form has not been mailed or otherwise sent in, into or from the overseas jurisdiction and that such Shareholder is not accepting the Tender Offer from any overseas jurisdiction;

- 5.10 if such Shareholder is an Overseas Shareholder, (a) the Shareholder is not in any Restricted Jurisdiction or in any territory in which it is unlawful to make or accept the Tender Offer or to use the Tender Offer Application Form in any manner in which the person has used or will use it, (b) the Shareholder has fully observed any applicable legal and regulatory requirements of the territory in which such Overseas Shareholder is resident or located and (c) the invitation under the Tender Offer may be made to such Overseas Shareholder under the laws of the relevant jurisdiction;
- 5.11 the provisions of the Tender Offer Application Form shall be deemed to be incorporated into the terms and conditions of the Tender Offer;
- 5.12 the execution of the Tender Offer Application Form constitutes a warranty by such Shareholder that the information given by or on behalf of the Shareholder in the Tender Offer Application Form will be true in all respects at the time Stifel purchases the Shares referred to in paragraphs 5.1 and 5.2 above as if it had been given afresh at such time and shall not be extinguished by such purchase;
- 5.13 the despatch of a cheque or electronic payment made to a Shareholder as referred to in paragraph 7 of these terms and conditions headed "Settlement", will discharge fully any obligation of Stifel to pay such Shareholder the consideration to which he or she is entitled under the Tender Offer;
- 5.14 on execution, the Tender Offer Application Form takes effect as a deed; and
- 5.15 the execution of the Tender Offer Application Form constitutes such Shareholder's submission to the exclusive jurisdiction of the courts of England in relation to all matters arising out of or in connection with the Tender Offer and/or the Tender Offer Application Form. A reference in this paragraph 5.15 to a Shareholder includes a reference to the person or persons executing the Tender Offer Application Form and, in the event of more than one person executing a Tender Offer Application Form, the provisions of this paragraph will apply to them jointly and to each of them.

## **6 Applications through CREST**

Each Shareholder by whom, or on whose behalf, an application through CREST is made irrevocably undertakes, represents, warrants and agrees to and with Stifel (so as to bind him or her and his or her personal representatives, heirs, successors and assigns) that:

- 6.1 the input of the TTE Instruction shall constitute an offer to sell to Stifel such number of Shares as are specified in the TTE Instruction or in respect of which an application is deemed to be made, in each case, on and subject to the terms and conditions set out or referred to in this Circular and that once the TTE Instruction has settled, such application shall be irrevocable after 11.00am on 29 March 2016;
- 6.2 such Shareholder has full power and authority to submit a TTE Instruction, sell, assign or transfer the Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by Stifel, Stifel will acquire such Shares with full title guarantee, fully paid and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, on or after the Closing Date including the right to receive all dividends and other distributions declared, paid or made after that date;
- 6.3 the input of the TTE Instruction will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of Equiniti Limited as the Shareholder's attorney and/or agent (the "attorney") and an irrevocable instruction and authority to the attorney (i) subject to the Tender Offer becoming unconditional, to transfer to Stifel (or to such person or persons as Stifel may direct) by means of CREST all of the Relevant Shares (as defined below) in respect of which the Tender Offer is accepted or deemed to be accepted (but not exceeding the number of Shares in respect of which applications have been made pursuant to the Tender Offer); and (ii) if the Tender Offer does not become unconditional and lapses, or there are Shares in respect of which applications have not been successfully made under the Tender Offer, to give instructions to Euroclear, as promptly as practicable after the lapsing of the Tender Offer, to transfer Relevant Shares to the original available balances from which those Shares came. For the purposes of this paragraph 6.3, "Relevant Shares" means Shares in uncertificated form and in respect of which a transfer or transfers to escrow has or have been effected pursuant to the procedures described in these terms and conditions;
- 6.4 such Shareholder shall not take any action which would prevent the Company or Equiniti Limited from cancelling the Shares tendered under the Tender Offer;
- 6.5 such Shareholder will ratify and confirm each and every act or thing which may be done or effected by Stifel or any of its directors or any person nominated by Stifel or Equiniti Limited in the proper exercise of its or his or her powers and/or authorities hereunder;
- 6.6 such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable, in each case to complete the purchase of the Shares and/or to perfect any of the authorities expressed to be given hereunder;
- 6.7 such Shareholder has observed the laws of all relevant jurisdictions, obtained any requisite consents, complied with all applicable formalities, that the invitation under the Tender Offer may be made to him or



her under the laws of the relevant jurisdiction, and has not taken or omitted to take any action which would otherwise result in Stifel or the Company acting in breach of any applicable legal or regulatory requirement in respect of the purchase of the Shares tendered by him or her under the Tender Offer;

- 6.8 if such Shareholder is an Overseas Shareholder, (a) he or she is not in any Restricted Jurisdiction or in any territory in which it is unlawful to make or accept the Tender Offer, (b) he or she has fully observed any applicable legal and regulatory requirements of the territory in which such Overseas Shareholder is resident or located and (c) the invitation under the Tender Offer may be made to such Overseas Shareholder under the laws of the relevant jurisdiction;
- 6.9 such Shareholder has not received or sent copies or originals of this document, the Tender Offer Application Form or any related documents in, into or from the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction and the input of the relevant TTE instruction has not been sent from the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction and such Shareholder is accepting the Tender Offer from outside the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction;
- 6.10 the creation of a payment obligation in favour of such Shareholder's payment bank in accordance with the CREST payment arrangements as referred to in paragraph 7 of these terms and conditions headed "Settlement" will, to the extent of the obligations so created, discharge fully any obligation of Stifel to pay to such Shareholder the consideration to which he or she is entitled under the Tender Offer;
- 6.11 the input of the TTE Instruction constitutes such Shareholder's submission to the jurisdiction of the courts of England in relation to all matters arising out of or in connection with the Tender Offer;
- 6.12 if, for any reason, any Shares in respect of which a TTE Instruction has been made are, prior to the Closing Date, converted into certificated form, the application through CREST in respect of such Shares shall cease to be valid and the Shareholder will need to comply with the procedures for application in respect of Shares in certificated form as set out in this Circular in respect of the Shares so converted, if he or she wishes to make a valid application in respect of such Shares pursuant to the Tender Offer; and
- 6.13 if the appointment of agent provision under paragraph 6.3 above shall be unenforceable or invalid or shall not operate so as to afford any director or officer of Stifel or Equiniti Limited the benefit or authority expressed to be given therein, the Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable Stifel or Equiniti Limited to secure the full benefits of paragraph 6.3 above.

## **7 Settlement**

Settlement of the consideration to which any Shareholder is entitled pursuant to tenders accepted by Stifel as complete in all respects will be made by the despatch of cheques, electronic payments or CREST messages as follows:

### **7.1 *Shares in certificated form***

Where an accepted tender relates to Shares held in certificated form, cheques for the consideration due will be despatched by Equiniti Limited by first class post to the person or agent whose name and address (outside the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction) is set out in Box 1 or Box 4 of the Tender Offer Application Form or, if none is set out, to the registered address of the tendering Shareholder or, in the case of joint holders, the registered address of the first named Shareholder. All payments will be made in pounds sterling by cheque, drawn on a branch of a UK clearing bank.

As an alternative to receiving a cheque for the consideration due, a Shareholder may request an electronic payment directly to his or her bank account. However, bank charges and associated administration fees of £25 would be payable by a Shareholder and deducted from the consideration due. If a Shareholder would prefer to receive an electronic payment rather than a sterling cheque, he or she should contact the helpline as detailed in paragraph 3 of Part IV of this Circular so that arrangements can be made.

### **7.2 *Shares in uncertificated form (that is, in CREST)***

Where a purchase relates to Shares held by Shareholders in uncertificated form, the consideration due will be paid through CREST, by the Receiving Agent (on behalf of Stifel, or, as the case may be, the Company) procuring the creation of a payment obligation in favour of the payment banks of accepting Shareholders in accordance with the CREST payment arrangement.

## **8 Termination of the Tender Offer**

If (i) the Company (acting by the Directors) shall at any time prior to the Company effecting the purchase of the Shares in respect of which applications have been made resolve that the completion of the purchase of Shares in the Tender Offer is no longer in the best interests of the Company and/or the Shareholders as a whole or would have unexpected adverse fiscal consequences (whether by reason of a change in legislation or practice or otherwise) for the Company or its Shareholders if the Tender Offer were to proceed, or (ii) at any time prior to 6.00pm on 31 March 2016, any of the Tender Conditions have not been satisfied, the Company shall be entitled in its complete discretion by a public announcement to direct that the Tender Offer be withdrawn and in such event the Tender Offer shall cease and determine absolutely without any liability on the part of Stifel or the Company.

## **9 Additional provisions**

- 9.1 Each Shareholder may apply under the Tender Offer in respect of some or all of his or her holding of Shares by the Closing Date, subject to the scaling back of applications in excess of such Shareholder's Basic Entitlement. If (i) Box 2 of the Tender Offer Application Form is not completed; or (ii) in Stifel's determination (in its absolute discretion) Box 2 has not been validly completed, provided that the Tender Offer Application Form is otherwise in order and accompanied by all other relevant documents, the application may be accepted as a valid application in respect of the number of Shares delivered in accordance with paragraph 5.6 above.
- 9.2 Shares acquired by Stifel under the Tender Offer will be on-market purchases in accordance with the rules of the London Stock Exchange and the UK Listing Authority.
- 9.3 Shares sold by Shareholders pursuant to the Tender Offer will be acquired with full title guarantee, fully paid and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the Closing Date including the right to receive all dividends and other distributions declared, paid or made after that date.
- 9.4 Unless lapsed, extended or terminated in accordance with the provisions of this Circular, the Tender Offer will close at 11.00am on 29 March 2016 and it is expected that by close of business on 31 March 2016 the Company will make a public announcement of the total number of Shares in respect of which applications have been made and, if appropriate, the proportion of such Shares which will be purchased by the Company from Shareholders who have submitted applications in respect of Shares in excess of their Basic Entitlement.
- 9.5 Each Shareholder who submits or procures the submission of an application in respect of Shares will thereby be deemed to have agreed that, in consideration of Stifel agreeing to process his or her application, such Shareholder will not revoke his or her application or withdraw his or her Shares. Shareholders should note that once a Tender Offer Application Form has been submitted, Shares may not be sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer.
- 9.6 Any omission to despatch this Circular or the Tender Offer Application Form or any notice required to be despatched under the terms of the Tender Offer to, or any failure to receive the same by, any person entitled to participate in the Tender Offer shall not invalidate the Tender Offer in any way or create any implication that the Tender Offer has not been made to any such person.
- 9.7 No acknowledgement of receipt of any Tender Offer Application Form(s), share certificate(s) and/or document(s) of title will be given. All applications, communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from Shareholders (or their designated agents) will be delivered by or sent to or from Shareholders (or their designated agents) at their own risk.
- 9.8 All powers of attorney and authorities on the terms conferred by or referred to in these terms and conditions or the Tender Offer Application Form are given by way of security for the performance of the obligations of the Shareholders concerned and are irrevocable in accordance with Section 4 of the Powers of Attorney Act 1971.
- 9.9 All applications by certificated holders must be made on the relevant prescribed Tender Offer Application Form, duly completed in accordance with the instructions set out thereon which constitute part of the terms of the Tender Offer. A Tender Offer Application Form will only be valid when the procedures contained in these terms and conditions and in the Tender Offer Application Form are complied with. The Tender Offer and all applications will be governed by and construed in accordance with English law. Delivery or posting of a Tender Offer Application Form will constitute submission to the exclusive jurisdiction of the English courts.
- 9.10 If the Tender Offer does not become unconditional, lapses or is terminated, all documents lodged pursuant to the Tender Offer will be returned promptly by first class post, within 14 Business Days of the Tender Offer lapsing or terminating, to the person or agent whose name and address is set out in Box 1 or, if applicable, Box 4 of the Tender Offer Application Form or, if none is set out, to the applicant Shareholder or, in the case of joint holders, the first named at his or her registered address. In the case of Shares held in uncertificated form, Equiniti Limited in its capacity as the Escrow Agent will, within 14 Business Days of the Tender Offer lapsing, give instructions to Euroclear to transfer all Shares held in

escrow balances and in relation to which it is the Escrow Agent for the purposes of the Tender Offer by TFE Instruction to the original available balances from which those Shares came. In any of these circumstances the Tender Offer Application Form will cease to have any effect.

- 9.11 The instructions, terms, provisions and authorities contained in or deemed to be incorporated in the Tender Offer Application Form shall constitute part of the terms of the Tender Offer. The definitions set out in this Circular apply to the terms and conditions set out in this Circular.
- 9.12 Subject to paragraphs 1 and 2, the Tender Offer will close at 11.00am on 29 March 2016. No Tender Offer Application Form, share certificate(s) and/or document(s) of title or indemnity or TTE Instruction received after that time will be accepted, except at the sole discretion of Stifel.
- 9.13 Further copies of this Circular and the Tender Offer Application Form may be obtained on request from Equiniti Limited by telephone on 0371 384 2050 (or, if you are calling from outside the United Kingdom, +44 121 415 0259) or at Corporate Actions, Aspect House, Spencer Road, Lancing BN99 6DA. Lines are open from 8.30am to 5.30pm (UK time) Monday to Friday (excluding English and Welsh public holidays). Calls to the Shareholder helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.
- 9.14 Any change to the terms, or any extension or termination, of the Tender Offer will be followed as promptly as practicable by a public announcement thereof no later than 1.00pm on the Business Day following the date of such change, extension or termination. Such an announcement will be notified to a regulatory information service provider of the London Stock Exchange. References to the making of an announcement by the Company include the release of an announcement on behalf of the Company or by the Company to the press and delivery of, by telephone or facsimile or other electronic transmission of, such announcement to a regulatory information service of the London Stock Exchange.
- 9.15 Shareholders will not be obliged to pay brokerage fees, commissions or transfer taxes or stamp duty in the UK on the purchase by Stifel of Shares pursuant to the Tender Offer.
- 9.16 Except as contained in this Circular, no person has been authorised to give any information or make any representations with respect to the Company or the Tender Offer and, if given or made, such other information or representations should not be relied on as having been authorised by the Company. Under no circumstances should the delivery of this Circular or the delivery of any consideration pursuant to the Tender Offer create any implication that there has been no change in the assets, properties, business or affairs of the Company since the date of this document.
- 9.17 Stifel reserves the absolute right to inspect (either itself or through its agents) all Tender Offer Application Forms and may consider void and reject any application that does not in Stifel's sole judgment (acting reasonably) meet the requirements of the Tender Offer. Stifel reserves the absolute right to waive any defect or irregularity in the application in respect of any Shares, including any Tender Offer Application Form (in whole or in part), which is not entirely in order or which is not accompanied by (in the case of Shares held in uncertificated form) the relevant TTE Instruction or (in the case of Shares held in certificated form) the related share certificate(s) and/or other document(s) of title or any indemnity acceptable to Stifel in lieu thereof. In that event, for Shares held in certificated form, however, the consideration under the Tender Offer will only be applied towards a subscription under the Tender Offer when the Tender Offer Application Form is entirely in order and the share certificate(s) or other document(s) of title or indemnities satisfactory to Stifel has/have been received. All questions as to the number of Shares in respect of which an application is made and the validity, form and eligibility (including the time of receipt) of any application will be determined by Stifel in its absolute and sole discretion, which determination shall be final and binding on all of the parties (except as otherwise required under applicable law). None of Stifel, Equiniti Limited or any other person will be under any duty to give notification of any defects or irregularities in applications or incur any liability for failure to give any such notification.
- 9.18 The provisions of the Contracts (Rights of Third Parties) Act 1999 do not apply to this Circular.

## **10 Overseas Shareholders**

- 10.1 The making of the Tender Offer in or to persons who are citizens or nationals of, or resident in, overseas jurisdictions or to custodians, nominees or trustees for citizens, nationals or residents of overseas jurisdictions may be prohibited or affected by the laws of the relevant overseas jurisdiction. Shareholders who are Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such Shareholder wishing to participate in the Tender Offer to satisfy himself or herself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes or other requisite payments due in such jurisdiction. Any such Shareholder will be responsible for payment of any such transfer or other taxes or other requisite payments due to whomsoever payable and the Company, Equiniti Limited and Stifel and any person acting on their behalf shall be fully indemnified and held harmless by such Shareholder for any such transfer or other taxes or other requisite payments

such person may be required to pay. No steps have been taken to qualify the Tender Offer or to authorise the extending of the Tender Offer or the distribution of the Tender Offer Application Form in any territory outside the United Kingdom.

- 10.2 In particular, the Tender Offer is not being made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange of, the Restricted Jurisdictions and the Tender Offer cannot be accepted by any such use, means, instrumentality or facility or from within the Restricted Jurisdictions. Accordingly, the Tender Offer Application Form and any related documents are not being and must not be mailed or otherwise distributed or sent in or into the Restricted Jurisdictions, including to Shareholders with registered addresses in the Restricted Jurisdictions or to persons in the Restricted Jurisdictions. Receipt of this Circular and/or the Tender Offer Application Form will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and in those circumstances, this Circular and/or the Tender Offer Application Form will be deemed to have been sent for information only and should not be copied or redistributed. Persons receiving such documents or wishing to accept the Tender Offer should not distribute or send them in, into or from the Restricted Jurisdictions or use such mails or any such means, instrumentality or facility in connection with the Tender Offer and so doing will render invalid any related purported acceptance of the Tender Offer. All accepting Shareholders must provide addresses outside the Restricted Jurisdictions for the return of documents lodged pursuant to the Tender Offer. A Shareholder will be deemed not to have accepted the Tender Offer if (i) such Shareholder is unable to make the representation and warranty set out in paragraphs 5 and 6; or (ii) such Shareholder completes Box 1 or, if applicable, Box 4 of the Tender Offer Application Form with an address in the Restricted Jurisdictions or has a registered address in the Restricted Jurisdictions and in either case such Shareholder does not insert in Box 1 or, if applicable, Box 4 of the Tender Offer Application Form the name and address of a person or agent outside the Restricted Jurisdictions; or (iii) such Shareholder inserts in Box 1 or, if applicable, Box 4 of the Tender Offer Application Form the name and address of a person or agent in the Restricted Jurisdictions; or (iv) the Tender Offer Application Form received from him or her is in an envelope postmarked in, or which otherwise appears to Stifel or its agents to have been sent from, the Restricted Jurisdictions. The Company reserves the right, in its absolute discretion, to investigate, in relation to any acceptance, whether the representation and warranty referred to in paragraphs 5 and 6 given by any Shareholder is correct and, if such investigation is undertaken and as a result Stifel determines (for any reason) that such representation and warranty is not correct, such acceptance shall not be valid.
- 10.3 If, in connection with making the Tender Offer and notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees) whether pursuant to a contractual or legal obligation or otherwise, forwards this Circular, the Tender Offer Application Form or any related documents in, into or from the Restricted Jurisdictions or uses the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce or any facility of a national securities exchange of, the Restricted Jurisdictions in connection with such forwarding, such persons should: (i) inform the recipient of such fact; (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and (iii) draw the attention of the recipient to this paragraph 10.
- 10.4 The provisions of this paragraph 10 and any other terms of the Tender Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by Stifel in its absolute discretion but only if Stifel is satisfied that such waiver, variance or modification will not constitute or give rise to a breach of applicable securities or other legal or regulatory requirements.
- 10.5 The provisions of this paragraph 10 supersede any terms of the Tender Offer inconsistent herewith.
- 10.6 Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. The comments set out in this Circular are intended as a general guide only and Shareholders who are in any doubt about their position should consult their professional adviser in the relevant territory.

## 11 Modifications

The terms of the Tender Offer shall have effect subject to such non-material modifications as the Company or Stifel may from time to time approve in writing. The times and dates referred to in this Circular may be amended by the Company.

## **Part V – Additional Information relating to CREST**

*Note: CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below. CREST members who wish to tender all or any of their Shares for purchase by Stifel should refer to the CREST Manual for further information on the CREST procedures referred to in these terms and conditions.*

Stifel may in its sole discretion:

- 1** accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor in substitution for or in addition to a TTE instruction and subject to such further terms and conditions as Stifel may determine;
- 2** treat a properly authenticated instruction (in this sub-paragraph the “first instruction”) as not constituting a valid TTE instruction if, at the time at which Equiniti Limited receives a properly authenticated dematerialisation instruction giving details of the first instruction, either Stifel or Equiniti Limited has received actual notice from Euroclear of any matters referred to in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 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
- 3** 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 TTE 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 exercise his or her rights under the Tender Offer 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 of any part of CREST) or on the part of the facilities and/or systems operated by Equiniti Limited in connection with CREST.

## Part VI – Taxation

### Introduction

The comments below are intended only as a general guide to certain aspects of current United Kingdom tax law and published practice of HMRC and do not constitute tax advice. They are of a general nature and only apply in respect of certain Shareholders who are resident in and only in the United Kingdom for tax purposes and who hold their Shares beneficially as investments and not on trading account or for the purposes of a trade. The comments below are based on the law and practice currently in force in the United Kingdom and are subject to changes thereto.

Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the United Kingdom should consult their professional adviser.

The following comments do not address the position of certain classes of Shareholders such as dealers in securities, insurance companies, investment trust companies, venture capital trusts, authorised investment funds, registered pension schemes and charities. Such persons may be subject to special rules.

### The Tender Offer

Since Stifel will be acting as principal, a Shareholder who tenders Shares to Stifel pursuant to the Tender Offer should be treated, for the purposes of United Kingdom taxation, as though he or she had sold them in the ordinary way to a third party. Accordingly, any such Shareholder who is resident in the United Kingdom for tax purposes (or who is not so resident but who carries on a trade, profession or vocation in the United Kingdom through a branch, agency or permanent establishment) may, if the Shares are held as capital asset by the Shareholder and depending on the Shareholder's particular individual circumstances (including the availability of any exemptions, reliefs and allowable capital losses), be subject to capital gains tax (or, in the case of a Shareholder liable to corporation tax, corporation tax on chargeable gains) in respect of any chargeable gain arising on the sale. It is also possible that an allowable loss could arise for such a Shareholder.

Corporate Shareholders are entitled to indexation allowance on the cost of their Shares up to the date the chargeable gain is realised (although a loss cannot be created or increased by indexation allowance).

Shareholders whose allowable expenditure in relation to their Shares exceeds the gross proceeds of sale should realise a capital loss. If an allowable loss arises to a Shareholder on a sale of Shares pursuant to the Tender Offer, such Shareholder is recommended to seek professional advice on the potential utilisation of such a loss.

### Anti-avoidance provisions

Chapter 1 of Part 13 of the Income Tax Act 2007 (in respect of individual Shareholders) and Part 15 of the Corporation Tax Act 2010 (in respect of corporate Shareholders) permit HMRC to counteract tax advantages arising from certain transactions in securities. These provisions only apply in certain circumstances and do not apply where it can be shown that the transaction (or transactions) in question did not involve, as one of its main purposes or objects, the obtaining of an income tax or corporate tax advantage (Part 15 of the Corporation Tax Act 2010 also contains a requirement that the transaction or transactions are effected for genuine commercial reasons or in the ordinary course of making or managing investments).

If HMRC sought to apply any of these provisions in respect of the Tender Offer, the general effect would be to tax some or all of the disposal proceeds as income distribution rather than as a capital receipt. No application has been made by the Company for clearance from HMRC and in respect of the application of these provisions to the Tender Offer. **Shareholders are advised to take independent advice as to**

**the potential application of these provisions in light of their own particular motives and circumstances.**

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

Except in relation to depositary receipt arrangements or clearance services where special rules apply:

- no stamp duty or stamp duty reserve tax will be payable by Shareholders who sell their Shares to Stifel in the Tender Offer; and
- stamp duty at the rate of 0.5% (rounded up to the nearest £5) of the total price payable by the Company to Stifel will be payable by the Company on the purchase of the Shares acquired under the Repurchase Agreement. This cost will be borne by the Company and will not be charged to tendering Shareholders.

## Part VII – Additional Information

### 1 Directors and registered office

1.1 The names and principal functions of the Directors of the Company are as follows:

Name	Position
Nigel Guy	Non-executive chairman of the Board and of the Nomination and Management Engagement Committees
John Barnsley	Senior non-executive director and chairman of the Audit Committee
Philip Marsden	Non-executive director
Mark Nicholls	Non-executive director

1.2 The Company was incorporated and registered in England and Wales on 8 June 1984 with number 1822966. The registered office of the Company is at Time Central, 32 Gallowgate, Newcastle upon Tyne NE1 4SN, United Kingdom.

### 2 Directors' and others' interests

2.1 As at 7 March 2016 (being the latest practicable date prior to the publication of this Circular), the interests of the Directors (and their connected persons under the Companies Act 2006) in the issued share capital of the Company (all of which interests, unless otherwise stated, are beneficial) which have been notified by each Director to the Company pursuant to the Disclosure and Transparency Rules were as follows:

Name of Director	Number of Shares held	Percentage of issued share capital
John Barnsley	51,589	1.05%
Nigel Guy	Nil	Nil%
Philip Marsden	10,000	0.20%
Mark Nicholls	10,000	0.20%



### 3 Irrevocable undertakings relating to the Tender Offer

3.1 The Company has received irrevocable undertakings from certain Directors of the Company and members of the Manager, as indicated in the table below to tender Shares under the Tender Offer.

Name	Number of Shares held	Number of Shares to be tendered	Tendered Shares as % of Shares held	Cash proceeds if successful
<b>Directors:</b>				
John Barnsley	51,589	25,794	50.00%	£163,792
Nigel Guy	Nil	Nil	Nil%	£Nil
Philip Marsden	10,000	6,429	64.29%	£40,824
Mark Nicholls	10,000	6,429	64.29%	£40,824
<b>TOTAL</b>	<b>71,589</b>	<b>38,652</b>	<b>53.99%</b>	<b>£245,440</b>
<b>Members of the Manager:</b>				
Alastair Conn	257,349	128,675	50.00%	£817,086
Martin Green	5,039	2,520	50.00%	£16,002
Timothy Levett	142,819	66,500	46.56%	£422,275
Christopher Mellor	49,233	29,539	60.00%	£187,573
<b>TOTAL</b>	<b>454,440</b>	<b>227,234</b>	<b>50.00%</b>	<b>£1,442,936</b>

3.2 The Company expects that the control of the Company will not become more concentrated in a material way as a result of the Tender Offer, but this is dependent on the outcome of the Tender Offer and is therefore uncertain.

### 4 Major interests in Shares

4.1 As at 7 March 2016 (being the latest practicable date prior to the publication of this Circular), the total voting rights of the Company were 4,900,000. So far as the Company is aware, the following persons were interested, directly or indirectly, in 3% or more of the Company's issued share capital as at 7 March 2016 (being the latest practicable date prior to the publication of this Circular):

Name of Shareholder	Number of Shares held	Percentage of issued share capital
Tyne & Wear County Pension Fund	492,681	10.06%
Brewin Dolphin Limited	368,070	7.51%
Church Commissioners for England	295,856	6.04%
Joseph Rowntree Charitable Trust	277,296	5.66%
Alastair Conn	257,349	5.25%
National Grid UK Pension Scheme	235,276	4.80%

## **5 Repurchase Agreement**

5.1 On 7 March 2016, the Company entered into the Repurchase Agreement with Stifel. Pursuant to the Repurchase Agreement the parties agree that, subject to:

- (a) the Tender Offer becoming unconditional in all respects and not lapsing or terminating in accordance with its terms; and
- (b) an amount equal to the Tender Price multiplied by the number of Shares successfully tendered, plus a commission payable to Stifel's settlement agent, being paid by the Company,

Stifel shall purchase, on-market at the Tender Price, the Shares successfully tendered up to a maximum of 64.29% of the Shares in issue.

5.2 The Company has agreed that immediately following the purchase by Stifel of all Shares which it has agreed to purchase under the terms of the Repurchase Agreement, the Company will purchase from Stifel such Shares, at the Tender Price.

## **6 Significant change**

There has been no significant change in the financial or trading position of the Company since 30 September 2015, being the date to which the most recent half-yearly financial statements have been made up, other than (i) the generation of cash receipts from investments of £18.1 million in the period from 1 October 2015 to 7 March 2016 and (ii) an increase in the unaudited NAV from 553.6 pence as at 30 September 2015 to 643.2 pence as at 29 February 2016.

## **7 The City Code on Takeovers and Mergers**

7.1 Under Rule 9 of the City Code, any person or group of persons deemed to be acting in concert who acquires 30% or more of the voting shares of a company to which the City Code applies is normally required by the Panel to make a general offer to shareholders of that company to acquire their shares. Rule 9 of the City Code also provides that any person or group of persons deemed to be acting in concert who own between 30% and 50% of the voting shares of a company to which the City Code applies will be unable, without the Panel's consent, to acquire, either individually or together, any further voting rights in the company without being required to make a general offer to shareholders of that company to acquire their shares. Rule 37.1 of the City Code allows the Panel to waive an obligation on a person or group of persons acting in concert to make a general offer resulting from a company purchasing its own shares.

7.2 A person who comes to exceed the limits set out in Rule 9 in consequence of a company purchasing its own shares will not normally incur an obligation to make a mandatory offer unless that person is a director or has appointed a representative to the board of the company (or as otherwise set out in Note 1 to Rule 37.1). This exception will not apply, and an obligation to make a mandatory offer may therefore be imposed, if a person has acquired an interest in shares at a time when he had reason to believe that such a purchase of its own shares by the company would take place (or as otherwise set out in Note 2 to Rule 37.1). The Panel must be consulted in advance in any case where Rule 9 might be relevant.

7.3 Any Shareholder who believes that Rule 9 may be relevant to it is advised to seek advice immediately and, if appropriate, to consult the Panel.

## **8 Consent**

Stifel has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and references to it in the form and context in which it appears.

## Northern Investors Company PLC

### Notice of General Meeting

Notice is hereby given that a General Meeting of the Company will be held at the offices of King & Wood Mallesons LLP at 10 Queen Street Place, London EC4R 1BE at 9.00am on Thursday 31 March 2016 for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution:

#### SPECIAL RESOLUTION

THAT, in addition to the authority given to the Company pursuant to resolution 12 at the Annual General Meeting on 7 July 2015, the Company be and is generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of ordinary shares of 25 pence each, provided that:

- (a) the maximum aggregate number of ordinary shares that may be purchased is 3,150,000;
- (b) the price which may be paid for an ordinary share shall be the Tender Price (as defined in the circular to shareholders dated 8 March 2016), which shall be both the maximum and the minimum price for the purpose of Section 701 of the Companies Act 2006; and
- (c) the authority conferred by this resolution shall expire at the conclusion of the Company's next annual general meeting or on 31 July 2016, whichever is the earlier, save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority.

By order of the Board

**C D Mellor**  
Secretary  
Time Central  
32 Gallowgate  
Newcastle upon Tyne NE1 4SN

8 March 2016

#### NOTES:

- 1 A member entitled to attend and vote at this meeting is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend, to speak and, both on a show of hands and on a poll, to vote in his or her stead at the meeting. A proxy need not be a member of the Company. The appointment of a proxy does not preclude a member from attending and voting in person at the meeting should he or she subsequently decide to do so. A Form of Proxy which may be used is attached.
- 2 A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him or her.
- 3 To be valid, a Form of Proxy together with, if applicable, the power of attorney or other authority under which it is signed, or a certified copy thereof, must be received by Equiniti Limited at Aspect House, Spencer Road, Lancing BN99 6DA not later than 9.00am on Tuesday 29 March 2016.

- 4 The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6.00pm on Tuesday 29 March 2016 shall be entitled to attend or vote (whether on a show of hands or on a poll) at the meeting in respect of the number of shares registered in their name at the time. Changes to entries on the register after 6.00pm on Tuesday 29 March 2016 (or after 6.00pm on the day which is two working days before any adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- 5 As at 7 March 2016 (being the last business day prior to the date of this notice) the Company's issued share capital consisted of 4,900,000 ordinary shares each carrying one vote per share. Accordingly the total number of voting rights in the Company as at 7 March 2016 was 4,900,000.
- 6 CREST members who wish to appoint a proxy or proxies for the meeting or any adjournment thereof by utilising the CREST electronic proxy appointment service may do so by following the procedures described in the CREST Manual ([www.euroclear.com](http://www.euroclear.com)). CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- 7 In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in this notice. 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 Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular message. 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 provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 8 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.
- 9 The above statement as to proxy rights does not apply to a person who receives this notice of meeting as a person nominated to enjoy "information rights" under Section 146 of the Companies Act 2006. If you have been sent this notice of meeting because you are such a nominated person, the following statements apply: (a) you may have a right under an agreement between you and the member of the Company by whom you were nominated to be appointed or to have someone else appointed as a proxy for this general meeting; and (b) if you have no such right or do not wish to exercise it, you may have a right under such an agreement to give instructions to that member as to the exercise of voting rights.
- 10 A copy of this notice, and the other information required by Section 311A of the Companies Act 2006, can be found at [www.nvm.co.uk/nicgmmar2016](http://www.nvm.co.uk/nicgmmar2016).
- 11 Any member attending the meeting has the right to ask questions.
- 12 You may not use any electronic address provided either in this Notice of General Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.