

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other appropriately qualified independent financial adviser, authorised under the Financial Services and Markets Act 2000. All Shareholders are strongly advised to consult their professional advisers regarding their own tax position.**

**If you have sold or otherwise transferred all of your Shares in Pacific Horizon Investment Trust PLC (the "Company"), you should pass this document (but not any personalised Tender 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. Please note this does not apply to Savings Plan Participants. This document or any of the accompanying documents should not, however, be forwarded or transmitted in or into any of the Restricted Jurisdictions.**

J.P. Morgan Securities plc, which conducts its UK investment banking activities as J.P. Morgan Cazenove ("J.P. Morgan Cazenove"), which is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority in the United Kingdom, is acting exclusively for the Company and no-one else in connection with the Tender Offer and the contents of this document and will not be responsible to anyone other than the Company for providing the protections afforded to customers of J.P. Morgan Cazenove or for providing advice in relation to the Tender Offer and the contents of this document or any matter referred to herein. Nothing in this paragraph shall serve to exclude or limit any responsibilities which J.P. Morgan Cazenove may have under FSMA or the regulatory regime established thereunder.

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## **PACIFIC HORIZON INVESTMENT TRUST PLC**

*(Incorporated in England and Wales with registered number 02342193)  
(An investment company within the meaning of section 833 of the Companies Act 2006)*

### **Tender Offer for up to 5 per cent. of the issued share capital of the Company**

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Applications by Shareholders to sell Shares under the Tender Offer may only be made on the personalised Tender Form or, in the case of Shares held in uncertificated form (that is, in CREST), by making a TTE Instruction. Applications by Savings Plan Participants to sell Shares under the Tender Offer may only be made on the personalised Savings Plan Tender Form. The Tender Offer will only be available to Shareholders whose names appeared on the Register at the close of business on 9 February 2016.

The Tender Offer is not being made to Restricted Shareholders. In particular, the Tender Offer is not being made, directly or indirectly, in or into or by the use of mails or any means or instrumentality (including, without limitation, facsimile transmission, internet, telex and telephone) of interstate or foreign commerce, or any facility of a national securities exchange, of the United States, nor is it being made, directly or indirectly, in or into Australia, Canada, Japan or South Africa and the Tender Offer cannot be accepted by any such use, means, instrumentality or facility from within Australia, Canada, Japan, South Africa or the United States.

Enclosed with this document is a Tender Form for use by Shareholders, and/or a Savings Plan Tender Form for use by Savings Plan Participants, in connection with the Tender Offer. To be effective, such forms must be returned as indicated on the relevant form so as to be received as soon as possible and, in any event, not later than 5.00 p.m. on 7 April 2016 (in the case of Shareholders) and not later than 5.00 p.m. on 1 April 2016 (in the case of Savings Plan Participants). In the case of Shares held by Shareholders in CREST, applications to tender Shares can be made by submitting a TTE instruction to Computershare Investor Services PLC not later than 5.00 p.m. on 7 April 2016.

Shareholders who hold their Shares in certificated form should also return their share certificate(s) and/or other document(s) of title in respect of the Shares tendered. Shareholders who hold Shares in uncertificated form (that is, in CREST) should arrange for the Shares tendered to be transferred into escrow as described in Part III of this document.

**Your attention is drawn to the section headed "Action to be Taken" on page 5 of this document.**

## CONTENTS

	<i>Page</i>
<b>EXPECTED TIMETABLE</b>	2
<b>PART I LETTER FROM THE CHAIRMAN</b>	3
<b>PART II LETTER FROM J.P. MORGAN CAZENOVE</b>	7
<b>PART III TERMS AND CONDITIONS OF THE TENDER OFFER</b>	10
<b>PART IV RISKS ASSOCIATED WITH THE TENDER OFFER</b>	23
<b>PART V TAXATION</b>	24
<b>PART VI ADDITIONAL INFORMATION</b>	26
<b>DEFINITIONS</b>	27

## EXPECTED TIMETABLE

	<i>2016</i>
Record Date for the Tender Offer	close of business on 9 February
Latest time and date for receipt of Savings Plan Tender Forms in respect of the Tender Offer	5.00 p.m. on 1 April
Latest time and date for receipt of Tender Forms and TTE Instructions in CREST from Shareholders in respect of the Tender Offer	5.00 p.m. on 7 April
Calculation Date	close of business on 8 April
Result of Tender Offer and Tender Price announced	12 April
Settlement date: payments through CREST made and CREST accounts settled	14 April
Balancing share certificates and cheques despatched to certificated Shareholders	on or around 18 April
Cheques despatched to Share Plan Participants	on or around 25 April

### Notes:

- (i) *References to times in this document are to London time.*
- (ii) *The dates set out in the expected timetable may be adjusted by J.P. Morgan Cazenove, with the consent of the Company, in which event details of the new dates will be notified to Shareholders by an announcement made by the Company through a Regulatory Information Service.*

## PART I

### LETTER FROM THE CHAIRMAN

#### PACIFIC HORIZON INVESTMENT TRUST PLC

(Incorporated in England and Wales with registered number 02342193)  
(An investment company within the meaning of section 833 of the Companies Act 2006)

Directors:

Jean Matterson (Chairman)  
Edward Creasy  
Douglas McDougall  
Elisabeth Scott

Registered Office:

c/o Computershare Investor Services PLC  
120 London Wall  
London  
EC2Y 5ET

9 March 2016

Dear Shareholders

#### TENDER OFFER FOR UP TO 5 PER CENT. OF THE SHARES IN ISSUE

##### Introduction

At the annual general meeting of the Company held on 6 November 2015, Shareholders approved the implementation, at the Board's discretion, of a bi-annual tender offer for up to five per cent. of the Company's Shares if the discount at which the Company's Shares trade relative to the fair value cum-income NAV per Share averaged more than nine per cent. during the six month periods to 31 January and 31 July 2016 respectively.

Over the period between 1 August 2015 and 31 January 2016, the Company's Shares traded at an average daily discount of 10.3 per cent. relative to their fair value cum-income Net Asset Value. Accordingly, the Board announced on 5 February 2016 that it had decided to exercise its discretion to implement the Tender Offer.

This document contains the terms and conditions of the Tender Offer, together with details of how Shareholders can tender Shares for purchase, if they wish to do so.

##### Tender Offer

The Tender Offer enables those Shareholders (other than Restricted Shareholders) who wish to sell some or all of their Shares to elect to do so, subject to the overall limits of the Tender Offer. Shareholders who successfully tender Shares will receive the Tender Price per Share being at a two per cent. discount to the fair value cum-income NAV per Share on the Calculation Date, less their *pro rata* proportion of the direct costs and expenses of the Tender Offer (including stamp duty and portfolio realisation costs).

Under the terms of the Tender Offer, which is being made by J.P. Morgan Cazenove, Shareholders (other than Restricted Shareholders) will be entitled to tender up to their Basic Entitlement, being five per cent. of the Shares they held as at the Record Date. For these purposes such Shares will exclude any Shares held in treasury. Shareholders may also be able to tender additional Shares, but any such excess tenders above the Basic Entitlement will only be satisfied, on a *pro rata* basis, to the extent that other Shareholders tender less than their aggregate Basic Entitlement.

J.P. Morgan Cazenove will, as principal, purchase, at the Tender Price, Shares validly tendered under the Tender Offer and, following completion of all of these purchases, sell the relevant Shares back to the Company pursuant to the Repurchase Agreement at the Tender Price by way of an on-market

transaction on the London Stock Exchange. The Shares which the Company acquires from J.P. Morgan Cazenove will be cancelled. The repurchase of the Shares by the Company under the Repurchase Agreement will be funded from the Company's distributable reserves.

The Tender Offer is subject to the conditions set out in paragraph 3 of Part III of this document. The Tender Offer may also be terminated in certain circumstances as set out in paragraph 9 of Part III of this document. Shareholders' attention is drawn to the letter from J.P. Morgan Cazenove set out in Part II of this document, which, in the case of Shares held in certificated form, together with the Tender Form or, in the case of Savings Plan Participants, together with the Savings Plan Tender Form, sets out the principal terms and conditions of the Tender Offer, and to Part IV of this document which contains a summary of certain risks associated with the Tender Offer. Details of how Shareholders will be able to tender Shares can be found in paragraph 5 of Part III of this document.

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

Shareholders who are in any doubt as to the contents of this document or as to the action to be taken should immediately consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA.

The Company's authority to repurchase its own Shares, granted at the annual general meeting of the Company on 6 November 2015 in respect of up to 14.99 per cent. of the Company's issued share capital as at the date of that meeting, will remain in force and be unaffected by the Tender Offer.

**This letter is not a recommendation for Shareholders to tender their Shares under the Tender Offer.** Whether or not Shareholders tender their Shares will depend on, amongst other things, their view of the Company's prospects and their own individual circumstances, including their tax position, on which they should seek their own independent advice. **No Director will be tendering any of his or her Shares under the Tender Offer.**

#### **Future tender offers**

The Directors may exercise their discretion to offer further tender offers in the future. It is the Directors' current intention that each bi-annual tender offer will be restricted to a maximum of five per cent. in aggregate of the Shares in issue at the relevant record date (excluding any Shares held in treasury). Whilst it is expected that the tender price for future tender offers will be at a two per cent. discount to the Net Asset Value per Share less costs, the tender price is at the sole discretion of the Directors and may be varied in future tender offers.

#### **Estimated expenses**

The fixed costs relating to the Tender Offer are expected to be approximately £60,000 including VAT. The foregoing figure does not include portfolio realisation costs, stamp duty or the commission payable to J.P. Morgan Cazenove. The commission payable to J.P. Morgan Cazenove is 0.2 per cent. of the amount equal to the Tender Price multiplied by the number of successfully tendered Shares. All costs in relation to the Tender Offer will be borne by Shareholders participating in the Tender Offer.

#### **Overseas Shareholders**

The making of the Tender Offer to persons outside the United Kingdom, the Channel Islands and the Isle of Man may be prohibited or affected by the laws of the relevant overseas jurisdictions. Shareholders with registered or mailing addresses outside the United Kingdom, the Channel Islands or the Isle of Man or who are citizens or nationals of, or resident in, a jurisdiction other than the United Kingdom, the Channel Islands and the Isle of Man should read carefully paragraph 11 of Part III of this document.

It is the responsibility of all Overseas 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 holders to participate in the Tender Offer.

## **Taxation**

The attention of Shareholders is drawn to Part V of this document which sets out a general guide to certain aspects of current UK taxation law and HMRC published practice. This information is a general guide and is not exhaustive. **Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser.**

## **Action to be taken**

Only Shareholders who held Shares as at close of business on 9 February 2016 are able to participate in the Tender Offer in respect of those Shares. **If you do not wish to sell any of your Shares in the Tender Offer, do not complete and return the Tender Form or the Savings Plan Tender Form or send a TTE Instruction.**

## *Shareholders*

Shareholders holding Shares in certificated form will find enclosed with this document a personalised Tender Form and a reply-paid envelope. Shareholders holding Shares in certificated form who wish to tender Shares should complete and return the personalised Tender Form in accordance with the instructions printed on it so as to be received as soon as possible and, in any event, by no later than 5.00 p.m. on 7 April 2016.

Shareholders holding Shares in uncertificated form (that is, in CREST) who wish to tender Shares should transmit the appropriate TTE Instruction in CREST as set out in paragraph 5.2 of Part III of this document so as to be received as soon as possible and, in any event, by no later than 5.00 p.m. on 7 April 2016.

Shareholders who hold their Shares in certificated form should also return their share certificate(s) and/or other document(s) of title in respect of the Shares tendered with their Tender Form. Shareholders who hold their Shares in uncertificated form should arrange for their Shares to be transferred to escrow as described in paragraph 5.2 of Part III of this document.

## *Savings Plan Participants*

Savings Plan Participants will find enclosed with this document a personalised Savings Plan Tender Form and a reply-paid envelope. Savings Plan Participants who wish to tender Shares should complete and return the personalised Savings Plan Tender Form in accordance with the instructions printed on it so as to be received as soon as possible and, in any event by no later than 5.00 p.m. on 1 April 2016.

**The extent to which Shareholders participate in the Tender Offer is a matter for each Shareholder to decide, and will be influenced by their own individual financial and tax circumstances and investment objectives. Shareholders should seek advice from their own independent financial adviser.**

## *Shareholder helplines*

*For certificated and uncertificated Shareholders:*

If you have any queries relating to your shareholding(s), please call the Shareholder Helpline on 0370 707 1229 (or if calling from outside the UK +44 370 707 1229). Calls may be recorded and randomly monitored for security and training purposes. Lines are open from 8.30 a.m. until 5.30 p.m. (London

time) Monday to Friday (excluding UK public holidays). The helpline cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

*For Savings Plan Participants:*

If you have any queries relating to your shareholding(s), please call Baillie Gifford on 0800 917 2112 (or +44 131 275 2000, if outside the UK) between the hours of 9.00 a.m. and 5.00 p.m., London time, Monday to Friday (excluding UK public holidays). Calls to the 0800 number are free of charge from a BT landline. Other telephone providers' costs may vary. Calls to the +44 131 275 2000 number will be charged at standard rates. Your telephone call may be recorded for security. Please note that Baillie Gifford cannot provide advice on the merits of the Tender Offer nor give any financial, tax, investment or legal advice.

Yours faithfully,

Jean Matterson  
*Chairman*

**PART II**  
**LETTER FROM J.P. MORGAN CAZENOVE**

25 Bank Street  
Canary Wharf  
London  
E14 5JP

9 March 2016

Dear Shareholder

As explained in the letter from your Chairman in Part I of this document, Shareholders (other than Restricted Shareholders and certain Overseas Shareholders as explained in paragraph 11 of Part III of this document) are being given the opportunity to sell some or all of their Shares in the Tender Offer, subject to the scaling back of tenders in excess of the Basic Entitlement. The purpose of this letter is to set out the principal terms and conditions of the Tender Offer.

J.P. Morgan Cazenove hereby invites Shareholders (other than Restricted Shareholders) on the Register on the Record Date to sell Shares for cash at the Tender Price. Each Shareholder will be entitled to have accepted in the Tender Offer valid tenders to J.P. Morgan Cazenove in respect of up to their Basic Entitlement. In addition, Shareholders may tender Shares for sale in excess of their Basic Entitlement but such excess tenders will only be satisfied to the extent that other Shareholders have not tendered all or any part of their Basic Entitlement, as the case may be. Tenders in excess of the Basic Entitlement will be satisfied *pro rata* in proportion to the excess over the Basic Entitlement tendered, 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 III of this document and, in the case of Shares held in certificated form, the Tender Form or the Savings Plan Tender Form (as applicable), the terms of which will be deemed to be incorporated in this document and form part of the Tender Offer.

J.P. Morgan Cazenove, which is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority in the United Kingdom, is acting exclusively for the Company and no-one else in connection with the Tender Offer and the contents of this document and will not be responsible to anyone other than the Company for providing the protections afforded to customers of J.P. Morgan Cazenove or for providing advice in relation to the Tender Offer and the contents of this document or any matter referred to herein. Nothing in this paragraph shall serve to exclude or limit any responsibilities which J.P. Morgan Cazenove may have under FSMA or the regulatory regime established thereunder.

**Procedure for Tendering Shares**

Certificated Shareholders (other than Restricted Shareholders) who wish to tender Shares should complete the personalised Tender Form in accordance with the instructions set out therein and return the completed Tender Form in the enclosed reply-paid envelope or using their own envelope or delivering by hand (during normal business hours) to the Receiving Agent so as to arrive as soon as possible and, in any event, by no later than 5.00 p.m. on 7 April 2016. Such Shareholders who hold their Shares in certificated form should also return the share certificate(s) and/or other document(s) of title in respect of the Shares tendered with their Tender Form.

Shareholders (other than Restricted Shareholders) holding Shares in uncertificated form who wish to tender Shares for purchase in the Tender Offer should transmit the appropriate TTE Instruction in CREST as set out in paragraph 5.2 of Part III of this document so as to be received as soon as possible and, in any event by no later than 5.00 p.m. on 7 April 2016.

Savings Plan Participants (other than Restricted Shareholders) who wish to tender their Shares should complete the personalised Savings Plan Tender Form in accordance with the instructions set out therein and return the completed Savings Plan Tender Form by post to the Receiving Agent or by hand (during normal business hours) so as to arrive by no later than 5.00 p.m. on 1 April 2016.

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

Full details of the procedure for tendering Shares are set out in Part III of this document and in the case of Shares held in certificated form on the Tender Form or in the case of Savings Plan Participants on the Savings Plan Tender Form.

#### **Validity of Tender Forms or TTE Instructions or Savings Plan Tender Forms**

Tender Forms or TTE Instructions which are received by the Receiving Agent after 5.00 p.m. on 7 April 2016 or which at that time are incorrectly completed or not accompanied by all relevant documents or instructions may be rejected and returned to relevant Shareholders or their appointed agents, together with any accompanying share certificate(s) and/or other document(s) of title.

Savings Plan Tender Forms which are received by the Receiving Agent after 5.00 p.m. on 1 April 2016 or which at that time are incorrectly completed or not accompanied by all relevant documents or instructions may be rejected and returned to the relevant Savings Plan Participants or their appointed agents.

J.P. Morgan Cazenove reserves the right to treat as valid Tender Forms, TTE Instructions or Savings Plan Tender Forms 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.

#### **Restricted Shareholders and Overseas Shareholders**

The Tender Offer is not available to Shareholders or Savings Plan Participants with registered or mailing addresses in any Restricted Jurisdiction, or who are citizens or nationals of, or resident in, a Restricted Jurisdiction and such Shareholders or Savings Plan Participants should read paragraph 11 of Part III of this document and the relevant provisions of the Tender Form or Savings Plan Tender Form (as applicable).

Overseas Shareholders (not being Restricted Shareholders) who wish to accept the Tender Offer should also read paragraph 11 of Part III of this document and satisfy themselves that they have fully observed any applicable legal requirements under the laws of the relevant jurisdiction.

#### **Conditions**

The Tender Offer is conditional on the terms specified in paragraph 3 of Part III of this document.

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

The Tender Offer may be terminated in the circumstances described in paragraph 9 of Part III of this document.

#### **Settlement**

Subject to the Tender Offer becoming unconditional, payment of the Tender Price due to Shareholders whose tenders under the Tender Offer have been accepted will be made (by a Sterling cheque or by a CREST payment, as appropriate) on or as soon as practicable after 14 April 2016. Balancing share certificates and cheques are expected to be despatched to certificated Shareholders on or around 18 April 2016.

Payment of the Tender Price due to Savings Plan Participants whose tenders under the Tender Offer have been accepted will be made by cheque and despatched on or around 25 April 2016.

**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 III of this document.

Yours faithfully

William Simmonds  
*Managing Director*  
*Corporate Finance*

## PART III

### TERMS AND CONDITIONS OF THE TENDER OFFER

#### 1. The Tender Offer

- 1.1. All Shareholders (other than Restricted Shareholders) who held Shares on the Record Date may tender Shares for purchase by J.P. Morgan Cazenove on the terms and subject to the conditions set out in this document and, in the case of Shares held in certificated form, the Tender Form or Savings Plan Tender Form, as applicable (which together constitute the Tender Offer). **Shareholders are not obliged to tender any Shares.**
- 1.2. The Tender Offer is made at the Tender Price. The Company will calculate the Tender Price as at the Calculation Date in accordance with paragraph 4 of this Part III. The calculation approved by the Directors will be conclusive and binding on all Shareholders.
- 1.3. The consideration for each tendered Share acquired by J.P. Morgan Cazenove pursuant to the Tender Offer will be paid in accordance with the settlement procedures set out in paragraph 6 below.
- 1.4. Upon the Tender Offer becoming unconditional and unless the Tender Offer has been terminated or has lapsed in accordance with the provisions of paragraph 3.2 below, J.P. Morgan Cazenove will accept the tenders of Shareholders validly made in accordance with this Part III.

#### 2. Basic Entitlement

- 2.1. Each Shareholder (other than a Restricted Shareholder) whose name appeared on the Register at the Record Date will be entitled to sell to J.P. Morgan Cazenove up to their Basic Entitlement, being such number of Shares rounded down to the nearest whole number, as represents five per cent. of such Shareholder's holding of Shares as at the Record Date.
- 2.2. Shareholders will also be entitled to sell more Shares than their Basic Entitlement, but only to the extent to which other Shareholders tender less than their aggregate Basic Entitlement. In these circumstances, excess tenders will be satisfied *pro rata* and in proportion to the amounts of Shares tendered by each relevant Shareholder in excess of their Basic Entitlement (rounded down to the nearest whole number of Shares).
- 2.3. For the purposes of these calculations, Savings Plan Participants shall be treated as if they were a Shareholder holding Shares directly rather than through the Savings Plans.
- 2.4. Registered Shareholders who hold Shares for multiple beneficial owners may decide the allocation between such beneficial owners at their own discretion.
- 2.5. The maximum number of Shares J.P. Morgan Cazenove shall be obliged to purchase pursuant to the Tender Offer and which the Company will purchase pursuant to the Repurchase Agreement is 3,006,220.

#### 3. Conditions

- 3.1. The Tender Offer is conditional on the following Conditions being satisfied:
  - 3.1.1. valid tenders being received in respect of at least one per cent. of the Company's issued share capital (excluding Shares held in treasury) by the Closing Date;
  - 3.1.2. J.P. Morgan Cazenove being satisfied that the Company has procured payment of an

amount equal to the Tender Price multiplied by the number of Shares successfully tendered into a designated bank account in accordance with the Repurchase Agreement;

- 3.1.3. J.P. Morgan Cazenove being satisfied that the Company has sufficient distributable profits (as defined in section 830 of the 2006 Act) to effect the purchase of all Shares successfully tendered pursuant to the Repurchase Agreement;
  - 3.1.4. the Company and J.P. Morgan Cazenove not having agreed to terminate the Tender Offer for any reason at their sole discretion;
  - 3.1.5. J.P. Morgan Cazenove being satisfied, acting in good faith, that at all times up to immediately prior to the announcement of the results of the Tender Offer, the Company has complied with its obligations, and is not in breach of any of the representations and warranties given by it, under the Repurchase Agreement; and
  - 3.1.6. the Tender Offer not having been terminated in accordance with paragraph 9 of this Part III prior to the fulfilment of the other Conditions.
- 3.2. J.P. Morgan Cazenove will not purchase (or enter into any commitment or contract to purchase) any Shares pursuant to the Tender Offer unless the Conditions have been satisfied in full or waived. The Conditions, other than that contained in paragraph 3.1.5 above, may not be waived by J.P. Morgan Cazenove. If the Conditions are not satisfied prior to the close of business on the day which is 30 Business Days after 8 April 2016, the Tender Offer, if not then completed, will lapse.

#### **4. Calculation of the Tender Price**

The Tender Price will be calculated as follows:

- 4.1. The Company will calculate its NAV as at the close of business on the Calculation Date which, for the purposes of the Tender Offer, shall mean the value of all the assets (including current year financial revenue items) less all the liabilities of the Company. Such NAV shall be calculated before taking account of the costs which are attributable to the Shares tendered under the Tender Offer. To the extent that any such expenses have already been paid for or accrued, the amount thereof shall be added back into the NAV. For this purpose, the following bases of valuation shall be adopted:
  - 4.1.1. the value of those investments of the Company which are listed, quoted or dealt on a stock exchange shall be calculated by reference to the bid quotations or prices or the last trade prices recorded, as the case may be, as at the close of business on the Calculation Date, provided that if no price is available then the relevant investment shall be deemed to come within paragraph 4.1.2 below and not this paragraph 4.1.1;
  - 4.1.2. the value of all other investments of the Company shall be calculated as being their fair values (calculated in accordance with the normal accounting policies of the Company) as at the close of business on the Calculation Date as determined by the Directors;
  - 4.1.3. any value otherwise than in pounds Sterling shall be converted at the rate (whether official or otherwise) which the Directors deem appropriate in the circumstances, having regard to any relevant conversion costs;
  - 4.1.4. an amount which reflects all other liabilities and obligations of the Company whatsoever (including a fair provision for any contingent liabilities (if any) but excluding liabilities under the Repurchase Agreement) or losses as at the Calculation

Date shall be calculated, as determined by the Directors; and

- 4.1.5. notwithstanding the foregoing, the Directors may in their absolute discretion permit an alternative method of valuation to be used if they consider that such valuation better reflects the fair value of any asset or liability.

No party shall have any liability by reason of the fact that a price reasonably believed to be the appropriate price for any quoted or unquoted investment may be found subsequently not to be such.

- 4.2. The resulting NAV calculated in accordance with paragraph 4.1 above, will then be divided by the total number of Shares in issue or deemed to be in issue on the Calculation Date (excluding Shares held in treasury) and expressed in pence Sterling to four decimal places with 0.00005 pence being rounded downwards.
- 4.3. The Directors will, in their sole discretion, and having received advice from the investment manager, calculate the costs and expenses of the Tender Offer as at close of business on the Calculation Date. Such costs will then be divided by the number of Shares validly tendered under the Tender Offer and expressed in pence Sterling to four decimal places with 0.00005 pence being rounded upwards.
- 4.4. The Tender Price will be the amount equivalent to 98 per cent. of the NAV per Share, calculated on the basis of paragraphs 4.1 and 4.2 above, and expressed in pence Sterling to four decimal places with 0.00005 pence being rounded downwards less the *pro rata* costs of the Tender Offer as calculated on the basis of paragraph 4.3 above, as at close of business on the Calculation Date.
- 4.5. Except as otherwise stated, all assets and liabilities will be taken into account in accordance with the Company's normal accounting policies.

## **5. Procedure for tendering Shares**

### **5.1. Shares held in certificated form (that is, not in CREST)**

#### **5.1.1. Completion of Tender Forms**

If you hold Shares in certificated form, you should complete separate Tender Forms for Shares held under different designations. Additional Tender Forms will be available from Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH, telephone number 0370 707 1229 and if telephoning from outside the UK +44 370 707 1229. Calls may be recorded and randomly monitored for security and training purposes. Lines are open from 8.30 a.m. until 5.30 p.m. (London time) Monday to Friday (excluding UK public holidays). The helpline cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

#### **5.1.2. Return of Tender Forms**

The completed and signed personalised Tender Form should be sent either by post, using the reply-paid envelope enclosed or by using your own envelope to Computershare Investor Services PLC, Corporate Action Projects, Bristol BS99 6AH, or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to arrive by no later than 5.00 p.m. on 7 April 2016. Subject to paragraph 10.5 below, no Tender Forms received after this time will be accepted. Reply paid envelopes are enclosed with the Tender Forms. No acknowledgement of receipt of documents will be given. Any Tender Form received in an envelope postmarked from a Restricted Jurisdiction or otherwise appearing to J.P.

Morgan Cazenove or its agents to have been sent from any Restricted Jurisdiction may be rejected as an invalid tender. Further provisions relating to Restricted Shareholders are contained in paragraph 11 of this Part III.

The completed and signed personalised Tender Form should be accompanied by the relevant share certificate(s) and/or other document(s) of title. If your share certificate(s) and/or other document(s) of title are not readily available (for example, if they are with your stockbroker, bank or other agent), the Tender Form should nevertheless be completed, signed and returned as described above so as to be received by the Receiving Agent by no later than 5.00 p.m. on 7 April 2016 together with any share certificate(s) and/or other document(s) of title you may have available, accompanied by a letter 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, by no later than 5.00 p.m. on 7 April 2016.

The Registrars, acting as your agent, will effect such procedures as are required to transfer your Shares to J.P. Morgan Cazenove under the Tender Offer.

If you have lost your share certificate(s) and/or other document(s) of title, you should either call the Registrars using the telephone numbers provided in paragraph 5.1.1 above or write to the Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ, for a letter of indemnity in respect of the lost share certificate(s) and/or any other document(s) of title which, when completed in accordance with the instructions given, should be returned to Computershare at the address referred to at the beginning of paragraph 5.1.2 so as to be received by no later than 5.00 p.m. on 7 April 2016.

## 5.2. *Shares held in uncertificated form (that is, in CREST)*

### 5.2.1. *Completion of TTE Instruction*

If the Shares which you wish to tender 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 which you wish to tender in the Tender Offer to an escrow balance, specifying the Registrars in its capacity as a CREST receiving agent under its participant 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 5.00 p.m. on 7 April 2016.

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 send the TTE Instruction to Euroclear in relation to the Shares which you wish to tender.

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 specification and which must contain, in addition to the other information that is required for the TTE Instruction to settle in CREST, the following details:

- the ISIN number for the Shares. This is GB0006667470;
- 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, Computershare, in its capacity as a CREST receiving agent, this is 8RA16;
- the member account ID of the escrow agent, Computershare. This is PHITPLC;
- the Corporate Action Number for the Tender Offer. This is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- the intended settlement date for the transfer to escrow. This should be as soon as possible and in any event by no later than 5.00 p.m. on 7 April 2016; and
- input with standard delivery instruction priority of 80.

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 the Registrars as your agent until completion, termination or lapse of the Tender Offer. If the Tender Offer becomes unconditional, the Registrars will transfer the Shares which are accepted for purchase by J.P. Morgan Cazenove to itself as your agent for onward sale to J.P. Morgan Cazenove.

You are recommended to refer to the CREST Manual published by Euroclear for further information on the CREST procedures outlined above.

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 5.00 p.m. on 7 April 2016. In connection with this, you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

#### 5.2.2. *Deposits of Shares into, and withdrawals of Shares from, CREST*

Normal 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 share certificate(s) and/or other document(s) of title or transfer to an escrow balance as described above) prior to 5.00 p.m. on 7 April 2016.

#### 5.3. *Shares held through the Savings Plans*

Savings Plan Participants who wish to participate in the Tender Offer should complete the personalised Savings Plan Tender Form in accordance with the instructions set out therein and return it by post to the Receiving Agent or by hand (during normal business hours) so as to arrive by no later than 5.00 p.m. on 1 April 2016. Savings Plan Tender Forms received after that time may not be accepted. A reply-paid envelope for use in the UK only is enclosed with this document.

If any Savings Plan Participants are in any doubt as to how to complete the Savings Plan Tender Form or as to the procedure for tendering Shares, they should contact Computershare Investor Services PLC by telephone on 0370 707 1229. Please note that the Receiving Agent can only provide information concerning completion of the Savings Plan Tender Form and cannot

provide legal, financial, investment or tax advice or answer any queries in relation to your shareholding(s) in the Savings Plans.

If you have any queries relating to your shareholding(s), please call Baillie Gifford on 0800 917 2112 (or +44 131 275 2000, if outside the UK) between the hours of 9.00 a.m. and 5.00 p.m., London time, Monday to Friday (excluding UK public holidays). Calls to the 0800 number are free of charge from a BT landline. Other telephone providers' costs may vary. Calls to the +44 131 275 2000 number will be charged at standard rates. Your telephone call may be recorded for security. Please note that Baillie Gifford cannot provide advice on the merits of the Tender Offer nor give financial, tax, investment or legal advice.

#### **5.4. *Validity of Tender Forms and TTE Instructions***

Notwithstanding the powers in paragraph 10 below, J.P. Morgan Cazenove reserves the right to treat as valid only Tender Forms and TTE Instructions which are received entirely in order by 5.00 p.m. on 7 April 2016, 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.

Notwithstanding the powers in paragraph 10 below, J.P. Morgan Cazenove reserves the right to treat as valid only Savings Plan Tender Forms which are received entirely in order by 5.00 p.m. on 1 April 2016.

Notwithstanding the completion of a valid Tender Form, TTE Instruction or Savings Plan Tender Form, the Tender Offer may terminate or lapse in accordance with the terms and conditions set out in this Part III.

The decision of J.P. Morgan Cazenove as to which Shares have been validly tendered shall be conclusive and binding on Shareholders who participate in the Tender Offer.

If you are in any doubt as to how to complete the Tender Form or the Savings Plan Tender Form, or how to submit a TTE Instruction or as to the procedures for tendering Shares, please call the Receiving Agent on 0370 707 1229 (or if telephoning from outside the UK +44 370 707 1229). You are reminded that, if you are a CREST sponsored member, you should contact your CREST Sponsor before taking any action.

#### **6. *Announcement of the Tender Price and Settlement***

- 6.1. Unless terminated in accordance with the provisions of this Part III, the Tender Offer will close for Shareholders at 5.00 p.m. on 7 April 2016 and for Savings Plan Participants at 5.00 p.m. on 1 April 2016. Subject to the Conditions being satisfied, it is expected that on 12 April 2016 the Company will make a public announcement of the Tender Price, the total number of Shares tendered and, if applicable, either the extent to which tenders will be scaled back, or the number of tendered Shares in excess of the Basic Entitlement which will be purchased by J.P. Morgan Cazenove from Shareholders who have tendered Shares in excess of their Basic Entitlement.
- 6.2. Delivery of cash to Shareholders for the Shares to be purchased pursuant to the Tender Offer will be made by the Receiving Agent. The Receiving Agent will act as agent for tendering Shareholders for the purpose of receiving the cash and transmitting such cash to tendering Shareholders. Under no circumstances will interest be paid on the cash to be paid by the Company, J.P. Morgan Cazenove or the Receiving Agent regardless of any delay in making such payment.
- 6.3. If any tendered Shares are not purchased because of an invalid tender, the termination of the Tender Offer or otherwise, relevant share certificate(s) and/or other document(s) of title, if

any, will be returned or sent as promptly as practicable, without expense to, but at the risk of, the relevant tendering Shareholder, or in the case of Shares held in uncertificated form (that is, in CREST), the Receiving Agent will provide instructions to Euroclear to transfer all Shares held in escrow balances by TFE Instruction to the original available balances to which those Shares relate.

- 6.4. Settlement of the consideration to which any Shareholder is entitled pursuant to valid tenders accepted by J.P. Morgan Cazenove is expected to be made on or as soon as practicable after 14 April 2016 as follows:

6.4.1. *Shares held in certificated form (that is, not in CREST)*

Where an accepted tender relates to Shares held in certificated form, cheques for the consideration due will be despatched at the Shareholder's own risk by the Receiving Agent by first class post to the person or agent whose name and address is set out in Box 5 of the Tender Form or, if none is set out, to the registered address of the tendering Shareholder shown in Box 1 of the Tender Form or, in the case of joint holders, the address of the Shareholder first named in the Register. All cash payments will be made in Sterling by cheque drawn on a branch of a UK clearing bank.

6.4.2. *Shares held in uncertificated form (that is, in CREST)*

Where an accepted tender relates to Shares held in uncertificated form, the consideration due will be paid by means of CREST by J.P. Morgan Cazenove procuring the creation of a CREST payment in favour of the tendering Shareholder's payment bank in accordance with the CREST payment arrangements.

6.4.3. *Timing of settlement*

The payment of any consideration to Shareholders for Shares tendered in the Tender Offer will be made only after the relevant TFE Instruction has settled or (as the case may be) timely receipt by the Receiving Agent of share certificate(s) and/or other requisite document(s) of title evidencing such Shares and any other documents required under the Tender Offer.

6.4.4. *Shares held in the Savings Plans*

Where an accepted tender relates to Shares held through any of the Savings Plans, the consideration due will be despatched at the Savings Plan Participant's own risk by first class post to the registered address of the tendering Savings Plan Participant shown in Box 1 of the Savings Plan Tender Form. All cash payments will be made in Sterling by cheque drawn on a branch of a UK clearing bank and are expected to be despatched on or around 25 April 2016.

- 6.5. If only part of a holding of Shares is sold pursuant to the Tender Offer or if, because of scaling back, any tendered Shares in excess of a Shareholder's Basic Entitlement are not purchased pursuant to the terms of the Tender Offer, then:

6.5.1. where the Shares are held in certificated form, the relevant Shareholder will be entitled to receive a balance certificate in respect of the remaining Shares; or

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

6.5.3. where the Shares are beneficially held by a Savings Plan Participant, the unsold

beneficial holding of Shares will be recorded in the relevant Savings Plan Participant's account.

## **7. Tender Form and TTE Instruction**

Each Shareholder by whom, or on whose behalf, a Tender Form or TTE Instruction (as applicable) is executed or input, irrevocably undertakes, represents, warrants and agrees to and with J.P. Morgan Cazenove and the Company (so as to bind himself, herself or itself, and his, her or its respective personal representatives, heirs, successors and assigns) that:

- 7.1. the execution of the Tender Form or the input TTE Instruction shall constitute an offer to sell to J.P. Morgan Cazenove such Shareholder's Basic Entitlement or, if relevant, the number of Shares inserted in Box 2B or 2C of the Tender Form or submitted in the TTE Instruction (as applicable), on and subject to the terms and conditions set out or referred to in this document and, once a Tender Form and/or TTE Instruction is submitted, such offer shall be irrevocable;
- 7.2. such Shareholder has full power and authority to tender, 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 J.P. Morgan Cazenove, J.P. Morgan Cazenove will acquire such Shares with full title guarantee 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;
- 7.3. the execution of the Tender Form or the input of a TTE Instruction will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of any director or officer of J.P. Morgan Cazenove as such Shareholder's attorney and/or agent, and an irrevocable instruction to the attorney to 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 7.1 above in favour of J.P. Morgan Cazenove or such other person or persons as J.P. Morgan Cazenove may direct and to deliver such instrument(s) of transfer and/or other document(s) 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 such Shares in J.P. Morgan Cazenove or its nominee(s) or such other person(s) as J.P. Morgan Cazenove may direct;
- 7.4. each Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by J.P. Morgan Cazenove or any of its directors or any person nominated by J.P. Morgan Cazenove in the proper exercise of its or his or her powers and/or authorities hereunder;
- 7.5. if such Shareholder holds Shares in certificated form, he, she or it will deliver to the Registrars his, her or its share certificate(s) and/or other document(s) of title in respect of the Shares, or an indemnity acceptable to J.P. Morgan Cazenove in lieu thereof, or will procure the delivery of such document(s) to such person as soon as possible thereafter and, in any event, by no later than 5.00 p.m. on 7 April 2016;
- 7.6. such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by J.P. Morgan Cazenove 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;
- 7.7. such Shareholder, if an Overseas Shareholder, has fully observed any applicable legal requirements and that the invitation under the Tender Offer may be made to and accepted by

him, her or it under the laws of the relevant jurisdiction;

- 7.8. such Shareholder has not received or sent copies or originals of this document or the Tender Form or any related documents to a 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, internet, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of any Restricted Jurisdiction, that the Tender Form has not been mailed or otherwise sent in, into or from any Restricted Jurisdiction and that such Shareholder is not accepting the Tender Offer from any Restricted Jurisdiction;
- 7.9. in the case of Shares held in certificated form the provisions of the Tender Form or, in the case of Savings Plan Participants, the Savings Plan Tender Form, as applicable, shall be deemed to be incorporated into the terms and conditions of the Tender Offer;
- 7.10. in the case of Shares held in certificated form, the despatch of a cheque in respect of the Tender Price to a Shareholder at his, her or its respective registered addresses or such other address as is specified in the Tender Form or the Savings Plan Tender Form, as applicable, will constitute a complete discharge by J.P. Morgan Cazenove of its obligations to make such payment to such Shareholders;
- 7.11. in the case of Shares held in uncertificated form (that is, in CREST) the creation of a CREST payment in favour of such Shareholder's payment bank in accordance with the CREST payment arrangements as referred to in paragraph 6.4.2 above will, to the extent of the obligations so created, discharge fully any obligation of J.P. Morgan Cazenove to pay to such Shareholder the cash consideration to which he, she or it is entitled in the Tender Offer;
- 7.12. on execution, the Tender Form takes effect as a deed;
- 7.13. the execution of the Tender Form or the input of a TTE Instruction constitutes such Shareholder's submission to the jurisdiction of the Court in relation to all matters arising out of or in connection with the Tender Offer; and
- 7.14. if the appointment of the attorney and/or agent under paragraph 7.3 above shall be unenforceable or invalid or shall not operate so as to afford to J.P. Morgan Cazenove 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 J.P. Morgan Cazenove to secure the full benefits of paragraph 7.3 above.

A reference in this paragraph 7 to a Shareholder who holds Shares in certificated form includes a reference to the person or persons executing the Tender Form and, in the event of more than one person executing the Tender Form, the provisions of this paragraph will apply to them jointly and to each of them.

## **8. Additional provisions**

- 8.1. Shareholders (other than a Restricted Shareholder) will be entitled to have accepted in the Tender Offer valid tenders to J.P. Morgan Cazenove up to his, her or its Basic Entitlement. In addition, Shareholders may tender Shares in excess of their Basic Entitlement where other Shareholders tender less than their Basic Entitlement and subject to the scaling back of tenders, as set out in paragraph 2 above. If in J.P. Morgan Cazenove's determination (in its absolute discretion) Box 2 of any Tender Form has not been validly completed in respect of the number of Shares to be tendered, provided that that Tender Form is otherwise in order and accompanied by all other relevant documents, the relevant Shareholders may be deemed to have tendered such amounts of Shares as that equal to their respective Basic Entitlements.

- 8.2. Shares acquired by J.P. Morgan Cazenove in the Tender Offer and by the Company from J.P. Morgan Cazenove pursuant to the Repurchase Agreement will be market purchases in accordance with the rules of the London Stock Exchange and the UK Listing Authority.
- 8.3. Shares sold by Shareholders pursuant to the Tender Offer will be acquired with full title guarantee 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.
- 8.4. Each Shareholder who tenders or procures the tender of Shares will thereby be deemed to have agreed that, in consideration of J.P. Morgan Cazenove agreeing to process his, her or its tender, such Shareholder will not revoke his, her or its tender or withdraw his, her or its Shares. Shareholders should note that once tendered, Shares may not be sold, transferred, charged or otherwise disposed of.
- 8.5. Any omission to despatch this document or the Tender 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.
- 8.6. No acknowledgement of receipt of any Tender Form, TTE Instruction, Savings Plan Tender Form, share certificate(s) and/or other document(s) of title will be given. All communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from Shareholders (or their designated agents) and Savings Plan Participants (or their designated agents) will be delivered by or sent to or from such Shareholders (or their designated agents) and Savings Plan Participants (or their designated agents) at their own risk.
- 8.7. All powers of attorney and authorities on the terms conferred by or referred to in this Part III or in the Tender Form or Savings Plan Tender Form are given by way of security for the performance of the obligations of the Shareholders or Savings Plan Participants concerned and are irrevocable in accordance with section 4 of the Powers of Attorney Act 1971.
- 8.8. Subject to paragraphs 10 and 12 below all tenders in relation to certificated holders must be made on the prescribed Tender Form or Savings Plan Tender Form, as applicable, fully completed in accordance with the instructions set out thereon which constitute part of the terms and conditions of the Tender Offer and, for uncertificated holders, a TTE Instruction must be submitted in accordance with the instructions provided in paragraph 5.2 above. A Tender Form, Savings Plan Tender Form, as applicable, or TTE Instruction will only be valid when the procedures contained in the terms and conditions of the Tender Offer and in the Tender Form or Savings Plan Tender Form, as applicable, are complied with. The Tender Offer will be governed by and construed in accordance with English law.
- 8.9. If the Tender Offer does not become unconditional, is terminated or lapses, all documents lodged pursuant to the Tender Offer will be returned promptly by post, within 14 Business Days of the Tender Offer terminating or lapsing, to the person or agent whose name and address is set out in Box 5 of the Tender Form or, if none is set out, to the registered address of the tendering Shareholder shown in Box 1 of the Tender Form or, in the case of joint holders, the address of the Shareholder first named in the Register. In the case of Shares held in uncertificated form, Computershare in its capacity as the escrow agent will, within 14 Business Days of the Tender Offer terminating or 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, Tender Forms, Savings Plan Tender Forms and TTE Instructions will cease to have any effect.

- 8.10. The instructions, terms, provisions and authorities contained in or deemed to be incorporated in the Tender Form or Savings Plan Tender Form shall constitute part of the terms of the Tender Offer. The definitions set out in this document apply to the terms and conditions of the Tender Offer, including the Tender Form and the Savings Plan Tender Form.
- 8.11. Subject to paragraph 11 below, the Tender Offer is open to those Shareholders whose names appeared on the Register on the Record Date. The Tender Offer will close at 5.00 p.m. on 7 April 2016. Subject to paragraph 10.5 below, no Tender Form, share certificate(s) and/or other document(s) of title or indemnity or TTE Instruction received after that time will be accepted. Subject to paragraph 10.5 below, no Savings Plan Tender Form will be accepted after 5.00 p.m. on 1 April 2016.
- 8.12. Further copies of this document and copies of the Tender Form or Savings Plan Tender Form may be obtained on request from Computershare at the addresses set out in the Tender Form and Savings Plan Tender Form respectively.

## **9. Termination of the Tender Offer**

If the Company (acting through the Directors) shall, at any time prior to J.P. Morgan Cazenove effecting the purchase as principal of the successfully tendered Shares pursuant to the Tender Offer, notify J.P. Morgan Cazenove in writing that in the Directors' reasonable opinion:

- 9.1. as a result of any change in national or international financial, economic, political or market conditions, the cost of realisation of assets to fund the Tender Offer has become significantly more expensive since the date of this document; or
- 9.2. the completion of the purchase of Shares in the Tender Offer could have unexpected adverse fiscal or other 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,

the Tender Offer will be terminated unless, with the prior consent of the Company, J.P. Morgan Cazenove decides to proceed with the Tender Offer. If the Tender Offer is terminated, the Company will make an announcement through a Regulatory Information Service that such is the case and the Tender Offer shall cease and determine absolutely, without any liability on the part of the Company or J.P. Morgan Cazenove.

## **10. Miscellaneous**

- 10.1. Any changes to the terms, or any extension or termination of the Tender Offer will be followed as promptly as practicable by a public announcement thereof by no later than 1.00 p.m. on the Business Day following the date of such changes. In this case, the definitions, times and dates mentioned throughout this document shall be deemed to be adjusted accordingly. Such an announcement will be released to a Regulatory Information Service of the London Stock Exchange. References to the making of an announcement by the Company includes the release of an announcement on behalf of the Company by J.P. Morgan Cazenove to the press and delivery of, or telephone or facsimile or other electronic transmission of, such announcement to a Regulatory Information Service of the London Stock Exchange.
- 10.2. Shares purchased pursuant to the Tender Offer will, following the completion of the Tender Offer, be acquired from J.P. Morgan Cazenove by the Company on the London Stock Exchange pursuant to the Repurchase Agreement and such Shares will subsequently be cancelled.
- 10.3. The expenses of the Tender Offer (including stamp duty, commission payable to J.P. Morgan Cazenove and portfolio realisation costs) together with the applicable VAT will be borne by the tendering Shareholders and will be reflected in the Tender Price.

- 10.4. Except as contained in this document, 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 J.P. Morgan Cazenove or the Company. Under no circumstances should the delivery of this document 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.
- 10.5. J.P. Morgan Cazenove reserves the absolute right to inspect (either itself or through its agents) all Tender Forms, Savings Plan Tender Forms and TTE Instructions and may consider void and reject any tender that does not in J.P. Morgan Cazenove's sole judgement meet the requirements of the Tender Offer. J.P. Morgan Cazenove also reserves the absolute right to waive any defect or irregularity in the tender of any Shares, including any Tender Form or Savings Plan Tender Form (in whole or in part) which is not entirely in order, the related share certificate(s) and/or other document(s) of title or an indemnity acceptable to J.P. Morgan Cazenove in lieu thereof. However, in that event, the consideration in the Tender Offer for successfully tendered Shares held in certificated form will only be despatched when the relevant Tender Form is entirely in order and the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to J.P. Morgan Cazenove has/have been received. None of J.P. Morgan Cazenove, the Company, the Registrars or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification.
- 10.6. The provisions of the Contracts (Rights of Third Parties) Act 1999 do not apply to the Tender Offer.

## **11. Overseas Shareholders**

- 11.1. The provisions of this paragraph 11 and any other terms of the Tender Offer relating to Restricted Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by J.P. Morgan Cazenove in consultation with the Company but only if J.P. Morgan Cazenove and the Company are satisfied that such a waiver, variance or modification will not constitute or give rise to a breach of applicable securities or other laws.
- 11.2. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such Overseas Shareholder wishing to tender Shares to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection herewith, 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 Overseas Shareholders will be responsible for the payment of any such transfer or other taxes or other requisite payments due by whomsoever payable and J.P. Morgan Cazenove and the Company and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas 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 Forms or the Savings Plan Tender Forms in any territory outside the United Kingdom.
- 11.3. The Tender Offer is not being made to Restricted Shareholders. Restricted Shareholders are being excluded from the Tender Offer in order to avoid breaching applicable local laws relating to the implementation of the Tender Offer. Accordingly, copies of this document, the Tender Form and any related circulars are not being and must not be mailed or otherwise distributed into a Restricted Jurisdiction, including to Shareholders with registered addresses in Restricted Jurisdictions, or to persons whom the Company or J.P. Morgan Cazenove knows to be custodians, nominees or trustees holding Shares for persons in Restricted Jurisdictions. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute or send them in or into a Restricted Jurisdiction or use such

mails or any such means, instrumentality or facility in connection with the Tender Offer, as so doing will render invalid any related purported acceptance of the Tender Offer. Persons wishing to accept the Tender Offer should not use such mails or any such means, instrumentality or facility for any purpose directly or indirectly relating to acceptance of the Tender Offer. Envelopes containing Tender Forms should not be postmarked from a Restricted Jurisdiction or otherwise despatched to a Restricted Jurisdiction and accepting Shareholders must not provide Restricted Jurisdiction addresses for the remittance of cash or return of Tender Forms.

- 11.4. A Shareholder will be deemed not to have made a valid tender if:
- 11.4.1. such Shareholder is unable to make the representations and warranties set out in paragraphs 7.7 and 7.8 of this Part III; or
  - 11.4.2. such Shareholder inserts in Box 5 of the Tender Form the name and address of a person or agent in a Restricted Jurisdiction to whom they wish the consideration to which such Shareholder is entitled in the Tender Offer to be sent; or
  - 11.4.3. the Tender Form received from him, her or it is in an envelope postmarked in, or which otherwise appears to J.P. Morgan Cazenove or its agents to have been sent from, a Restricted Jurisdiction. J.P. Morgan Cazenove reserves the right, in its absolute discretion, to investigate, in relation to any acceptance, whether the representations and warranties referred to in paragraphs 7.7 and 7.8 above given by any Shareholder are correct and, if such investigation is undertaken and as a result J.P. Morgan Cazenove determines (for any reason) that such representations and warranties are not correct, such acceptance shall not be valid.
- 11.5. If, in connection with making the Tender Offer, 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 document, the Tender Form or any related offering documents in or into a Restricted Jurisdiction or uses the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex, internet and telephone) of interstate or foreign commerce of, or any facility of a national securities exchange in, a Restricted Jurisdiction in connection with such forwarding, such person should:
- 11.5.1. inform the recipient of such fact;
  - 11.5.2. explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
  - 11.5.3. draw the attention of the recipient to this paragraph 11.
- 11.6. If you are in any doubt about your position, you should consult your professional adviser in the relevant territory.
- 11.7. The provisions of this paragraph 11 supersede any terms of the Tender Offer inconsistent herewith.
- 11.8. **Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. The comments set out in this document 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.**

## **12. Modifications**

The terms of the Tender Offer shall have effect subject to such non-material modifications or additions as the Company and J.P. Morgan Cazenove may from time to time approve in writing. The times and dates referred to in this document may be amended by agreement between the Company and J.P. Morgan Cazenove.

## PART IV

### RISKS ASSOCIATED WITH THE TENDER OFFER

Shareholders should consider carefully all of the information set out in this document including, in particular, the risks associated with the Tender Offer described below, as well as their own personal circumstances, prior to making any decision as to whether or not to tender any Shares in the Tender Offer.

Shareholders should be aware of the following considerations relating to the Tender Offer:

- If the Tender Offer does not proceed for any reason, the Company would bear the fixed costs in relation to the Tender Offer.
- Shareholders tendering Shares for sale under the Tender Offer will receive the Tender Price per Share, which may be less than the price at which they bought their Shares or the price or value at which they might ultimately realise their Shares should they continue to hold them.
- Tender Forms, Savings Plan Tender Forms and TTE Instructions, once submitted, are irrevocable. Shareholders should note that all Shares tendered will be held in escrow by the Registrars and may not be switched, sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer. The price of the Shares and the Company's Net Asset Value may rise or fall following submission of a Tender Form, Savings Plan Tender Form and/or TTE Instruction. If the Tender Offer lapses or is terminated in accordance with the terms and conditions set out in this document, all tendered Shares will be returned to the relevant Shareholders.
- The Tender Price will depend on the number of Shares tendered. The greater the number of Shares tendered, the lower the fixed costs of the Tender Offer will be as a proportion of the value received by those Shareholders who successfully tender Shares. Shareholders should note that if the Board and J.P. Morgan Cazenove reasonably consider the fixed costs of the Tender Offer to be excessive relative to the number of Shares tendered the Tender Offer may not proceed.
- If any Shares permitted to be tendered pursuant to the Tender Offer are tendered, the issued share capital of the Company will be reduced. As a result, the fixed costs of the Company will be spread over fewer Shares and ongoing charges per Share may increase.
- The lower number of Shares in issue following completion of the Tender Offer may reduce secondary market liquidity in the Shares, which could, accordingly, adversely affect a Shareholder's ability to sell their Shares in the market.

**PART V**  
**TAXATION**

**The following comments are intended only as a general guide to certain aspects of current UK law and HMRC published practice, and do not constitute tax advice. They are of a general nature and apply only to Shareholders who are resident in the UK (except where otherwise indicated) and who hold their Shares beneficially as an investment. They do not address the position of certain classes of Shareholders such as dealers in securities or Shareholders who have acquired their Shares by virtue of an office or employment.**

A Shareholder who sells Shares in the Tender Offer should be treated, for the purposes of UK taxation, as though the Shareholder has sold them in the normal way to a third party. Accordingly, and subject to the comments in the next paragraph, any such Shareholder who is UK resident for tax purposes may, depending on that Shareholder's particular circumstances, be subject to UK capital gains tax (or, in the case of a corporate Shareholder, UK corporation tax on chargeable gains) in respect of any gain arising on such sale.

Individual Shareholders may have gains reduced by the annual exemption which is currently £11,100 for 2015-16 and will remain at £11,100 for 2016-2017 or allowable losses, whereas corporate Shareholders subject to UK corporation tax may have their gains reduced by indexation allowance but this allowance will not create or increase an allowable loss.

The rate of UK capital gains tax will usually be 18 per cent. for individual Shareholders who are chargeable to UK income tax at the basic rate and will usually be 28 per cent. for individual Shareholders taxable at rates other than the basic rate. Corporate Shareholders may be subject to UK corporation tax at the current rate of 20 per cent. (FY 2015).

Shareholders who are not resident in the UK for taxation purposes will not normally be liable to UK taxation on chargeable gains arising from the sale of their Shares although they may be subject to taxation in a jurisdiction other than the UK depending on their particular circumstances. Individual Shareholders who are temporarily not resident in the UK for tax purposes may be liable to capital gains tax under tax anti-avoidance legislation.

**Shareholders who are subject to tax in a jurisdiction other than the UK or who are in any doubt as to the potential tax consequences of selling their Shares are strongly recommended to consult their own professional advisers before making any such sales.**

Application has not been made to HMRC for clearance under section 748 of the CTA 2010 or section 701 of the ITA 2007 that the anti-avoidance provisions of Part 15 of the CTA 2010 or Part 13 of the ITA 2007 should not apply to the Tender Offer. Part 15 of the CTA 2010 and Part 13 of the ITA 2007 permit HMRC to counteract tax advantages arising from certain transactions in securities by for example treating some or all of the proceeds of capital disposals as distributions of income. However, these sections do not apply where it can be shown, in the case of any corporation tax advantage, that the transactions in question were entered into for genuine commercial reasons and did not involve as one of their main objects the obtaining of any corporation tax advantage and, in the case of any income tax advantage, that the transactions in question did not involve the receipt of consideration in connection with a distribution by or assets of a close company (as set out in section 685 of the ITA 2007) or did not involve as one of their main purposes the obtaining of any income tax advantage.

Stamp duty or stamp duty reserve tax at the rate of 0.5 per cent. of the Tender Price (rounded up to the nearest £5 in the case of stamp duty only) will be payable by the Company on Shares repurchased by it pursuant to the Tender Offer.

**If you are in any doubt as to your taxation position you should consult an appropriate professional**

**adviser without delay.**

The information relating to taxation set out above is a general guide and is not exhaustive. It is based on law and practice currently in force in the UK and is subject to changes therein possibly with retrospective effect.

## PART VI

### ADDITIONAL INFORMATION

#### 1. Material Contracts

##### *Repurchase Agreement*

The Company and J.P. Morgan Cazenove entered into a repurchase agreement on 9 March 2016 pursuant to which the Company has agreed to purchase from J.P. Morgan Cazenove, on the London Stock Exchange, such number of Shares as J.P. Morgan Cazenove shall purchase pursuant to the Tender Offer, at an aggregate price equal to the amount paid by J.P. Morgan Cazenove for its purchase of the tendered Shares. The Tender Offer may be terminated if J.P. Morgan Cazenove receives notice from the Company that, in the Board's reasonable opinion, any of the circumstances set out in paragraph 9.1 or 9.2 of Part III of this document has arisen or in the event that the Repurchase Agreement is terminated in accordance with its terms.

In acquiring Shares pursuant to valid tenders made under the Tender Offer and in selling such Shares to the Company, J.P. Morgan Cazenove will act as principal.

The Repurchase Agreement, which is stated not to create a relationship of agency between J.P. Morgan Cazenove and the Company, is governed by and construed in accordance with English law.

#### 2. General

J.P. Morgan Cazenove has given and not withdrawn its written consent to the issue of this document with its letter and with the references to its name in the form and context in which they are included.

#### 3. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW during normal business hours from the date of this document until the completion, lapse or termination of the Tender Offer:

- 3.1 this document;
- 3.2 the consent letter referred to in paragraph 2 above;
- 3.3 the annual report and financial statements for the year ended 31 July 2015;
- 3.4 the interim financial report for the six months ended 31 January 2016; and
- 3.5 the Repurchase Agreement.

**9 March 2016**

## DEFINITIONS

Unless the context otherwise requires, the following words and expressions have the following meanings in this document:

<b>2006 Act</b>	the Companies Act 2006, as amended
<b>Basic Entitlement</b>	the entitlement of a Shareholder to tender up to 5 per cent. of the Shares registered in that Shareholder's name on the Record Date, rounded down to the nearest whole number
<b>Board or Directors</b>	the board of Directors of the Company or any duly constituted committee thereof
<b>Business Day</b>	any day other than a Saturday, Sunday or public holiday in England and Wales
<b>Calculation Date</b>	close of business on 8 April 2016, the day as at which the Company will calculate the Tender Price for the purposes of the Tender Offer
<b>Closing Date</b>	7 April 2016
<b>Company</b>	Pacific Horizon Investment Trust PLC, a company incorporated in England and Wales with registered number 02342193
<b>Conditions</b>	the conditions of the Tender Offer set out in paragraph 3 of Part III of this document
<b>Court</b>	the High Court of Justice in England and Wales
<b>CREST</b>	the facilities and procedures for the time being of the relevant system of which Euroclear has been approved as operator pursuant to the CREST Regulations
<b>CREST Manual</b>	the compendium of documents entitled CREST Manual issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
<b>CREST Sponsor</b>	a CREST participant admitted to CREST as a CREST sponsor, being a sponsoring system participant (as defined in the CREST Regulations)
<b>CTA 2010</b>	the Corporation Tax Act 2010, as amended
<b>Euroclear</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>FSMA</b>	Financial Services and Markets Act 2000, as amended
<b>HMRC</b>	HM Revenue & Customs
<b>ITA 2007</b>	the Income Tax Act 2007, as amended

<b>J.P. Morgan Cazenove</b>	J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Net Asset Value or NAV</b>	the net asset value of the Company which shall be the total value of all of the assets of the Company less its liabilities as determined by the Board and calculated in accordance with the Company's accounting policies (for the avoidance of doubt, this includes accumulated revenue reserves and current period revenue and is after the deduction of any borrowings at their fair value)
<b>Net Asset Value per Share or NAV per Share</b>	the Net Asset Value divided by the number of Shares then in issue (excluding treasury shares)
<b>Overseas Shareholders</b>	Shareholders who are resident in, or citizens of, territories outside the United Kingdom and not resident in, or citizens of, any of the Restricted Jurisdictions
<b>Receiving Agent or Registrars or Computershare</b>	Computershare Investor Services PLC, a company incorporated in England and Wales with registered number 03498808
<b>Record Date</b>	the close of business on 9 February 2016
<b>Register</b>	the register of Shareholders
<b>Regulatory Information Service</b>	any of the regulatory information services set out in Appendix 3 of the listing rules of the UK Financial Conduct Authority
<b>Repurchase Agreement</b>	the agreement dated 9 March 2016 between the Company and J.P. Morgan Cazenove relating to the repurchase by the Company on the London Stock Exchange of the Shares purchased by J.P. Morgan Cazenove pursuant to the Tender Offer as summarised in paragraph 1 of Part VI of this document
<b>Restricted Jurisdiction</b>	any of the following territories: Australia, Canada, Japan, South Africa and the United States
<b>Restricted Shareholders</b>	Shareholders who are resident in, or citizens of, a Restricted Jurisdiction
<b>Savings Plan Participants</b>	beneficial owners of Shares held through one or more of the Savings Plans
<b>Savings Plans</b>	the Baillie Gifford Investment Trust Share Plan, the Baillie Gifford Children's Savings Plan and/or the Baillie Gifford Investment Trust ISA
<b>Savings Plan Tender Form</b>	the personalised tender form accompanying this document for use by Savings Plan Participants
<b>Shareholders</b>	holders of Shares
<b>Shares</b>	ordinary shares in the capital of the Company
<b>South Africa</b>	the Republic of South Africa

<b>Sterling or £</b>	the lawful currency of the United Kingdom
<b>Tender Form</b>	the personalised tender form enclosed with this document for use by Shareholders in connection with the Tender Offer
<b>Tender Offer</b>	the invitation by J.P. Morgan Cazenove to each Shareholder (other than Restricted Shareholders) to sell up to their Basic Entitlement of Shares, and the acceptance of such tenders by J.P. Morgan Cazenove on the terms and subject to the conditions set out in this document and, in the case of Shares held in certificated form, the Tender Form or the Savings Plan Tender Form (as applicable), or any one or more of such invitation, tender or acceptance as the context requires
<b>Tender Price</b>	the fair value cum-income NAV per Share (inclusive of undistributed revenue reserves) on the Calculation Date, less a two per cent. discount and the amount equal to the direct costs and expenses of the Tender Offer (including stamp duty, commission payable to J.P. Morgan Cazenove and portfolio realisation costs) divided by the number of Shares successfully tendered as calculated in accordance with paragraph 4 of Part III of this document
<b>TFE Instruction</b>	a transfer from escrow instruction, as defined by the CREST Manual
<b>TTE Instruction</b>	a transfer to escrow instruction, as defined by the CREST Manual
<b>UK Listing Authority</b>	the Financial Conduct Authority acting in its capacity as the competent authority for listing pursuant to Part VI of FSMA
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>United States</b>	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction



