

Prospectus

AVI
Asset Value Investors

AVI Japan Opportunity Trust plc

Investment Manager
Asset Value Investors Limited

Joint Placing Agents
N+1 Singer and Kepler Partners

Sponsor
Dickson Minto W.S.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own financial advice immediately from an independent financial adviser who is authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

This document comprises a prospectus relating to AVI Japan Opportunity Trust plc (the "**Company**") prepared in accordance with the Prospectus Rules made under Part VI of FSMA. This document has been approved by the Financial Conduct Authority ("**FCA**") in accordance with Part VI of FSMA and has been filed with the FCA in accordance with Rule 3.2 of the Prospectus Rules.

The Directors of the Company, whose names appear on page 29 of this document, and the Company each accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

AVI JAPAN OPPORTUNITY TRUST PLC

*(Incorporated in England and Wales under the Companies Act 2006 with registered number 11487703)
(Registered as an investment company under section 833 of the Companies Act 2006)*

Issue of up to 200 million New Shares pursuant to an Initial Placing, Offer for Subscription, Intermediaries Offer and a Share Issuance Programme

Investment Manager
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N+1 Singer and Kepler Partners

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Application will be made to the UK Listing Authority and the London Stock Exchange for the New Shares to be admitted to the premium listing segment of the Official List and to trading on the Main Market, respectively. It is expected that such Admission will become effective in relation to the New Shares issued under the Initial Issue and dealings for normal settlement in such New Shares will commence, on 23 October 2018. It is expected that such admissions will become effective in relation to any New Shares issued under the Share Issuance Programme, and dealings for normal settlement in such New Shares will commence, as soon as practicable following the allotment of such New Shares but no later than 5 September 2019.

The distribution of this document and the offering of New Shares in jurisdictions other than the United Kingdom may be restricted by law or regulation and accordingly persons into whose possession this document comes are required to inform themselves about and observe any such restrictions. No action has been taken to permit the distribution of this document and the offering of New Shares in any jurisdiction outside the United Kingdom where such action is required to be taken. This document does not constitute, and may not be used for the purposes of, an offer to sell, or the solicitation of an offer to acquire or subscribe for, New Shares in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the Sponsor or the Investment Manager or to any person to whom it is unlawful to make such offer or solicitation. The offer and sale of New Shares is not being made, directly or indirectly, in or into, or by the use of the mails, 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 United States, Canada, Australia, Japan, the Republic of South Africa or any other Restricted Jurisdiction. Accordingly, copies of this document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from, or to any resident of, the United States, Canada, Australia, Japan, the Republic of South Africa or any other Restricted Jurisdiction and persons receiving this document (including custodians, nominees and trustees) must not mail or otherwise distribute or send it in, into or from such jurisdictions. The New Shares have not been, and will not be, registered under the US Securities Act or under any of the relevant securities laws of, or with any securities regulatory authority of, any state of the United States or of Canada, Australia, Japan or the Republic of South Africa. Accordingly, unless an exemption under such act or laws is applicable, the New Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia, Japan or the Republic of South Africa or to, or for the account or benefit of, any resident of the United States, Canada, Australia, Japan or the Republic of South Africa. The Company has not been and will not be registered under the US Investment Company Act and recipients of this document and investors will not be entitled to the benefits of that Act.

The Joint Placing Agents and the Sponsor, each of which is authorised and regulated in the United Kingdom by the FCA, are acting exclusively for the Company and are not advising any other person or treating any other person as their client in relation to the Issues or the matters referred to in this document and will not be responsible to anyone other than the Company for providing the protections afforded to the respective clients of the Joint Placing Agents of the Sponsor nor for providing advice in relation to the Issues or the matters referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Joint Placing Agents and Sponsor under FSMA or the regulatory regime established thereunder, neither the Joint Placing Agents nor the Sponsor makes any representation, express or implied, or accepts any responsibility whatsoever for the contents of this document or for any statement made or purported to be made by them or on their behalf in connection with the Company, the Investment Manager, the Ordinary Shares or the Issues. Accordingly, the Joint Placing Agents and the Sponsor, to the fullest extent permitted by law, disclaim all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this document or any such statement.

In connection with the Initial Placing and the Share Issuance Programme, the Joint Placing Agents and any of their affiliates acting as investors for themselves or their own account(s), may subscribe for or purchase New Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for their own account(s) in such securities of the Company or other related investments in connection with the Issues or otherwise. Accordingly, references in this document to the New Shares being issued, offered, subscribed or otherwise dealt with should be read as including any issue or offer to, acquisition of, or subscription or dealing by, the Joint Placing Agents and any of their affiliates acting as investors for themselves or their own account(s). Neither the Joint Placing Agents nor any of their affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Persons wishing to participate in the Offer for Subscription should complete the Application Form set out at the end of this document. To be valid, Application Forms must be completed and returned, with a cheque(s) in respect of the relevant subscription price, by post to Link Asset Services at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by hand (during business hours only) to Link Asset Service at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by no later than 11.00 a.m. on 18 October 2018. Retail investors in the UK may apply for New Shares under the Intermediaries Offer by following the application procedures of their Intermediary. Applications by Intermediaries under the Intermediaries Offer must be received by Kepler Partners, 9/10 Saville Row, London W1S 3PF by no later than 10.00 a.m. on 17 October 2018. Initial Placing commitments under the Initial Placing must be received by the Joint Placing Agents by no later than 5.00 p.m. on 18 October 2018.

Prospective investors should carefully consider all of the information in this document, in particular the sections headed 'Risk Factors' (on pages 13 to 21) and 'Forward looking statements' (on page 24), before making any application for New Shares.

6 September 2018

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SUMMARY

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

Section A – Introduction and warnings	
<i>Element</i>	<i>Disclosure</i>
A.1	<p>Warning</p> <p>This summary should be read as an introduction to this document. Any decision to invest in New Shares should be based on consideration of this document as a whole by the investor. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the EEA State, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	<p>Financial intermediaries</p> <p>The Company consents to the use of this document by the Intermediaries in connection with the subsequent resale or final placement of securities by the Intermediaries in the United Kingdom. The offer period within which any subsequent resale or final placement of securities by the Intermediaries can be made and for which consent to use this document is given commences on 6 September 2018 and closes at 10.00 a.m. on 17 October 2018, unless it is closed prior to that time and/or date (any such earlier closure will be announced through a Regulatory Information Service).</p> <p>Any Intermediary that uses this document must state on its website that it is using this document with the Company's consent. Each Intermediary is required to provide the terms and conditions of the Intermediaries Offer to any prospective investor who has expressed an interest in participating in the Intermediaries Offer to such Intermediary. Information on the terms and conditions of any subsequent resale or final placement of securities by an Intermediary is to be provided at the time the Intermediaries Offer is introduced to an investor by the relevant Intermediary. Any application made by an investor to an Intermediary to acquire securities will be subject to the terms and conditions of subsequent resale or final placement of the relevant Intermediary.</p>

Section B – Issuer	
<i>Element</i>	<i>Disclosure</i>
B.1	<p>Legal and commercial name</p> <p>AVI Japan Opportunity Trust plc</p>
B.2	<p>Domicile and legal form</p> <p>The Company was incorporated and registered in England and Wales on 27 July 2018 as a public company limited by shares under the Companies Act with registered number 11487703. The principal legislation under which the Company operates is the Companies Act.</p>
B.5	<p>Group description</p> <p>Not applicable. The Company is not part of a group.</p>
B.6	<p>Major shareholders</p> <p>As at 5 September 2018 (being the latest practicable date prior to the publication of this document), the Company is not aware of any person who, following Admission, directly or indirectly will be interested in three per cent. or more of the Company's issued share capital.</p>

	The Directors are not aware of any person or persons who could, directly or indirectly, jointly or severally, own or exercise control over the Company or any arrangement, the operation of which may result in a change of control of the Company. There are no different voting rights for any Shareholder.
B.7	Historical key financial information Not applicable. The Company has not commenced operations since its incorporation on 27 July 2018 and no financial statements of the Company have been made as at the date of this document.
B.8	Key pro forma financial information Not applicable. No pro forma financial information is included in this document.
B.9	Profit forecast Not applicable. No profit forecast or estimate has been made or is made in this document.
B.10	Description of the nature of any qualifications in the audit report on the historical financial information Not applicable. The Company has not commenced operations since its incorporation on 27 July 2018 and no financial statements of the Company have been made as at the date of this document.
B.11	Insufficiency of working capital Not applicable. The Company is of the opinion that, on the basis that the Minimum Net Proceeds are raised, the working capital available to it is sufficient for its present requirements, that is for at least the next 12 months from the date of this document.
B.34	Investment objective and policy <i>Investment objective</i> The investment objective of the Company is to provide Shareholders with capital growth in excess of the MSCI Japan Small Cap Index, through the active management of a focussed portfolio of equity investments listed or quoted in Japan which have been identified by the Investment Manager as undervalued and having a significant proportion of their market capitalisation held in cash, listed securities and/or realisable assets. <i>Investment policy</i> The Company will invest in a diversified portfolio of equities listed or quoted in Japan which are considered by the Investment Manager to be undervalued and where cash, listed securities and/or realisable assets make up a significant proportion of the market capitalisation. The Investment Manager will seek to unlock this value through proactive engagement with management and taking advantage of the increased focus on corporate governance and returns to shareholders in Japan. The Board will not set any limits on sector weightings or stock selection within the portfolio. It is not expected that a single holding (including any derivative instrument) will represent more than 10 per cent. of the Company's gross assets, at the time of investment. However, the Company will have discretion to invest up to 15 per cent. of its gross assets, at the time of investment, in a single holding, if a suitable opportunity arises. There will be no restrictions placed on the market capitalisation of investee companies, but it is expected that the portfolio will be weighted towards small and mid-cap companies. Once fully invested, the portfolio is expected to have between 20 and 30 holdings although there is no guarantee that this will be the case and it may contain a lesser or greater number of holdings at any time. The Company may invest in exchange traded funds, listed anywhere in the world, in order to gain exposure to equities listed or quoted in Japan. On acquisition, no more than 15 per cent. of the Company's gross assets will be invested in other UK listed investment companies. The Company may also use derivatives for gearing and efficient portfolio management purposes. The Company will not be constrained by any index benchmark in its asset allocation. <i>Borrowing policy</i> The Company may use borrowings for settlement of transactions, to meet on-going expenses and may be geared through borrowings and/or by entering into long-only contracts for difference or equity swaps that have the effect of gearing the Company's portfolio to seek to enhance performance. The aggregate of borrowings and long-only contracts for difference and equity swap exposure will not exceed 25 per cent. of Net Asset Value at the time of drawdown of the relevant borrowings or entering into the relevant transaction, as appropriate. It is expected that any borrowings entered into will principally be denominated in Yen.

	<p><i>Hedging policy</i></p> <p>The Company does not currently intend to enter into any arrangements to hedge its underlying currency exposure to investments denominated in Yen, although the Investment Manager and the Board may review this from time to time.</p> <p><i>Material changes to the investment policy</i></p> <p>No material change will be made to the Company's investment policy without Shareholder approval. In the event of a breach of the Company's investment policy, the Directors will announce through a Regulatory Information Service the actions which have been taken to rectify the breach.</p>
B.35	<p>Borrowing limits</p> <p>The Company may use borrowings for settlement of transactions, to meet on-going expenses and may be geared through borrowings and/or by entering into long-only contracts for difference or equity swaps that have the effect of gearing the Company's portfolio to seek to enhance performance.</p> <p>The aggregate of borrowings and long-only contracts for difference and equity swap exposure will not exceed 25 per cent. of Net Asset Value at the time of drawdown of the relevant borrowings or entering into the relevant transaction, as appropriate. It is expected that any borrowings entered into will principally be denominated in Yen.</p>
B.36	<p>Regulatory status</p> <p>As an investment trust, the Company is not regulated as a collective investment scheme by the FCA. However, the Company is subject to, <i>inter alia</i>, the Companies Act, the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation, the Prospectus Rules and the admission and disclosure standards of the London Stock Exchange.</p>
B.37	<p>Typical investor</p> <p>The Directors believe that the typical investors for whom an investment in the Company is appropriate are institutional investors, professionally advised private investors and non-advised private investors seeking exposure to the equities of companies listed or quoted in Japan with a focus on capital growth. Investors should understand the risks and merits of such an investment and have sufficient resources to bear any loss (which may equal the whole amount invested) that may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before making an investment. Any investor in the Company should understand and accept the risks inherent in the Company's investment policy.</p>
B.38	<p>Investment of 20 per cent. or more of gross assets in a single underlying asset or investment company</p> <p>Not applicable.</p>
B.39	<p>Investment of 40 per cent. or more of gross assets in another collective investment undertaking</p> <p>Not applicable.</p>
B.40	<p>Applicant's service providers</p> <p><i>Investment manager</i></p> <p>The Company has appointed Asset Value Investors Limited as its alternative investment fund manager in accordance with the AIFM Directive.</p> <p>Pursuant to the terms of the Investment Management Agreement and for the purposes of the AIFM Directive, the Investment Manager will, <i>inter alia</i>, manage the investments and other assets of the Company with the sole responsibility for the portfolio management and risk management of the assets of the Company in each case in accordance with the Company's investment policy. In particular, the Investment Manager will implement adequate risk management systems in order to identify, measure, manage and monitor appropriately all risks relevant to the Company's investment policy. It will also undertake a valuation at least once a year of the assets within the Portfolio in accordance with the AIFM Directive.</p> <p>Under the terms of the Investment Management Agreement the Investment Manager is entitled to a fee of 1 per cent. per annum of the lesser of the Company's Net Asset Value or Market Capitalisation. The management fee shall be calculated quarterly, based on the Net Asset Value of the Company on the last Business Day of the relevant quarter. The management fee will be paid monthly in arrears. Each month the Investment Manager will invest 25 per cent. of the management fee it receives in Ordinary Shares. This will be achieved through the purchase of Shares in the secondary market or, if this is not possible, the issue of Ordinary Shares by the Company, following</p>

	<p>consultation with the Board. The Investment Manager will be required to hold the Ordinary Shares for a period of two years from the date on which the relevant management fee is calculated.</p> <p>The Investment Management Agreement is subject to an initial period of four years and thereafter will continue until terminated at any time by either party giving to the other not less than 12 months' written notice. If the Company gives less than the prescribed period of notice, the Investment Manager is entitled to receive management fees, reduced <i>pro rata</i> according to the amount of notice given. Either party may also terminate the Investment Management Agreement by notice in writing if either party (or any of its directors, officers, employees or agents) is guilty of any serious misconduct, negligence, wilful default or fraud, if either party commits a material breach or on the occurrence of certain insolvency events. The Company may also terminate the Investment Management Agreement if the Investment Manager ceases to be authorised under FSMA or ceases to maintain its permission with the FCA or if the Company ceases to satisfy the conditions for approval as an investment trust.</p> <p>Company Secretary</p> <p>Link Company Matters Limited has been appointed as the company secretary pursuant to the Company Secretarial Agreement. In such capacity, the Company Secretary is responsible for general secretarial functions and for assisting the Company with compliance with its continuing obligations as a company listed on the premium segment of the Official List.</p> <p>The Company Secretary will be paid an annual fee of £60,000 in relation to the services they provide under the Company Secretarial Agreement. The Company Secretarial Agreement can be terminated by either the Company Secretary or the Company on six months' written notice, subject to an initial term of one year.</p> <p>Administrator</p> <p>Link Alternative Fund Administrators Limited has been appointed to provide general administrative functions to the Company. The Administrator will receive an annual fee of £90,000. The Administration Agreement can be terminated by either the Administrator or the Company on six months' written notice, subject to an initial term of one year.</p> <p>Custodian and Depositary</p> <p>J.P. Morgan Europe Limited has been appointed as the Company's depositary. The Depositary Agreement which has been entered into between the Company and the Depositary provides <i>inter alia</i> that the Depositary will carry out the core duties under Article 21 of the AIFM Directive which include cash management, safekeeping of assets and general oversight of the Portfolio. The Depositary will receive a safekeeping fee and transaction fees which will vary according to the jurisdiction in which the assets are held and the market on which the securities are listed. The Company can terminate the Depositary Agreement by giving 90 days' prior written notice to the Depositary.</p> <p>The Depositary has delegated the safekeeping functions to the Custodian, JPMorgan Chase Bank National Association, London Branch. Pursuant to the terms of the Custody Agreement, the Custodian will hold, or arrange for sub-custodians to hold, all of the cash, securities and other assets of the Company and it will arrange and settle (directly or acting through sub-custodians) all transactions relating to those assets as agent for the Company. The Custody Agreement does not provide for any fees to be paid by the Company to the Custodian although the Company will reimburse the Custodian's expenses. The Custody Agreement will continue for so long as the Depositary Agreement is in effect and it will terminate automatically on the termination of the Depositary Agreement.</p> <p>Auditors</p> <p>BDO UK LLP will provide audit services to the Company. The fees charged by the Auditors are computed, <i>inter alia</i>, on the time spent by the Auditors on the affairs of the Company.</p> <p>Registrar</p> <p>Link Asset Services has been appointed as registrar to the Company. Under the terms of the Registrar Agreement, the Registrar is entitled to customary fees.</p>
B.41	<p>Regulatory status of service providers</p> <p>The Investment Manager is authorised and regulated by the FCA with permission to carry on the activity of managing alternative investment funds in the UK. As such, the Investment Manager is subject to the AIFM Directive and the relevant implementation rules in the UK.</p> <p>In respect of its services as Depositary in the UK, the Depositary is authorised and regulated by the FCA. The Custodian is authorised by the PRA, and is subject to regulation by the FCA and to limited regulation by the PRA.</p>

B.42	<p>Calculation and publication of Net Asset Value</p> <p>The Net Asset Value is the value of all assets of the Company less liabilities to creditors (including provisions for such liabilities) determined in accordance with applicable accounting standards and the Company's valuation principles and procedures.</p> <p>The unaudited NAV per Share will be calculated in Sterling by the Administrator and approved by the Investment Manager on a daily basis, as described below. Such calculations will be notified daily, on a cum income basis with debt at par value and with debt at fair value through a Regulatory Information Service.</p> <p>Quoted investments will be valued by reference to their bid prices on the relevant exchange. Third party fund valuations will be received from the fund managers and reviewed by the Directors. Unquoted or illiquid investments are valued by the Directors based on recommendations from the Investment Manager's pricing committee.</p> <p>The Board will review detailed portfolio valuations on a regular basis throughout the year and will receive confirmation from the Investment Manager that the pricing basis is appropriate, in line with relevant accounting standards as adopted by the Company, and that the carrying values are materially correct.</p> <p>The Company may enter into derivative contracts to serve as components of the Company's investment strategy and these will be used primarily to structure and hedge investments, to enhance performance and reduce risk to the Company (the Company does not designate any derivative as a hedging instrument for hedge accounting purposes).</p> <p>The Company recognises financial assets and financial liabilities when it becomes party to the contractual provisions of the instrument. Derivatives are recognised at fair value through profit or loss valued by reference to the underlying market value of the corresponding security, traded prices and/or third party information.</p> <p>The Directors may temporarily suspend the calculation of NAV per Share if the Company is unable to procure accurate and up to date prices or valuations for a substantial proportion of the assets in the Portfolio. Any suspension in the calculation of the NAV per Share will be notified through a Regulatory Information Service as soon as practicable after any such suspension occurs.</p>
B.43	<p>Cross liability</p> <p>Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.</p>
B.44	<p>No financial statements have been made up</p> <p>Not applicable. The Company has not commenced operations since its incorporation on 27 July 2018 and has not published any financial information.</p>
B.45	<p>Portfolio</p> <p>Not applicable. As at 5 September 2018, being the latest practicable date prior to the publication of this document, the Company has not commenced operations and does not have any assets.</p>
B.46	<p>Net Asset Value</p> <p>Not applicable. As at 5 September 2018, being the latest practicable date prior to the publication of this document, the Company has not commenced operations and does not have a Net Asset Value.</p>

Section C – Securities	
<i>Element</i>	<i>Disclosure</i>
C.1	<p>Type and class of securities</p> <p>Ordinary Shares with a nominal value of one penny each.</p> <p>The ISIN of the Ordinary Shares is GB00BD6H5D36 and the SEDOL is BD6H5D3. The ticker code for the Ordinary Shares is AJOT.</p>
C.2	<p>Currency denomination</p> <p>The Ordinary Shares will be denominated in Sterling.</p>
C.3	<p>Number of securities in issue</p> <p>As at 5 September 2018, being the latest practicable date prior to the publication of this document the issued share capital of the Company comprised one fully paid Ordinary Share and 50,000 fully paid Redeemable Preference Shares.</p>

C.4	Rights attaching to the Ordinary Shares Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares, Shareholders shall have the right to receive notice of, attend and vote at general meetings of the Company. Subject to the provisions of the Companies Act, the Company may from time to time declare dividends and make other distributions on the Ordinary Shares. Shareholders are entitled to participate in the net assets of the Company attributable to their Ordinary Shares on a winding up of the Company or other return of capital.
C.5	Restrictions on the free transferability of the Ordinary Shares Not applicable. There are no restrictions on the free transferability of the Ordinary Shares.
C.6	Admission Application will be made to the UK Listing Authority and the London Stock Exchange for the Ordinary Shares to be admitted to the premium listing segment of the Official List and to trading on the Main Market, respectively. It is expected that Initial Admission will become effective in relation to the Ordinary Shares issued under the Initial Issue, and dealings for normal settlement in such Shares will commence, on 23 October 2018. It is expected that further Admissions will become effective in relation to any New Shares issued under the Share Issuance Programme, and dealings for normal settlement in such New Shares will commence, as soon as practicable following the allotment of such New Shares but not later than 5 September 2019.
C.7	Dividend policy The Company will not have any formal policy to achieve any specified level of dividend. However, the Board will distribute substantially all of the net revenue arising from the Portfolio. Accordingly, the Company is expected to pay an annual dividend but this may vary each year.

Section D – Risks	
<i>Element</i>	<i>Disclosure</i>
D.1	Key information on the key risks that are specific to the Company or its industry The key risks relating to the Company and its industry which are known to the Directors are as follows. <ul style="list-style-type: none"> ● Changes in economic conditions, general market conditions and other factors can substantially and adversely affect the value of investments and therefore the Company's performance and prospects. ● The Company has no employees and is reliant on the performance of third party service providers. Failure by any service provider to carry out its obligations to the Company could have a materially detrimental effect on the Company. ● The departure of the Investment Manager's key investment professionals could prevent the Company from achieving its investment objective, which may affect the returns to Shareholders. ● The past performance of the Investment Manager is not indicative of future performance. ● There can be no guarantee that the Company's investment objective will be achieved and that any dividends or distributions will be paid by the Company in respect of any financial period. ● Before making investments on behalf of the Company, the Investment Manager conducts such investment analysis as it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. The investment process that the Investment Manager undertakes in connection with the Company's investments may not reveal all facts that may be relevant in connection with an investment. Any failure by the Investment Manager to identify relevant facts through its investment process may lead to inappropriate investment decisions, which could have a material adverse effect on the Company's profitability, net assets and share price. ● The Company may borrow money for investment purposes which exposes the Company to risks associated with borrowings. ● The Company will invest in equities listed or quoted in Japan. Investing in a single country is generally considered a higher risk investment strategy than investing more widely, as it exposes the investor to the fluctuations of a single geographical market and currency, in this case the Japanese market and the Yen.

	<ul style="list-style-type: none"> ● The Company is not subject to restrictions on the amount that it may invest in any particular sector. Although the Portfolio is expected to be diversified in terms of sector exposures, the Company may have significant exposure to portfolio companies from certain sectors from time to time. The entire Portfolio may, at certain times, be invested solely in one sector. ● The fair value of equity and other securities which will be held in the Company's portfolio may fluctuate with market prices. ● Changes in laws or regulations governing the Company's operations may adversely affect the Company's business, including through the increased expense that may be incurred in complying with such laws and regulations. ● The Company will seek to conduct its business so as to qualify as an investment trust under sections 1158 and 1159 of the CTA 2010 and Part 2, Chapter 1 of the Investment Trust (Approved Company) (Tax) Regulations 2011 with effect from the commencement of its first accounting period. In respect of each accounting period for which the Company continues to qualify as an investment trust, the Company will be exempt from United Kingdom taxation on its capital gains. Any failure by the Company to satisfy the conditions to retain approval as an investment trust could lead to the Company being subject to taxation on its capital gains which would affect returns to Shareholders.
D.3	<p>Key information on the key risks that are specific to the Ordinary Shares</p> <p>The key risks relating to the Ordinary Shares which are known to the Directors are as follows.</p> <ul style="list-style-type: none"> ● The market value of, and any income derived from, the Ordinary Shares can fluctuate and may go down as well as up. The market value of the Ordinary Shares may not always reflect the NAV per Share and investors may not be able to realise the amount originally invested for their Ordinary Shares. ● Although the Ordinary Shares will be admitted to the premium listing segment of the Official List and to trading on the Main Market, there may not be a liquid market in the Ordinary Shares and Shareholders may not be able to realise their investment at a time of their choosing or at all. ● The Company may only make distributions on the Ordinary Shares to the extent that it has profits available for that purpose (in particular revenue reserves, which will largely depend on the amount of income which the Company receives on its investments and the timing of such receipt).

Section E – Offer	
<i>Element</i>	<i>Disclosure</i>
E.1	<p>Net proceeds and expenses of the Issues</p> <p>Initial Issue</p> <p>The costs and the net proceeds of the Initial Issue are dependent on the level of subscriptions received under the Initial Issue. The costs of the Initial Issue will be capped at two per cent. of the Gross Proceeds of the Initial Issue. In the event that the costs and expenses of the Initial Issue exceed such amount, the fee payable to the Joint Placing Agents shall be reduced by an amount sufficient to cover such additional costs and expenses over and above the cap. Therefore, if gross proceeds of £100 million are raised under the Initial Issue, the net proceeds available for investment by the Company will be not less than £98 million.</p> <p>Share Issuance Programme</p> <p>The costs and expenses that the Company will incur in respect of any issue of New Shares under the Share Issuance Programme will depend, amongst other things, on the number of New Shares issued and the Share Issuance Programme Price in respect of that issue.</p> <p>The net proceeds of the Issues will be invested in accordance with the Company's investment policy. No direct costs of the Issues will be charged to investors.</p>
E.2a	<p>Reasons for the offer and use of proceeds</p> <p>The Company will invest the net proceeds of the Issues in a focussed portfolio of equities listed or quoted in Japan, in accordance with its investment policy, to seek to achieve its objective of providing Shareholders with capital growth.</p>

<p>E.3</p>	<p>Terms and conditions of the offer</p> <p>Initial Issue</p> <p>Up to 200 million New Shares are being made available under the Initial Issue at the Initial Issue Price. The Initial Issue comprises the Initial Placing, the Offer for Subscription and the Intermediaries Offer. If the Minimum Gross Proceeds are not raised the Initial Issue will not proceed and all monies will be returned to applicants without interest within 14 days at the Applicants' risk. The requirement to raise the Minimum Gross Proceeds may only be waived following the publication of a supplementary prospectus.</p> <p>The Joint Placing Agents have agreed to use their reasonable endeavours to procure Placees under the Initial Placing. The Initial Placing will close at 5.00 p.m. on 18 October 2018 (or such later time and/or date, being not later than 5.00 p.m. on 31 December 2018, as the Company and the Joint Placing Agents may agree).</p> <p>The Offer for Subscription is being made in the United Kingdom only. Completed Application Forms and the accompanying remittance in relation to the Offer for Subscription must be received by the Receiving Agent by no later than 11.00 a.m. on 18 October 2018.</p> <p>Under the Intermediaries Offer, New Shares are being offered to the Intermediaries who will facilitate the participation of their retail investor clients located in the United Kingdom. Completed applications from Intermediaries under the Intermediaries Offer must be received by the Receiving Agent by no later than 10.00 a.m. on 17 October 2018.</p> <p>The Initial Issue, which is not underwritten, is conditional upon, <i>inter alia</i>, the following matters:</p> <ul style="list-style-type: none"> (a) Initial Admission occurring at or before 8.00 a.m. on 23 October 2018 (or such later time and/or date as the Company, the Joint Placing Agents and the Sponsor may agree, being not later than 8.00 a.m. on 31 December 2018); (b) the Placing Agreement having become unconditional in all respects (save for the conditions relating to Initial Admission) and not having been terminated in accordance with its terms before Initial Admission; and (c) the Minimum Gross Proceeds of £50 million being raised. <p>Share Issuance Programme</p> <p>Following the Initial Issue, the Directors intend to implement the Share Issuance Programme. The Share Issuance Programme will consist of Subsequent Placing(s) of up to 200 million New Shares less any New Shares issued pursuant to the Initial Issue. The Share Issuance Programme will enable the Directors to raise additional capital if demand arises for Ordinary Shares and it is expected that the Share Issuance Programme will enable the Directors to control any premium at which the Ordinary Shares trade relative to the NAV per Share.</p> <p>Any New Shares which are made available under the Share Issuance Programme will be issued at the Share Issuance Programme Price. The Share Issuance Programme Price will be announced through a Regulatory Information Service as soon as practicable following the relevant allotment of New Shares. New Shares may be issued under the Share Issuance Programme during the period commencing at 8.00 a.m. on 24 October 2018 and ending at 5.00 p.m. on 5 September 2019.</p> <p>Any issue of New Shares under the Share Issuance Programme will be conditional upon, <i>inter alia</i>, the following matters:</p> <ul style="list-style-type: none"> (a) the Company having sufficient Shareholder authorities in place to issue such New Shares; (b) a supplementary prospectus being published by the Company at the time of the relevant issue if required under the Prospectus Rules; (c) the relevant Share Issuance Programme Price being determined by the Board, in consultation with the Placing Agent; and (d) the relevant Admission occurring in respect of the relevant New Shares.
<p>E.4</p>	<p>Material interests</p> <p>Not applicable. There are no interests that are material to the Issues and no conflicting interests.</p>
<p>E.5</p>	<p>Name of person selling securities and lock up agreements</p> <p>Not applicable. No person or entity is offering to sell New Shares as part of the Issues.</p>
<p>E.6</p>	<p>Dilution</p> <p>No dilution will result from the Initial Issue. One Ordinary Share is held by the Investment Manager for the purposes of incorporating the Company.</p>

	<p>Shareholders are not obliged, and may not receive the opportunity, to participate in the Share Issuance Programme. If the Company issues any New Shares under the Share Issuance Programme and a Shareholder does not acquire any of those New Shares, then the Shareholder will suffer dilution to the percentage of the issued share capital of the Company that their existing holding represents, based on the number of New Shares issued at the relevant time.</p> <p>Assuming 100 million New Shares are issued under the Share Issuance Programme, Shareholders who do not acquire any of those New Shares will suffer a dilution of 50 per cent. to their existing percentage holdings in the Company (assuming 100 million New Shares are issued under the Initial Issue).</p>
E.7	<p>Estimated expenses charged to investors</p> <p>Not applicable. The costs and expenses of the Issues will be borne by the Company and the Company will not charge investors any separate costs or expenses in connection with the Issues. The costs of the Initial Issue will be capped at two per cent. of the Gross Proceeds of the Initial Issue. In the event that the costs and expenses of the Initial Issue exceed such amount, the fee payable to the Joint Placing Agents shall be reduced by an amount sufficient to cover such additional costs over and above the cap.</p>

RISK FACTORS

An investment in the Company should not be regarded as short-term in nature and involves risks that could lead to the loss of all or part of that investment. An investment in the Company is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to bear any loss which might result from such an investment. Prospective investors should consider carefully all of the information set out in this document, including the risks described below, as well as their own personal circumstances, before deciding to invest in the Company.

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

If a prospective investor is in any doubt as to the consequences of their acquiring, holding or disposing of Ordinary Shares, or whether an investment in the Company is suitable for them, they should consult their independent financial adviser authorised under FSMA or, in the case of a prospective investor who is located outside the United Kingdom, another appropriately authorised independent financial adviser, before making an application to participate in the Issues.

Risks relating to the Company and its investment objective and policy

The Company is a newly formed company

The Company is a newly formed company with no operating history, and it will not commence operations until obtaining funding through the Initial Issue. As the Company lacks an operating history, investors have no basis on which to evaluate the Company's ability to achieve its investment objective and provide a satisfactory investment return.

The Company may not meet its investment objective

There can be no guarantee that the Company will achieve its investment objective. Meeting that objective is a target but the existence of such objective should not be considered as an assurance or guarantee that it can or will be achieved.

The Company has no employees and is reliant on the performance of third party service providers and other third parties

The Company has no employees and all of the Directors have been appointed on a non-executive basis. The Company must therefore rely upon third party service providers to perform certain functions. In particular, the Investment Manager, the Depositary, the Custodian, the Registrar and their respective delegates, if any, will perform services that are integral to the Company's operations and financial performance. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment, to exercise due care and skill, or to perform its obligations to the Company at all as a result of insolvency, bankruptcy or other causes, could have a material adverse effect on the Company's operations and performance and on returns to Shareholders. The termination of the Company's relationship with any third party service provider, or any delay in appointing a replacement for such service provider, could materially disrupt the business of the Company and could have a material adverse effect on the Company's performance and returns to Shareholders.

Furthermore, the Investment Manager, the Depositary and the Custodian also rely on other third parties such as sub-custodians and global and/or local brokers and their respective delegates. Failure by any such third party to carry out its obligations in connection with the operation of the Company, to exercise due care and skill, or to perform its obligations in connection with the operation of the Company at all as a result of insolvency, bankruptcy or other causes, could have a material adverse effect on the Company's performance and returns to Shareholders. The lack of any direct contractual relationship

between the Company and any such third party, the termination of the services of any such third party, or any delay in finding a replacement for any such third party, could materially disrupt the business of the Company and could have a material adverse effect on the Company's performance and returns to Shareholders.

Past performance cannot be relied upon as an indicator of future performance

The past performance of other funds or investments managed or advised by the Investment Manager is not a guide to, and cannot be relied upon as an indicator of, the future performance of the Company.

The success of the Company will depend, amongst other things, on the Investment Manager's ability to identify, acquire and realise investments in accordance with the Company's investment objective and policy. This, in turn, will depend on the ability of the Investment Manager to apply its investment processes in a way that is capable of identifying suitable investments for the Company to invest in. There can be no assurance that the Investment Manager will be able to do so or that the Company will be able to invest its assets on attractive terms or generate any investment returns for Shareholders or avoid investment losses.

The performance of the Company depends to a great extent on correct assessments of the future income derived from and price movements of securities and other investments selected by the Investment Manager. There can be no assurance that the Investment Manager will accurately predict these price movements.

Distributions

There can be no guarantee that any distributions will be paid by the Company in respect of any financial period and there can be no guarantee that an investment in the Company will deliver any returns to Shareholders. The Company's ability to make distributions is dependent on a number of factors, including the level of dividends and interest earned from its portfolio of investments and the net revenue profits available for that purpose.

Any change in the tax treatment of dividends received by the Company from investments or income received by the Company may reduce the distributions made to Shareholders. Any change to the basis upon which dividends can be paid by the Company under UK law or accounting rules and standards could have an adverse effect on the Company's ability to pay dividends or distributions.

The Company may experience fluctuations in its operating results and investor returns will be dependent upon the performance of the Portfolio

The Company may experience fluctuations in its operating results due to a number of factors, including changes in the values of investments made by the Company, changes in the amount of distributions, dividends or interest paid by issuers in the Portfolio, changes in the Company's operating expenses, currency and exchange rate fluctuations, variations in and the timing of the recognition of realised and unrealised gains or losses, the degree to which the Company encounters competition and general economic and market conditions. Such variability may lead to volatility in the market price of the Ordinary Shares and cause the Company's results for a particular period not to be indicative of its performance in a future period.

Changes in governmental, political, fiscal or monetary policies or business and economic conditions (for example, interest rates and rates of inflation, industry conditions, unemployment levels, consumer confidence, competition, political and diplomatic events, the outbreak of war, the levels and volatility of equity markets and other factors) could substantially and adversely affect the profitability, prospects and value of the investments in the Portfolio and the Company's performance and returns for Shareholders.

Investors contemplating an investment in the Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. No assurance is given, express or implied, that Shareholders will receive back the amount of their original investment in the Ordinary Shares.

Investment opportunities

The investment objective of the Company is to provide Shareholders with capital growth through investment in a focussed portfolio of equities listed or quoted in Japan with a substantial proportion of their market capitalisation held in cash and/or listed securities and/or realisable assets. Should such opportunities become less available then the Company's investment approach may not produce attractive returns thereafter. In such circumstances the Directors will consider the future of the Company and may recommend that the Company's investments are sold, it is wound up and cash returned to Shareholders.

Borrowings

The Company may use borrowings and other gearing to seek to enhance investment returns. Whilst the use of borrowings should enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is positive and exceeds the cost of the borrowings, it will have the opposite effect where the return on the Company's underlying assets is at a lower rate than the cost of the borrowings, reducing the total return on the Ordinary Shares. As a result, the use of borrowings by the Company may increase the volatility of the NAV per Share.

As a result of gearing, any reduction in the value of the Company's investments may lead to a correspondingly greater percentage reduction in its Net Asset Value (which is likely to adversely affect the price of an Ordinary Share). Any reduction in the number of Ordinary Shares in issue (for example, as a result of buy backs) will, in the absence of a corresponding reduction in gearing, result in an increase in the Company's level of gearing.

To the extent that a fall in the value of the Company's investments causes gearing to rise to a level that is not consistent with the Company's gearing policy or borrowing limits, the Company may have to sell investments in order to reduce borrowings, which may give rise to a significant loss of value compared to the book value of the investments, as well as a reduction in income from investments. No assurance can be given that any sales of the Company's investments would realise proceeds which would be sufficient to repay any borrowings.

There is no guarantee that any borrowings of the Company will be refinanced on their maturity, either on terms that are acceptable to the Company or at all.

The Company will pay interest on any borrowings and, as such, the Company will be exposed to interest rate risk due to fluctuations in the prevailing market rates. The Company may employ hedging techniques designed to reduce the risk of adverse movements in interest rates. However, such strategies may also result in losses and overall poorer performance than if the Company had not entered into such hedging transactions.

Duration

The Directors may, at their discretion, deliver a full or partial exit opportunity to Shareholders in the Company in October 2022 and every two years thereafter. Such an exit opportunity may result in the winding-up of the Company. In the event of the winding up of the Company, the amount of the payments available for distribution to Shareholders will depend on the value of the Portfolio at such time. The amount of the payments made to Shareholders may be lower than expected, particularly if market conditions are adverse at such time.

Risks relating to the Investment Manager

The departure of some or all of the Investment Manager's key investment professionals could prevent the Company from achieving its investment objective

The Company depends on the diligence, skill and judgment of the Investment Manager's investment professionals and the information and investment opportunities they identify during the normal course of their activities. The Company's success depends on the continued service of these individuals, who are not obligated to remain employed with the Investment Manager, and the Investment Manager's ability to recruit, retain and motivate new talented personnel. There can be no assurance that the existing investment professionals of the Investment Manager will be retained nor that the Investment

Manager will be successful in its efforts to recruit, retain and motivate suitable personnel as the market for qualified investment professionals is competitive.

There can be no assurance that the Directors will be able to find a replacement investment manager if the Investment Manager resigns, is removed or otherwise no longer serves as the Investment Manager

Under the terms of the Investment Management Agreement, either the Investment Manager or the Company may terminate the agreement by giving the other 12 months' written notice, such notice not to be given prior to the fourth anniversary of Initial Admission. The Company or the Investment Manager may also terminate the Investment Management Agreement immediately by giving written notice to the other in certain circumstances, for example, material breach of the agreement. If the Investment Management Agreement is terminated, the Directors would have to find a replacement alternative investment fund manager and investment manager for the Company and there can be no assurance that such a replacement with the necessary skills and experience could be appointed on terms acceptable to the Company. In this event, the Directors would have to formulate and put forward to Shareholders proposals for the future of the Company, which may include its merger with another investment company, reconstruction or winding-up.

The Investment Manager may allocate some of its resources to activities in which the Company is not engaged, which could have a negative impact on the Company's ability to achieve its investment objective

The Investment Manager is not required to commit all of its resources to the Company's affairs. Insofar as the Investment Manager devotes resources to its responsibilities to other business interests, its ability to devote resources and attention to the Company's affairs will be limited. This could adversely affect the Company's ability to achieve its investment objective, which could have a material adverse effect on the Company's profitability, Net Asset Value and the market price of the Ordinary Shares.

Reliance on the Investment Manager's investment processes

Before making investments on behalf of the Company, the Investment Manager conducts such investment analysis as it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. There can be no assurance that the Investment Manager's analysis with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating that investment opportunity. Any failure by the Investment Manager to identify relevant facts through its investment process may lead to inappropriate investment decisions, which could have a material adverse effect on the Company's profitability, Net Asset Value and the market price of the Ordinary Shares.

Risks relating to the Portfolio

General

There can be no guarantee that suitable investment opportunities will be available to the Company or that the Company's investments will generate gains or income, or that any gains or income that may be generated on particular investments will be sufficient to offset any losses that may be sustained.

Risk associated with investing in a single country

The Company will invest in equities listed or quoted in Japan. Investing in a single country is generally considered a higher risk investment strategy than investing more widely, as it exposes the investor to the fluctuations of a single geographical market and currency, in this case the Japanese market and the Yen. Any adverse effect on the Japanese market and/or the value of the Yen could have an adverse effect on the Portfolio, financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Ordinary Shares.

Risks associated with investments in Japan

The value of Japanese securities may be affected by factors not typically associated with investments in the UK. Liquidity and settlement risk of investment in Japanese securities and the accounting standards that apply to Japanese issuers may differ from those that would apply in the UK. Changes in economic

conditions (for example, inflation, rates of tax and regulatory protection) and the political environment in Japan could substantially and adversely affect the Company's prospects and returns.

The Company does not expect to control companies in its Portfolio and cannot therefore ensure that they do not make decisions that decrease the returns to the Company from that investment

The Company does not expect to take controlling stakes in the companies in its Portfolio. As a result, the Company is subject to the risk that companies in its Portfolio may make business decisions with which it disagrees and which may decrease the value of the Company's investment in that company or, in some circumstances, cause reputational damage to the Company. If this were to happen, it could have an adverse effect on the Portfolio, financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares.

The Company may make use of derivative instruments

The Company may use derivatives for investment purposes, to seek to enhance portfolio returns and for efficient portfolio management, to reduce, transfer or eliminate risk in its investments, including protection against currency risks, or to offset exposure to a specific market. Any use of derivatives for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the Company's investments. The use of derivatives gives rise to a number of specific potential risks. Derivative instruments can be highly volatile and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract or the underlying securities may result in a profit or loss which is high in proportion to the amount of funds actually placed as the initial margin and may result in further loss exceeding any margin deposited. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses.

Furthermore, the use of derivative instruments involves certain special risks for a company, including:

- (a) dependence on movements in the price of underlying securities and movements in interest rates;
- (b) when used for hedging purposes, an imperfect correlation between the returns on the derivative instruments used for hedging and the returns on the investments or market sectors being hedged; and
- (c) credit exposure to the counterparty with whom it trades.

Counterparty risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

Cash

A proportion of the Portfolio may be held in cash and cash equivalents from time to time. This proportion of the Company's assets will not be invested in the market and will not benefit from positive market movements. Any holdings in cash may therefore adversely affect the Company's ability to achieve its investment objective.

Sectoral diversification

The Company is not subject to restrictions on the amount it may invest in any particular sector. Although the Portfolio is expected to be diversified in terms of sector exposures, the Company may have significant exposure to portfolio companies from certain sectors from time to time. As there is no hard limit on the amount the Company may invest in any sector the entire Portfolio may, at certain times, be invested solely in one sector. Greater concentration of investments in any one sector may result in greater volatility in the value of the Company's investments and consequently its Net Asset Value and may materially and adversely affect the performance of the Company and returns to Shareholders.

The Portfolio may include unquoted investments

The Company will not make investments that, at the point of investment, are unlisted however the Company may become invested in unquoted investments (whether directly or indirectly through funds with underlying unquoted assets). These investments may not have readily ascertainable market prices and may have reported valuations that differ from their true and actual realisable value. Valuations can be subject to significant fluctuations. Some investee companies may not have ongoing valuations provided by third parties. The Investment Manager's investment recommendations are based on analysis and valuations which may be materially inaccurate. In addition, the Investment Manager may have to rely on old valuations in its investment process.

If values realised for underlying investments made by such investee companies are materially different from those values contained in reported valuations for such investee companies, there is a risk that investors may be carrying their investment in their books at an incorrect value and the price at which they buy and sell ordinary shares in such companies in the secondary market may not reflect the true value of such ordinary shares. As the Company is expected to be an investor in such investee companies this may impact the Net Asset Value of the Company.

The Company may invest in other investment funds

The Company may make investments in other quoted or unquoted vehicles for collective investment, including other funds managed by the Investment Manager and the Investment Manager's group. The Company is unlikely to be able to influence significantly, or at all, the management of those vehicles. The Company is, therefore, reliant upon the skills of the investment managers of the funds in which it invests and may not be in a position to remove any such manager or to exit its investment in the event of underperformance by those funds and/or managers.

Foreign exchange rate risk

The Company's functional and reporting currency is Sterling. However, the Company will invest in assets which will be denominated predominantly in Yen and the companies in which the Company invests are likely to conduct their operations in currencies other than Sterling. As a result, movements in exchange rates may affect the Sterling value of these assets and their returns, favourably or unfavourably. Foreign exchange rate risk may increase the volatility of the NAV per Share.

The Company may, in the future, choose to use hedging or otherwise seek to mitigate foreign exchange rate risk as part of the Company's efficient portfolio management. If the Company does choose to do this there can be no assurance that the Company will successfully hedge against such risks or that adequate hedging arrangements will be available on an economically viable basis. In addition, any hedging arrangements may result in additional costs being incurred by the Company or losses being greater than if hedging had not been used.

Net proceeds of the Issues

The number, quality and size of investment opportunities, and general market and economic conditions, may lead to delays in investing the net proceeds of the Issues. If equity prices rise or fall significantly before the net proceeds are fully invested this may have an impact on the Company's growth.

Risks relating to the Ordinary Shares***General***

The value of an investment in the Company, and the income derived from it, if any, may go down as well as up and an investor may not get back the amount invested in the Company. There can be no guarantee that any appreciation in the value of the Ordinary Shares will occur.

The Ordinary Shares are intended to be held over the long-term and may not be suitable as short-term investments.

The Ordinary Shares may trade at a discount or premium to their Net Asset Value

The market price of the Ordinary Shares may fluctuate significantly and independent of their underlying Net Asset Value and the Ordinary Shares may trade at a discount or premium to their underlying Net Asset Value, depending on factors such as supply and demand for the Ordinary Shares, dividend yields, prevailing interest rates, market conditions and general investor sentiment. Accordingly, the market price of an Ordinary Share may not fully reflect its underlying Net Asset Value.

The Board will monitor the level of the discount or premium at which the Ordinary Shares trade and under the Company's Discount Control Policy the Company will seek to maintain a mid market share price which is close to the NAV per Share through buy backs or issues of Ordinary Shares. However, the ability of the Company to control the level of discount or premium will depend on the Company being able to buy back or issue Ordinary Shares, which is dependent upon Shareholders in general meeting conferring authority on the Board to buy back or issue Ordinary Shares. The Board will seek the renewal of such Shareholder authorities annually and at other times should this prove necessary. However, there can be no guarantee that the requisite Shareholder authorities will be obtained. Where such authorities are obtained, the extent to which the Company can buy back and issue Ordinary Shares will be limited to certain percentages of the Company's issued share capital as at the date on which the authorities are granted.

The ability of the Company to buy back or issue Ordinary Shares will also be subject to the Companies Act and all other applicable legislation, rules and regulations of any government, regulatory body or market applicable to the Company, and the Company will only buy back or issue Ordinary Shares where the Directors believe that it will be in the best interests of Shareholders. Share buy backs will also be subject to the availability of sufficient distributable reserves and cash in the Company.

There can be no guarantee that the Company will buy back or issue Ordinary Shares nor that any buy backs or issues will ensure that the mid market share price will remain close to the NAV per Share.

It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares

The Company is a closed-ended company and, as such, Shareholders will have no right to have their Ordinary Shares redeemed or repurchased by the Company at any time. While the Directors will retain the right to effect buy backs of Ordinary Shares in the manner described in this document, they are under no obligation to use such powers or to do so at any time and Shareholders should not place any reliance on the willingness of the Directors so to act. Shareholders wishing to realise their investment in the Company may therefore be required to dispose of their Ordinary Shares on the market. Accordingly, the ability of Shareholders to realise any value in respect of their Ordinary Shares is dependent on, *inter alia*, the existence of a liquid market in the Ordinary Shares. Although it is anticipated that the New Shares will be admitted to the Official List and to trading on the Main Market, there may not be a liquid market for the Ordinary Shares and accordingly Shareholders may find it difficult or be unable to realise their investment at the NAV per Share or at all.

The price at which the Ordinary Shares will be traded and the price at which Shareholders may realise their investment will be influenced by a large number of factors, some specific to the Company and its investments and some which may affect companies generally. There can be no guarantee that the Ordinary Shares will trade at prices close to the price paid by a Shareholder to acquire their Ordinary Shares or close to the underlying NAV per Share.

Risks relating to regulation and taxation***Market regulation***

Changes in Japanese and other governments' policies towards regulation of the companies or securities in which the Company invests and their industries may affect the value of the Company's investments in those companies.

Changes in laws or regulations governing the Company's operations may adversely affect the Company's business

The Company is subject to laws and regulations enacted in the UK, the European Union and elsewhere. In particular, the Company is subject to and will be required to comply with certain regulatory requirements that are applicable to listed closed-ended investment companies. Any change in the laws and regulations affecting the Company, the Investment Manager or the Company's investments may have a material adverse effect on the ability of the Company to carry on its business and successfully pursue its investment objective and policy and on the value of the Company and the Ordinary Shares. In such event, the investment returns of the Company may be materially adversely affected.

The Company is subject to and will be required to comply with the Listing Rules and the admission and disclosure standards of the London Stock Exchange. A failure by the Company to comply with those rules and standards may result in the Ordinary Shares being suspended from listing.

Accounting

Any change in accounting standards or accounting practice in the UK may adversely affect the value of the Company's assets and liabilities in its books of account or restrict the ability of the Company to pay dividends or distributions and/or buy back Ordinary Shares.

Changes in taxation legislation or practice may adversely affect the Company and the tax treatment for Shareholders investing in the Company

Any changes in taxation legislation or practice, whether in the UK or elsewhere, could affect the value of investments held by the Company, the Company's ability to provide returns to Shareholders and/or could affect the tax treatment for Shareholders of their investment in and returns from the Company.

Information in this document concerning the taxation of the Company and Shareholders is based on law and practice as at the date of this document, each of which may be subject to change.

The US-UK Agreement to Improve International Tax Compliance and to Implement FATCA (the "**US-UK IGA**") was entered into with the intention of enabling the UK implementation of the Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act ("**FATCA**"), which impose a new reporting regime and potentially a 30 per cent. withholding tax on certain payments made from (or attributable to) US sources or in respect of US assets to certain categories of recipient including a non-US financial institution (a "**foreign financial institution**" or "**FFI**") that does not comply with the terms of FATCA and is not otherwise exempt. Certain financial institutions ("**reporting financial institutions**") are required to provide certain information about their US account holders to HMRC (which information will in turn be provided to the US tax authority) pursuant to UK regulations implementing the US-UK IGA. It is expected that the Company will constitute a reporting financial institution for these purposes. The Company will not, however, generally need to report any information in respect of US Shareholders on the basis that the Ordinary Shares are expected to be treated as being regularly traded on an established securities market and should not, therefore, constitute financial accounts for FATCA purposes for so long as the Ordinary Shares are listed on the London Stock Exchange. It is the intention of the Company and the Investment Manager to procure that the Company is treated as complying with the terms of FATCA by complying with the terms of the reporting system contemplated by the US-UK IGA. No assurance can, however, be provided that the Company will be able to comply with FATCA and, in the event that it is unable to do so, a 30 per cent. withholding tax may be imposed on payments that the Company receives from (or which are attributable to) US sources or in respect of US assets, which may reduce the amounts available to the Company to make payments to Shareholders.

Packaged Retail and Insurance-based Investment Products ("PRIIPs")

Investors should be aware that the PRIIPs Regulation requires the Investment Manager, as PRIIP manufacturer, to prepare a key information document ("**KID**") in respect of the Company. This KID must be made available by the Investment Manager to retail investors prior to them making any investment decision and will be available on the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks,

costs and potential returns are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

Investment trust status

The Directors will seek to conduct the affairs of the Company so as to satisfy the conditions for approval as an investment trust under sections 1158 and 1159 of the CTA 2010 and Part 2, Chapter 3 of the Investment Trust (Approved Company) (Tax) Regulations 2011, such that the Company will be exempt from UK taxation on chargeable gains with effect from the commencement of its first accounting period. Any change in the Company's tax status or in taxation legislation generally could result in the Company losing its exemption from tax on chargeable gains as an investment trust. It is not possible to guarantee that the Company will remain non-close, which is a requirement in order to maintain status as an investment trust, as the Ordinary Shares are freely transferable. Breach of the conditions that the Company must satisfy to retain approval as an investment trust (including the non-close condition) under sections 1158 of the CTA 2010 and Part 2, Chapter 3 of the Investment Trust (Approved Company) (Tax) Regulations 2011 could lead to the Company being subject to tax on chargeable gains which could have a material adverse effect on the financial condition of the Company and on returns to Shareholders.

The United Kingdom electorate's vote to leave the European Union could adversely affect the Company

The Company could face potential uncertainty as a result of the UK Government triggering Article 50 of the Treaty on the European Union on 29 March 2017. The exit, anticipation of the exit or the terms of the exit could create uncertainty in the UK (and potentially global) markets, which may have a material effect on the total shareholder returns, the Net Asset Value and the price of the Ordinary Shares favourably or unfavourably.

IMPORTANT INFORMATION

General

No person has been authorised to give any information or make any representations in connection with the Issues other than the information contained in, or incorporated by reference into, this document and, if given or made, such information or representations must not be relied on as having been authorised by or on behalf of the Company, the Investment Manager, the Joint Placing Agents or the Sponsor or any of their respective affiliates, officers, directors, members, employees or agents.

Without prejudice to the Company's obligations under applicable law and regulations, neither the delivery of this document nor any subscription for or purchase of New Shares made pursuant to the Issues shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this document or that the information contained in this document, including any forward looking statements, is correct as at any time subsequent to the date of this document.

Prospective investors should carefully consider all of the information contained in this document before making any application for New Shares and should rely only on that information when considering an investment in the Company. However, prospective investors should not treat the contents of this document or any subsequent communication from the Company, the Investment Manager, the Joint Placing Agents or the Sponsor or any of their respective affiliates, officers, directors, members, employees or agents as advice relating to legal, financial, taxation, accounting, regulatory, investment or any other related matters. Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or other disposal of New Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of New Shares which they might encounter; and
- the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of New Shares.

Prospective investors must rely on their own advisers as to legal, financial, taxation, accounting, regulatory, investment or any other related matters concerning the Company and an investment in the New Shares.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Sponsor or the Joint Placing Agents under FSMA or the regulatory regime established thereunder, the Joint Placing Agents and the Sponsor do not make any representation, express or implied, or accept any responsibility whatsoever for the contents of this document or for any statement made or purported to be made by it or on its behalf in connection with the Company, the Investment Manager, the Ordinary Shares or the Issues. Accordingly, the Sponsor and the Joint Placing Agents, to the fullest extent permitted by law, disclaim all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to above) which any of them might otherwise have in respect of this document or any such statement.

All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles which prospective investors should review. A summary of the Articles is contained in paragraph 3 of Part 7 of this document.

Intermediaries

Under the Intermediaries Offer, New Shares are being offered to the Intermediaries who will facilitate the participation of their retail investor clients located in the United Kingdom to invest in New Shares.

The Company consents to the use of this document by the Intermediaries and accepts responsibility for the information contained in this document in connection with any subsequent resale or final placement of securities by the Intermediaries in the United Kingdom in accordance with the Intermediaries Terms and Conditions, on the following terms: (i) in respect of Intermediaries who are

appointed by the Company on or prior to the date of this document, from the date of this document; and (ii) in respect of Intermediaries who are appointed by the Company after the date of this document, from the date on which they are appointed to participate in the Intermediaries Offer and agree to adhere to and be bound by the Intermediaries Terms and Conditions, in each case until the close of the Intermediaries Offer.

The offer period within which any subsequent resale or final placement of securities by the Intermediaries can be made and for which consent to use this document is given commences on 6 September 2018 and closes at 10.00 a.m. on 17 October 2018, unless it is closed prior to that time and/or date (any such earlier closure will be announced through a Regulatory Information Service).

Any Intermediary that uses this document must state on its website that it is using this document with the Company's consent. Intermediaries are required to provide the Intermediaries Terms and Conditions to any prospective investor who has expressed an interest in participating in the Intermediaries Offer to such Intermediary. **Information on the terms and conditions of any subsequent resale or final placement of securities by an Intermediary is to be provided at the time the Intermediaries Offer is introduced to an investor by the relevant Intermediary.**

Data protection

The information that an investor provides to the Company or its agents in relation to issue of Ordinary Shares or subsequently, by whatever means, which relates to the investor (if the investor is an individual) or a third party individual ("**personal data**") will be held and processed by the Company (and any third party, functionary or agent in the United Kingdom to whom the Company may delegate certain administrative or other functions in relation to the Company, including the Registrar) in compliance with the relevant data protection legislation and regulatory requirements of the United Kingdom. Each investor acknowledges and consents that such information will be held and processed by the Company (or any third party, functionary or agent appointed by the Company, including the Registrar) for the following purposes:

- verifying the identity of the investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- contacting the investor with information about other products and services provided by the Investment Manager or its affiliates, which may be of interest to the investor;
- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in the UK or elsewhere; and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Each investor acknowledges and consents that, where appropriate, it may be necessary for the Company (or any third party, functionary or agent appointed by the Company, including the Registrar) to:

- disclose personal data to third party service providers, affiliates, agents or functionaries appointed by the Company or its agents to provide services to the investor; and
- transfer personal data outside of the EEA States to countries or territories which may not offer the same level of protection of personal data as the United Kingdom.

If the Company (or any third party, functionary or agent appointed by the Company, including the Registrar) discloses personal data to such a third party, functionary or agent and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, functionary or agent to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

Investors and/or other applicants are responsible for informing and obtaining any required consent of any third party individual to whom the personal data relates to the disclosure and use of such data in accordance with these provisions.

Each prospective investor acknowledges that personal data provided to the Company by prospective investors will be held and processed in compliance with the Company's privacy policy. Please refer to the Company's website for a copy of the privacy policy. Investors will be notified when an updated privacy policy has been published on the Company's website via a Regulatory Information Service.

Presentation of information

Market, economic and industry data

Market, economic and industry data used throughout this document is sourced from various industry and other independent sources. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Currency presentation

All references in this document to "£", "Sterling" or "pence" and to "¥" or "Yen" are to the lawful currency of the United Kingdom and Japan respectively.

No incorporation of websites

The contents of any websites referred to in this document do not form part of this document. Investors should rely on the contents of this document alone.

Forward looking statements

This document includes forward looking statements concerning the Company that are based on the current expectations of the Board and are naturally subject to uncertainty and changes in circumstances. Forward looking statements include, without limitation, statements containing the words "believes", "intends", "expects", "anticipates", "targets", "estimates" or their negative or other similar expressions.

Such forward looking statements involve risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Company, or industry results, to be materially different from future results, financial condition, performance or achievements expressed or implied by such forward looking statements. Given these risks and uncertainties, prospective investors should not place undue reliance on such forward looking statements as a prediction of actual results.

Such forward looking statements speak only as at the date of this document. Subject to its legal and regulatory obligations, the Company expressly disclaims any obligation to update or revise any forward looking statement contained in this document to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Information in this document will be updated as required under the Prospectus Rules, the Listing Rules and/or the Disclosure Guidance and Transparency Rules.

Nothing in the preceding three paragraphs seeks to limit or qualify in any way the working capital statement in paragraph 12.3 of Part 7 of this document.

PRIIPs

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

Selling restrictions

The distribution of this document and the offering of New Shares in jurisdictions other than the United Kingdom may be restricted by law or regulation and accordingly persons into whose possession this document comes are required to inform themselves about and observe any such restrictions. No action has been taken to permit the distribution of this document and the offering of New Shares in any jurisdiction outside the United Kingdom where such action is required to be taken.

This document does not constitute, and may not be used for the purposes of, an offer to sell, or the solicitation of an offer to acquire or subscribe for, New Shares in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the Sponsor or the Investment Manager or to any person to whom it is unlawful to make such offer or solicitation. If you receive a copy of this document in any territory other than the United Kingdom, you may not treat it as constituting an invitation or offer to you. It is your responsibility, if you are outside the United Kingdom, to satisfy yourself that you have fully observed the laws of any relevant territory in connection with your receipt of this document and/or New Shares, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

Without limiting the above, the New Shares have not been, and will not be, registered under the US Securities Act or under any of the relevant securities laws of, or with any securities regulatory authority of, any state of the United States or of Canada, Australia, Japan or the Republic of South Africa. Accordingly, unless an exemption under such act or laws is applicable, the New Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia, Japan or the Republic of South Africa or to, or for the account or benefit of, any resident of the United States, Canada, Australia, Japan or the Republic of South Africa. The Company has not been and will not be registered under the US Investment Company Act and recipients of this document and investors will not be entitled to the benefits of that Act.

Notice to prospective investors in Luxembourg

In accordance with Article 32 of the AIFMD, Ordinary Shares of the Company that are being marketed in an EEA member state other than Luxembourg pursuant to the AIFMD passport may only be subscribed by professional investors within the meaning given to that term in the AIFMD. Placing of Ordinary Shares at the initiative or on behalf of the Company with an investor domiciled or with a registered office in an EEA member state who is not a professional investor is prohibited unless the option offered under Article 43 of the AIFMD has been implemented by the member state in which the marketing occurs allowing retail investors to subscribe under certain conditions.

Notice to prospective investors in Switzerland

The Company has not been licensed for distribution to non-qualified investors with the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**") as a foreign collective investment scheme pursuant to article 120 para. 1 of the Swiss Federal Act on Collective Investment Schemes of June 23, 2006, as amended ("**CISA**") and no representative or paying agent in Switzerland has been appointed pursuant to article 120 para. 4 CISA. Accordingly, the Ordinary Shares may only be offered, advertised or otherwise distributed, directly or indirectly, in or from Switzerland, and this document and any other marketing or offering documents relating to the Company may only be distributed in or from Switzerland, (A) to financial intermediaries that are subject to prudential supervision by the FINMA as defined in article 10 para. 3 lit. a CISA or insurance institutions that are subject to prudential supervision by the FINMA as defined in article 10 para. 3 lit. b CISA and/or (B) in any other manner that does not constitute a distribution (Vertrieb/distribution/distribuzione) within the meaning of article 3 CISA, its implementing ordinance and guidelines. Investors in the Ordinary Shares of the Company do not benefit from the specific investor protection provided by the CISA and the supervision by the FINMA in connection with the licensing for distribution or the appointment of a representative and a paying agent in Switzerland.

Notice to prospective investors in Ireland

The distribution of this document and the offering or purchase of New Shares is restricted to the individual to whom this document is addressed. Accordingly, it may not be reproduced in whole or in part, nor may its contents be distributed in writing or orally to any third party and it may be read solely by the person to whom it is addressed and his/her professional advisers. The AIFM has made the notification for the marketing of the New Shares to professional investors (as defined in the AIFM Directive) in Ireland and may be marketed to such professional investors. At the date of this document, the New Shares are not eligible to be marketed to, *inter alia*, retail investors in Ireland. Accordingly, the New Shares may not be offered, sold or delivered and neither this document nor any other offering materials relating to such Interests may be distributed or made available to retail investors in Ireland.

Notice to prospective investors in the Netherlands

The New Shares will not be offered, sold, transferred or delivered, directly or indirectly, in the Netherlands, except to professional investors (professionele beleggers) within the meaning of section 1:1 of the Dutch Act on financial supervision (Wet op het financieel toezicht). Accordingly, this document may only be distributed or made available to persons in the Netherlands that qualify as professional investors (professionele beleggers) within the meaning of section 1:1 of the Dutch Act on financial supervision. No approved prospectus is required pursuant to Directive 2003/71/EC, as amended.

Notice to prospective investors in Belgium

This Issue is to be exclusively conducted under applicable private placement exceptions and therefore has not been and will not be notified to, and any other offering material relating to the offering has not been, and will not be approved by, the Belgian Financial Services and Markets Authority pursuant to the Belgian laws and regulations applicable to the public offering of securities. Accordingly, this Prospectus and any other documents or materials related to the offer or sale, or invitation for subscription or purchase, of the Shares, may not be advertised, offered or distributed in any other way, directly or indirectly, (i) to any other person located and/or resident in Belgium other than a professional client within the meaning of Annex II to Directive 2004/39/EC or an eligible counterparty within the meaning of Article 24 of the same directive or (ii) to any person qualifying as a consumer for the purposes of Book VI of the Belgian Code of economic law, unless this is in compliance with the relevant provisions of such code and the implementing regulation.

Latest practicable date

In this document, where the context requires, references to 5 September 2018 should be treated as being references to the latest practicable date prior to the publication of this document.

Non-mainstream pooled investments and MiFID II

As an investment trust, the New Shares will be “excluded securities” under the FCA’s rules on non-mainstream pooled investments. Accordingly, the promotion of the New Shares is not subject to the FCA’s restriction on the promotion of non-mainstream pooled investments.

The Board has reviewed MiFID II and the ESMA guidance published thereto and has concluded that the New Shares constitute a non-complex product for the purposes of MiFID II.

Tax reporting, FATCA and Common Reporting Standards (“CRS”)

Shareholders should furnish any information and documents that the Company may from time to time request, including but not limited to information required under FATCA or CRS. Shareholders may be subject to tax reporting under applicable laws. FATCA and CRS documentation and reporting obligations can also arise in respect of Shareholders where third parties hold shares or act on their behalf.

EXPECTED TIMETABLE

2018

Initial Issue

Initial Placing, Offer for Subscription and Intermediaries Offer open	6 September
Latest time and date for receipt of Intermediaries Offer Application Forms under the Intermediaries Offer	10.00 a.m. on 17 October
Latest time and date for receipt of Application Forms under the Offer for Subscription	11.00 a.m. on 18 October
Latest time and date for receipt of commitments under the Initial Placing	5.00 p.m. on 18 October
Announcement of the results of the Initial Issue	19 October
Admission of New Shares to the Official List and dealings in New Shares commence on the Main Market	8.00 a.m. on 23 October
Crediting of CREST stock accounts in respect of New Shares issued in uncertificated form	8.00 a.m. on 23 October
Share certificates despatched by post in respect of New Shares issued in certificated form	week commencing 29 October

Share Issuance Programme

Share Issuance Programme opens	24 October 2018
Publication of Share Issuance Programme Price in respect of an issue of New Shares under the Share Issuance Programme	As soon as practicable following the relevant allotment of New Shares under the Share Issuance Programme
Admission of New Shares to the Official List and dealings in New Shares commence on the Main Market	As soon as practicable following the relevant allotment of New Shares under the Share Issuance Programme
Crediting of CREST stock accounts in respect of New Shares issued in uncertificated form	As soon as practicable following the relevant allotment of New Shares under the Share Issuance Programme
Share certificates despatched by post in respect of New Shares issued in certificated form	Approximately one week following the Admission of the relevant New Shares issued under the Share Issuance Programme
Share Issuance Programme closes	5 September 2019

Notes:

1. The times and dates set out in the expected timetable above and mentioned throughout this document may be adjusted by the Company, in which event details of the new times and/or dates will be notified, as required, to the UKLA and the London Stock Exchange and, where appropriate, to Shareholders and an announcement will be made through a Regulatory Information Service.
2. All references to times in this document are to London time, unless otherwise stated.
3. Underlying Applicants who apply to an Intermediary to acquire New Shares under the Intermediaries Offer will not receive share certificates in respect of any New Shares that are allocated to them under the Intermediaries Offer. Underlying Applicants should consult with their Intermediary as to when they will be sent documents in respect of any New Shares that are allocated to them and when they may commence dealing in those New Shares.

ISSUES STATISTICS

Initial Issue

Target Gross Proceeds	£100 million
Initial Issue Price	100 pence
Maximum number of New Shares that may be issued	200 million

Share Issuance Programme

Share Issuance Programme Price	at or around the market price of an Ordinary Share as at the relevant Calculation Time, but always at a premium to the prevailing NAV per Share, such premium to be determined by the Board
Maximum number of New Shares that may be issued	200 million less the number of New Shares issued under the Initial Issue

DEALING CODES

ISIN	GB00BD6H5D36
SEDOL	BD6H5D3
Ticker code	AJOT
Legal Entity Identifier (LEI)	8945001J5QQD7FPT3J73

DIRECTORS, INVESTMENT MANAGER AND OTHER ADVISERS

Directors	<p>Norman Crighton (<i>Chairman</i>) Ekaterina (known as Katya) Thomson Yoshi Nishio Margaret Stephens</p> <p>All of the Directors are non-executive, independent and of the registered office below</p>
Registered office	<p>Beaufort House 51 New North Road Exeter Devon EX4 4EP</p>
Investment Manager and AIFM	<p>Asset Value Investors Limited 4th Floor Reading Bridge House George Street Reading Berkshire RG1 8LS</p>
Joint Placing Agents	<p>N+1 Singer 1 Bartholomew Lane London EC2N 2AX</p> <p>Kepler Partners 9/10 Savile Row London W1S 3PF</p>
Sponsor and Solicitors to the Company	<p>Dickson Minto W.S. Broadgate Tower 20 Primrose Street London EC2A 2EW</p>
Solicitors to the Joint Placing Agents	<p>Gowling WLG 4 More London Riverside London SE1 2AU</p>
Registrar and Receiving Agent	<p>Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU</p>
Company Secretary	<p>Link Company Matters Limited Beaufort House 51 New North Road Exeter Devon EX4 4EP</p>

Administrator	<p>Link Alternative Fund Administrators Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU</p>
Depository	<p>J.P. Morgan Europe Limited 25 Bank Street Canary Wharf London E14 5JP</p>
Custodian	<p>J.P. Morgan Chase Bank National Association London Branch 25 Bank Street Canary Wharf London E14 5JP</p>
Reporting Accountants	<p>Scott Moncrieff 25 Bothwell Street Glasgow G2 6NL</p>
Tax Adviser	<p>Ernst & Young LLP Ten George Street Edinburgh EH2 2DZ</p>
Auditors	<p>BDO UK LLP Bridgewater House Finzels Reach Counterslip Bristol BS1 6BX</p>

PART 1

THE COMPANY

Introduction

The Company is a closed-ended investment company with an indefinite life. The Company is an alternative investment fund, or "AIF", for the purposes of the AIFM Directive and intends to carry on business as an investment trust within the meaning of Chapter 4 of Part 24 of the CTA 2010.

Asset Value Investors Limited has been appointed as the Company's investment manager and alternative investment fund manager. The Investment Manager also provides investment management services to British Empire Trust plc ("**British Empire**") and as at 5 September 2018 had total assets under management of approximately £1.1 billion.

The objective of the Company is to provide Shareholders with capital growth through investment in a focussed portfolio of equities listed or quoted in Japan.

The Lead Portfolio Manager of the Company will be Joe Bauernfreund. Joe is a portfolio manager in the investment team and has over 22 years of investment experience.

The Issues

The Board believes that the Company offers investors an attractive investment opportunity. The Company is proposing to issue a maximum of 200 million New Shares pursuant to the Initial Issue. The Initial Issue will consist of an Initial Placing, Offer for Subscription and an Intermediaries Offer.

The Company is targeting Gross Proceeds of £100 million under the Initial Issue however it will have the flexibility to raise up to £200 million. The share capital of the Company will be denominated in Sterling and, depending on the amount raised pursuant to the Initial Issue, will upon Initial Admission consist of up to 200 million Ordinary Shares.

Following the close of the Initial Issue, the Directors are also proposing to introduce a Share Issuance Programme for up to 200 million New Shares, less the number of New Shares issued pursuant to the Initial Issue. The Share Issuance Programme will consist of Subsequent Placing(s). The Share Issuance Programme will allow the Directors to continue to make periodic issues of New Shares until 5 September 2019 to manage supply and demand for the Ordinary Shares. If there is sufficient demand the Directors may consider carrying out larger placings under the Share Issuance Programme. Full details of each Subsequent Placing will be announced at the relevant time. The Directors will apply the net proceeds of the Issues in accordance with the Company's investment policy.

Investment objective and policy

Investment objective

The investment objective of the Company is to provide Shareholders with capital growth in excess of the MSCI Japan Small Cap Index, through the active management of a focussed portfolio of equity investments listed or quoted in Japan which have been identified by the Investment Manager as undervalued and having a significant proportion of their market capitalisation held in cash, listed securities and/or realisable assets.

Investment policy

The Company will invest in a diversified portfolio of equities listed or quoted in Japan which are considered by the Investment Manager to be under valued and where cash, listed securities and/or realisable assets make up a significant proportion of the market capitalisation. The Investment Manager will seek to unlock this value through proactive engagement with management and taking advantage of the increased focus on corporate governance and returns to shareholders in Japan. The Board will not set any limits on sector weightings or stock selection within the portfolio. It is not expected that a single holding (including any derivative instrument) will represent more than 10 per cent. of the Company's gross assets, at the time of investment. However, the Company will have discretion to invest

up to 15 per cent. of its gross assets, at the time of investment, in a single holding, if a suitable opportunity arises.

There will be no restrictions placed on the market capitalisation of investee companies, but it is expected that the Portfolio will be weighted towards small and mid-cap companies. Once fully invested, the Portfolio is expected to have between 20 and 30 holdings although there is no guarantee that this will be the case and it may contain a lesser or greater number of holdings at any time.

The Company may invest in exchange traded funds, listed anywhere in the world, in order to gain exposure to equities listed or quoted in Japan. On acquisition, no more than 15 per cent. of the Company's gross assets will be invested in other UK listed investment companies.

The Company may also use derivatives for gearing and efficient portfolio management purposes.

The Company will not be constrained by any index benchmark in its asset allocation.

Borrowing policy

The Company may use borrowings for settlement of transactions, to meet on-going expenses and may be geared through borrowings and/or by entering into long-only contracts for difference or equity swaps that have the effect of gearing the Company's portfolio to seek to enhance performance.

The aggregate of borrowings and long-only contracts for difference and equity swap exposure will not exceed 25 per cent. of Net Asset Value at the time of drawdown of the relevant borrowings or entering into the relevant transaction, as appropriate. It is expected that any borrowings entered into will principally be denominated in Yen.

Hedging policy

The Company does not currently intend to enter into any arrangements to hedge its underlying currency exposure to investments denominated in Yen, although the Investment Manager and the Board may review this from time to time.

Material changes to the investment policy

No material change will be made to the Company's investment policy without Shareholder approval. In the event of a breach of the Company's investment policy, the Directors will announce through a Regulatory Information Service the actions which have been taken to rectify the breach.

Dividend policy

The Company will not have any formal policy to achieve any specified level of dividend. However, the Board will distribute substantially all of the net revenue arising from the investment portfolio. Accordingly, the Company is expected to pay an annual dividend but this may vary each year.

Duration

The Directors intend to offer shareholders the opportunity to exit the Company at close to NAV in October 2022 and every two years thereafter (the "**Exit Opportunity**"). The mechanism will be dependent on various factors including the number of Shareholders seeking to participate in the Exit Opportunity, the liquidity of the underlying market at the time of the Exit Opportunity and/or the demand for Shares from other investors at the time of the Exit Opportunity. The Directors will consider the most efficient and cost effective mechanism for providing the Exit Opportunity. Mechanisms may include, but are not limited to, share buy backs, tender offers (which may include realisation pools) or the liquidation of the Company. The Board and the Joint Placing Agents will canvass opinion from Shareholders in the months leading up to October 2022 (and at each appropriate interval thereafter) when making any decision in respect of any potential Exit Opportunity.

Discount Control Policy

The Company will issue Ordinary Shares when demand exceeds supply and buy back Ordinary Shares when supply exceeds demand, as and when the Directors consider it appropriate. The Board recognises that it is in the interests of Shareholders to maintain a mid market Ordinary Share price which is as close as possible to the NAV per Share. Accordingly in accordance with the Company's Discount Policy, if, under normal market conditions, the four month moving average discount of the Ordinary Shares to NAV is greater than 5 per cent., the Board will endeavour to buy back Ordinary Shares with the intention of reducing the discount to a level no greater than 5 per cent. The Board also acknowledges that the potential future Exit Opportunity is likely to naturally limit any discount.

The Directors have been given authority, in accordance with the Companies Act, to allot new Ordinary Shares for cash on a non pre-emptive basis. Further details of this authority are set out in paragraph 2.5 of Part 7 of this document. The Directors intend to seek additional authority annually and at other times should this prove necessary.

The Directors have also been granted authority to buy back up to 14.99 per cent. of the Ordinary Shares in issue following Initial Admission. Any buy back of Ordinary Shares will be made subject to the Companies Act and within guidelines established from time to time by the Board and the making and timing of any buy backs will be at the absolute discretion of the Board. The Directors are authorised to cancel any Ordinary Shares purchased under this authority or to hold them in treasury. Purchases of Ordinary Shares will be made only through the market for cash at prices below the prevailing Net Asset Value of the Ordinary Shares (as last published). Such purchases will also be made only in accordance with the rules of the UKLA, which provide that the maximum price to be paid must not be more than the higher of 105 per cent. of the average middle market quotations for the Ordinary Shares for the five business days before the purchase is made and the higher of the price of the last independent trade in the Ordinary Shares and the highest current independent bid for such Ordinary Shares. The minimum price which may be paid for such purchases is the nominal value of an Ordinary Share. The Directors intend to seek additional authority annually and at other times should this prove necessary. The Board commits to renew the buy back authority as often as is necessary to address any persistent discount greater than 5 per cent. Given the timetable required to call a general meeting, hold the meeting and implement the buy back, the Board estimates that the maximum number of renewals of the buy back authority in any 12 month period would be around four times.

Net Asset Value calculation and publication

The Net Asset Value is the value of all assets of the Company less liabilities to creditors (including provisions for such liabilities) determined in accordance with applicable accounting standards and the Company's valuation principles and procedures.

The unaudited NAV per Share will be calculated in Sterling by the Administrator and approved by the Investment Manager on a daily basis, as described below. Such calculations will be notified daily, on a cum income basis with debt at par value and debt at fair value through a Regulatory Information Service.

Quoted investments will be valued by reference to their bid prices on the relevant exchange. Third party fund valuations will be received from the fund managers and reviewed by the Directors. Unquoted or illiquid investments will be valued by the Directors based on recommendations from the Investment Manager's pricing committee.

The Board will review detailed portfolio valuations on a regular basis throughout the year and receive confirmation from the Investment Manager that the pricing basis is appropriate, in line with relevant accounting standards as adopted by the Company, and that the carrying values are materially correct.

The Company may enter into derivative contracts to serve as components of the Company's investment strategy and these will be used primarily to structure and hedge investments, to enhance performance and reduce risk to the Company (the Company does not designate any derivative as a hedging instrument for hedge accounting purposes).

The Company recognises financial assets and financial liabilities when it becomes party to the contractual provisions of the instrument. Derivatives are recognised at fair value through profit or loss

valued by reference to the underlying market value of the corresponding security, traded prices and/or third party information.

The Directors may temporarily suspend the calculation of Net Asset Value if the Company is unable to procure accurate and up to date prices or valuations for a substantial proportion of the assets in the Portfolio. Any suspension in the calculation of the Net Asset Value will be notified through a Regulatory Information Service as soon as practicable after any such suspension occurs.

Reports sent to Shareholders and other information

Monthly factsheets will be published on the Company's website (www.ajot.co.uk) summarising the Company's performance.

The Company's annual reports and accounts will be prepared as at 31 December each year. Copies of the annual reports and accounts will be sent to Shareholders within the following four months. Shareholders will also receive an unaudited half-yearly report covering the six months to 30 June each year, which will be dispatched within the following three months. The Company's annual financial statements will be prepared in accordance with IFRS as adopted by the European Union, which comprise standards and interpretations approved by the International Accounting Standards Board ("**IASB**"), and as applied in accordance with the provisions of the Companies Act.

The Company expects to hold its annual general meeting in March of each year.

PART 2

INVESTMENT MANAGER, STRATEGY AND PROCESS

The Investment Manager

The Company has appointed Asset Value Investors Limited as its investment manager and alternative investment fund manager.

The Investment Manager was established in 1985 to manage the assets of British Empire, which now has over £1 billion of gross assets. The Investment Manager runs a high-conviction long-only global investment strategy focussed on investing in companies with strong asset backing that are trading at a discount to estimated net asset value. The Investment Manager's portfolio consists of investments in three core areas: (i) family controlled holding companies; (ii) closed-ended funds; and (iii) special situations, with the latter currently consisting entirely of Japanese equities. Engagement with company management and directors forms a core part of the Investment Manager's approach to realising value from discounts.

Joe Bauernfreund is the Lead Portfolio Manager and he is assisted by Tom Treanor as head of research and the investment team of Daniel Lee, Scott Beveridge, Darren Gillen and Wilfrid Craigie.

Joe Bauernfreund, *Chief Executive Officer and Chief Investment Officer*, is the sole manager of British Empire and is responsible for all investment decisions across the Investment Manager's strategies. He conducts regular visits to Japan, engaging with prospective and current investments, which he has done for over 15 years.

Tom Treanor, *Head of Research*, joined the Investment Manager in February 2011. He works closely with the analyst team providing support and guidance on prospective and current investments across the portfolio. He has led private engagement with portfolio companies to improve corporate governance and to propose ways in which to maximise shareholder value. He accompanies Joe on visits to Japan.

Daniel Lee, *Analyst*, joined the Investment Manager in February 2015. He researches global holding companies and asset-backed special situations. His focus has been on Japanese companies, conducting analysis for the Japanese basket portfolio and liaising with Japanese advisors/press with regard to company engagement. He accompanies Joe on visits to Japan.

Scott Beveridge, *Analyst*, joined the Investment Manager in October 2005. He researches real estate-backed opportunities and Asian holding companies. Before joining the Investment Manager, Scott spent two years as an investment analyst with Fundamental Data undertaking quantitative analysis. He has a degree in Actuarial Science from the University of Kent, Canterbury.

Darren Gillen, *Analyst*, joined the Investment Manager in September 2016. He researches closed-end funds. Before joining the Investment Manager, Darren spent three years working in Dublin as an investment analyst at GillenMarkets. He graduated with a First Class Honours degree in Accounting & Finance from Dublin City University.

Wilfrid Craigie, *Analyst*, joined the Investment Manager in January 2018. He researches global holding companies and asset-backed special situations. Wilfrid has a BSc in Social Policy from the London School of Economics.

Investment opportunity

The Investment Manager currently considers Japan to be the most attractive investment market in the world for the reasons outlined below. However, given the natural limits to single country exposure within a globally diversified fund such as British Empire, the Investment Manager believes the time is right to launch a dedicated vehicle to capture the opportunity.

British Empire's weighting to Japan has increased to 20 per cent. (from 5 per cent. four years ago) reflecting the Investment Manager's increased conviction in investing in Japan. Since British Empire

established its “Japanese basket” in June 2017, it has generated a total return of 22.6 per cent. in Sterling versus 14.3 per cent. for the MSCI Japan Small Cap Index and 7.9 per cent. for the TOPIX. Over that time, the Investment Manager has engaged with the management of numerous investee companies in the British Empire portfolio, and engaged publically with Tokyo Broadcasting System in which a proposed in-specie distribution of assets was put forward at the company’s most recent annual general meeting. Further details can be found at the dedicated website set up for the campaign, www.improvingtbs.com.

The Investment Manager believes that a closed-end structure is ideally suited for this opportunity given the small-cap nature of the portfolio and the activist engagement with investee company management.

The investment opportunity can be summarised under three key areas:

1. ***Under-valuations/cash-rich companies***

Evidence gathered by the Investment Manager indicates that analyst valuations of Japanese equities are cheaper than in other developed markets, particularly when adjusted for cash and investment security holdings. An excess of listed companies combined with a relative lack of interest in the Japanese equity market has led to a low level of sell-side coverage to the extent that 71 per cent. of TOPIX companies are covered by two or fewer analysts. By comparison, only 1 per cent. of S&P 500 Index companies are covered by two or fewer analysts. Such a backdrop has proved fertile ground for pricing inefficiencies to grow, and the Investment Manager believes that the situation is even more exaggerated for smaller-capitalisation companies which are expected to form the majority of the Portfolio. 79 per cent. of companies in the Company’s expected initial Portfolio have two or fewer analyst coverage and 57 per cent. will have no sell-side analyst coverage.

The Investment Manager has identified a number of cash-rich and over-capitalised companies which it believes are significantly undervalued. Research shows that the Japanese market implicitly applies a pervasive and structural discount to cash and investment holdings, with academic studies suggesting the discount applied to cash is as much as 50 per cent.

Management conservatism, a focus on stakeholders rather than shareholders and strong cash-flow generation has led cash levels to build up over time in many Japanese companies. Investment holdings (including cross-shareholdings) are a historical cultural legacy that have grown with the wider market over the years and represent a significant portion of many companies’ balance sheets.

In the MSCI Japan Small Cap Index 62 per cent. of companies have net cash on their balance sheets in contrast to the US and Europe where respectively only 24 per cent. and 16 per cent. of companies do. The Investment Manager expects the initial Portfolio to have net cash covering 47 per cent. of market capitalisation with net financial value (“**NFV**”¹) covering 77 per cent. of market capitalisation.

2. ***Corporate governance reform and shareholder activism***

While the situation described above has existed for many years, management and directors of Japanese companies are now facing pressure to address it from multiple angles.

- (i) The Japanese Corporate Governance Code established in 2015 is encouraging company management to deliver higher shareholder returns, improve the efficiency of balance sheets, reduce cross-shareholdings, better incentivise management and overhaul governance in terms of board composition amongst other areas.
- (ii) Domestic investment management institutions that are signatories to the Stewardship Code are encouraged to disclose voting records and implicitly to push management and directors of their investee companies to adhere to the Japanese Corporate Governance Code.

¹ Net Financial Value (NFV) = Investment securities + cash + treasury share value – debt – net pension liabilities

- (iii) ISS, the shareholder advisor service in Japan, recommends that shareholders vote against the re-election of senior director(s) if the average return on equity over the previous five years is less than 5 per cent.
- (iv) Foreign and domestic activists have effectively been empowered by the Japanese Corporate Governance Code to push for its implementation by Japanese companies. Japan's listing rules allow shareholders with less than 1 per cent. stakes to put proposals forward at annual general meetings and shareholders of 3 per cent. or more can call extraordinary general meetings.

The number of shareholder proposals put forward at company meetings has grown consistently over the last five years, with 42 proposals in 2018 compared to 27 in 2014, while many more engagements occur privately.

- (v) Regulatory agencies are ratcheting up their pressure on corporate governance reform. Revisions to the Japanese Corporate Governance Code in 2018 saw a greater emphasis on cross-shareholdings being sold rather than explained and further revisions are likely if corporate governance reform is not forthcoming.
- (vi) There is tangible evidence that the various sources of pressure listed above are generating slow but sure change in Japanese corporate behaviour.
 - (a) Over the last five years, the percentage of companies with independent directors accounting for a third or greater of their boards has increased from 6.4 per cent. to 33.6 per cent.
 - (b) The return on equity on the TOPIX ex-financials has increased from 5.8 per cent. to 8.7 per cent.
 - (c) The median TOPIX dividend pay-out ratio has climbed from 21.2 per cent. to 24.3 per cent. over the three years to 2017, with the level of buy backs also increasing (from ¥3.7 trillion to ¥5.1 trillion²)

3. **High-quality and growing companies**

A critical part of the Investment Manager's strategy in Japan is the avoidance of value traps. The large number of growing and high-quality companies that meet the Investment Manager's valuation criteria facilitates such an approach.

Many of the companies that meet the criteria have reached excessive cash balances through the highly cash generative nature of the business, where management have been unable to invest as fast as the business has grown. The Investment Manager's focus on these quality businesses with growing earnings enables investments to be made with a long-term focus. The value of these businesses is increasing over time and returns are thus less dependent on an event.

Despite the companies in the Company's expected initial Portfolio having 47 per cent. of their market caps in net cash, they are still generating a free cash flow yield of 6.8 per cent. on average. Were the excess capital paid to shareholders the Portfolio would yield 24.0 per cent.

In summary, the Investment Manager believes that there is an attractive opportunity to invest in attractively valued companies with substantial asset backing (cash and/or investment holdings), to benefit from their earnings growth and to actively engage with management in order to promote policies and measures that will improve balance sheet efficiency, corporate governance and shareholder returns.

Investment process

The Company will invest in a high-conviction and concentrated portfolio of 20 to 30 holdings listed or quoted in Japan which the Investment Manager deems most attractive and undervalued. The Company will seek to capitalise on Japanese corporate governance reform and intends to take an activist approach to its investments, encouraging management and boards to unlock value by improving corporate

² CLSA, TOPIX 500

governance and/or reducing excess capital through distributions to shareholders and/or through accretive mergers and acquisitions and/or productive capital expenditure where appropriate. Any such distributions may take the form of special dividends, buy backs or tender offers.

The Investment Manager's engagement with the management and directors of the investee companies will typically begin in private but may become public if required.

While there will be no lower or upper restrictions on the market caps of investee companies, there will be a bias towards small-cap companies where the Investment Manager believes the most egregious undervaluations exist and where there is greater scope for activist engagement.

The Investment Manager's investment process in Japan is holistic, taking into account a variety of quantitative metrics and qualitative judgements. The process begins with looking for companies with substantial net cash and/or NFV as a proportion of their market capitalisation. Any companies with less than 30 per cent. coverage are dismissed. This leads to a natural bias towards smaller companies.

The quality of, and outlook for, the core operating business are assessed, with those businesses with wide operating margins and a track record of consistent operating growth being favoured. Companies and sectors with highly cyclical earnings are avoided, as are those where it is more ambiguous whether cash is truly excess to the needs of the operating business.

Once an operating business is well understood and deemed sufficiently attractive, the Investment Manager builds up a net asset value model in which the value of the operating business is calculated by assigning an appropriate multiple to sustainable earnings, and is then added to the NFV to arrive at a net asset value. This net asset value is then compared to the prevailing share price to calculate the discount to net asset value and thus the degree of undervaluation if any.

An assessment is then made of the standards of corporate governance and the potential for improvement, of what the optimal capital structure should be, as well as the scope for increased shareholder distributions by the investee company. This process will include an analysis of the shareholder register, stakes held by management and affiliates, and will seek to understand the motivations of the management and directors. The Investment Manager makes full use of its network of local advisors based in Japan when carrying out this due diligence.

Other opportunities might arise where the Investment Manager believes, or indeed pressures, a company to be taken over. Changes in the tax law in 2017 may lead to an increasing number of takeovers. The Investment Manager may seek to persuade respective parties that the investee company is better suited as part of a larger company, and to capitalise on the takeout premium. While the excess capital on an investee company's balance sheet will still be a contributing factor to the investment decision, the hurdle is likely to be lower in these opportunities. Such special situations are rare and accordingly are unlikely to account for more than 10 per cent. of the Portfolio at any given time.

Risk management

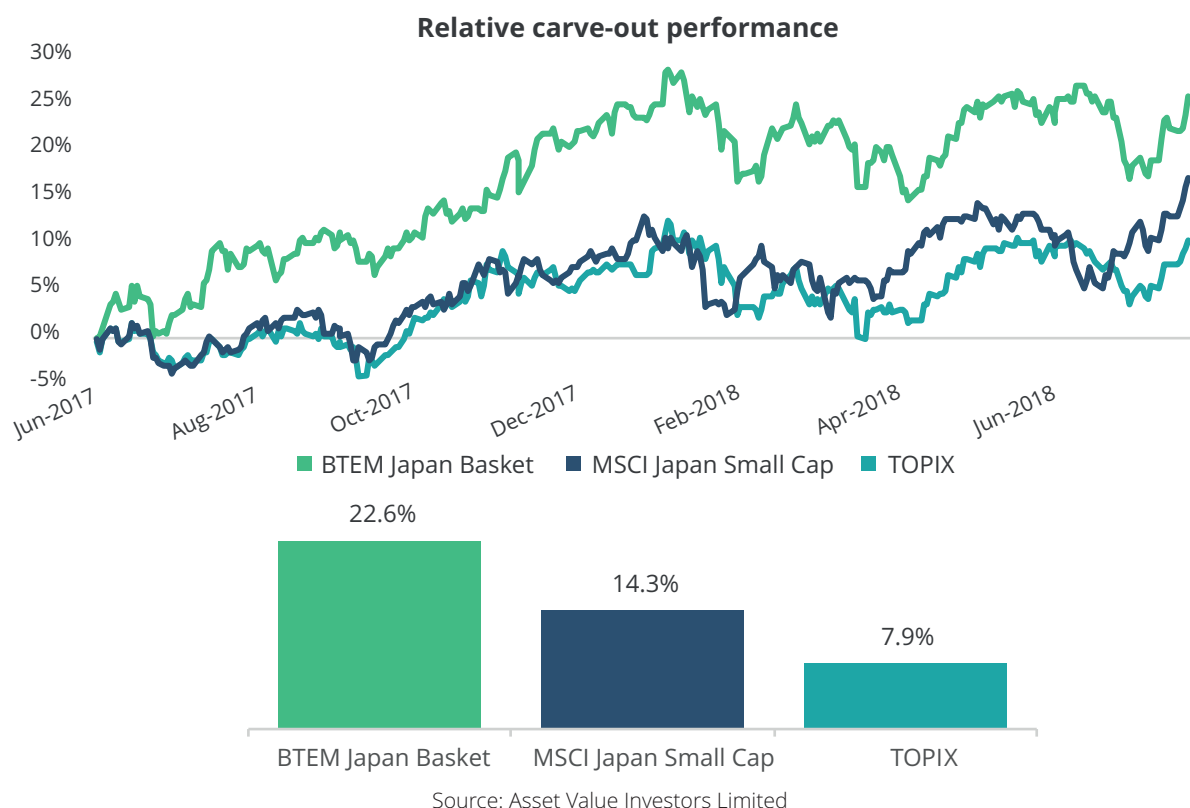
Risk management is an integral, ongoing and critical part of the Investment Manager's investment process. Risk is a necessary component of active investment management and the Investment Manager believes that it can be estimated, measured and managed.

Within the Portfolio, the Investment Manager will perform ongoing analysis and monitoring which the Investment Manager believes is a critical component in the investment process in order to ensure that the underlying portfolio is delivering a satisfactory performance and is diversified. While there are no specific limits placed on exposure to any one sector, the Company will at all times invest and manage the Portfolio in a manner consistent with spreading investment risk.

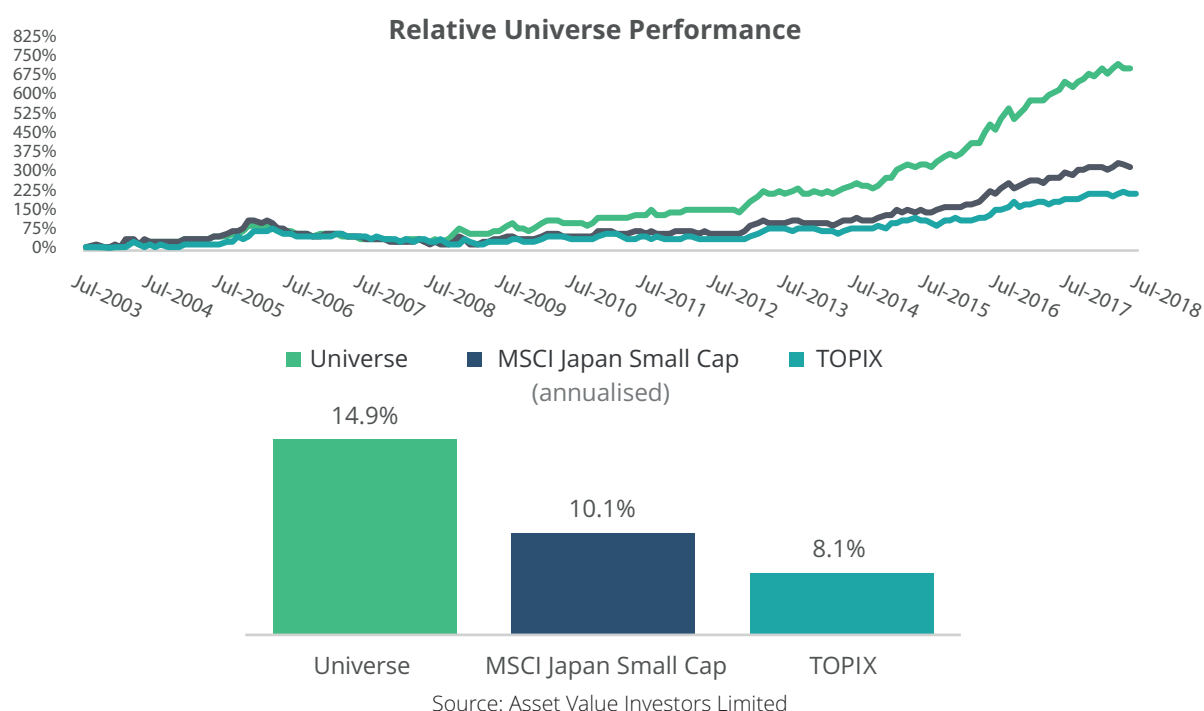
Examples of quantitative factors that the Investment Manager will take into consideration when assessing and mitigating risk include the percentage of exposure to particular sectors, specific products and technologies, individual customers, geographic sales and currency fluctuations. Qualitative factors assessed include the risk of technological obsolescence and disruption, as well as the characteristics of management and boards. Regular face-to-face meetings as well as on-the-ground investigators play a key role in risk mitigation.

Track record

The Investment Manager has run a strategy within British Empire in a style very similar to which the Company will be managed. The “Japanese Basket” within British Empire has performed strongly since inception in June 2017, returning 22.6 per cent. in Sterling, outperforming the MSCI Japan Small Cap Index which returned 14.3 per cent. and the TOPIX which returned 7.9 per cent.



A back-test of the investment universe shows similarly attractive returns over a 15 year period from 31 July 2003 to 31 July 2018, returning 14.9 per cent. (annualised) and outperforming the MSCI Japan Small Cap Index which returned 10.1 per cent. and the TOPIX which returned 8.1 per cent.³



³ Factset. Taking companies with EV/EBIT < 10x, NFV as % of market cap > 30%, average 10 year operating profits/10 year standard deviation > 0.4, ADTV > £300k, excluding financials, and rebalancing yearly.

PART 3

DIRECTORS, MANAGEMENT AND ADMINISTRATION

Directors

Each of the Directors is non-executive and independent of the Investment Manager. The Board is responsible for the determination of the Company's investment policy and the overall supervision of the Company, including the review of investment activity and performance and the control and supervision of the Investment Manager. The Directors are as follows:

Norman Crighton

Norman is Chairman of the Company. He is also a non-executive chairman of RM Secured Direct Lending plc, Weiss Korea Opportunity Fund and Global Fixed Income Realisation Limited. Norman was, until May 2011, an investment manager at Metage Capital Limited where he was responsible for the management of a portfolio of closed-ended funds and has more than 27 years' experience in closed-ended funds having worked at Olliff and Partners, LCF Edmond de Rothschild, Merrill Lynch, Jefferies International Limited and latterly Metage Capital Limited. His experience covers analysis and research as well as sales and corporate finance. Norman is British and resident in the United Kingdom.

Katya Thomson

Katya is Chairperson of the Audit Committee. She is non-executive director and chairman of the audit committee of Henderson EuroTrust plc, non-executive director and chairman-elect of the audit committee of Miton Global Opportunities plc, director and member of the Supervisory Board of Thomas Cook Nederland BV and director of The New Carnival Company CIC. She started her career at Deloitte LLP where she qualified as a Chartered Accountant in 1996. Katya has held senior positions in corporate finance at Lazard, ABN Amro Bank NV and Thomas Cook Group plc. She is a member of the Institute of Chartered Accountants in England and Wales.

Yoshi Nishio

Yoshi Nishio began his career at Goldman Sachs International, where he had overall responsibility for the trading of Japanese equities and equity derivative products. Since then, he has combined his twin specialisations of finance and media as an investor, advisor and consultant. Much of his work has had a Japanese focus, with clients ranging from family offices to the office of the chairman of Columbia Pictures in Hollywood in the period following the studio's acquisition by the Sony Corporation, to the Ministry of Finance of the Russian Federation. Yoshi is fluent in Japanese and in English. He was born in Japan but now holds dual British/American citizenship and lives in the United Kingdom.

Margaret Stephens

Margaret was a partner of KPMG until 2016 having qualified as a Chartered Accountant in 1988. From 2007, she played a key role in building KPMG's Global Infrastructure Practice, also leading UK and international tax due diligence and tax structuring services on major M&A transactions and public private partnerships. Margaret is currently a Non-Executive Board Member and Chair of the Audit and Risk Assurance Committee of the Department for Exiting the European Union. She is also a Trustee of the London School of Architecture.

Managerial, secretarial, administrative and depositary arrangements

Investment Manager

The Company has appointed Asset Value Investors Limited as its investment manager and as its alternative investment fund manager for the purposes of the AIFM Directive under the Investment Management Agreement. The Investment Manager is responsible for the day-to-day management of the Portfolio, subject to the overall control and supervision of the Board. The Investment Manager manages the Company's investments in accordance with the policies laid down by the Directors from

time to time and in accordance with the investment restrictions referred to in the Investment Management Agreement.

Under the terms of the Investment Management Agreement the Investment Manager is entitled to a fee of 1 per cent. per annum of the lesser of the Company's Net Asset Value or Market Capitalisation. The management fee shall be calculated quarterly, based on the Net Asset Value of the Company on the last Business Day of the relevant quarter. The management fee will be paid monthly in arrears. Each month the Investment Manager will invest 25 per cent. of the management fee it receives in Ordinary Shares. This will be achieved through the purchase of Shares in the secondary market or, if this is not possible, the issue of Ordinary Shares by the Company, following consultation with the Board. The Investment Manager will be required to hold the Ordinary Shares for a period of two years from the date on which the relevant management fee is calculated.

Further details of the terms of the Investment Management Agreement are set out in paragraph 8.1 of Part 7 of this document.

Delegation of authority

Whilst the Board has delegated certain responsibilities in relation to the operation of the Company to third party providers, the Board has adopted a schedule of matters specifically reserved for its decision.

The Company has delegated the management of the Company's investments to the Investment Manager. Representatives of the Investment Manager attend each Board meeting, thereby enabling the Directors to discuss the Investment Manager's activities in managing the Company.

Company Secretary

Link Company Matters Limited has been appointed as the company secretary pursuant to the Company Secretarial Agreement. In such capacity, the Company Secretary is responsible for general secretarial functions and for assisting the Company with compliance with its continuing obligations as a company listed on the premium segment of the Official List. The Company Secretary is also responsible for the Company's general administrative functions as set out in the Company Secretarial Agreement.

The Company Secretary will be paid an annual fee of £60,000 in relation to the services it provides under the Company Secretarial Agreement. The Company Secretarial Agreement can be terminated by either the Company Secretary or the Company on six months' written notice subject to an initial term of one year.

Further details of the terms of the Company Secretarial Agreement are set out in paragraph 8.4 of Part 7 of this document.

Administrator

Link Alternative Fund Administrators Limited has been appointed to provide general administrative functions to the Company. The Administrator will receive an annual fee of £90,000. The Administration Agreement can be terminated by either the Administrator or the Company on six months' written notice, subject to an initial term of one year.

Further details of the terms of the Administration Agreement are set out in paragraph 8.6 of Part 7 of this document.

Custodian and Depositary

J.P. Morgan Europe Limited has been appointed as the Company's depositary. The Depositary Agreement which has been entered into between the Company and the Depositary provides *inter alia* that the Depositary will carry out the core duties under Article 21 of the AIFM Directive which include cash management, safekeeping of assets and general oversight of the Portfolio. The Depositary will receive a safekeeping fee and transaction fees which will vary according to the jurisdiction in which the assets are held and the market on which the securities are listed. The Company can terminate the Depositary Agreement by giving 90 days' prior written notice to the Depositary.

The Depositary has delegated the safekeeping functions to the Custodian, J.P. Morgan Chase Bank National Association, London Branch. Pursuant to the terms of the Custody Agreement, the Custodian will hold, or arrange for sub-custodians to hold, all of the cash, securities and other assets of the Company and it will arrange and settle (directly or acting through sub-custodians) all transactions relating to those assets as agent for the Company. The Custody Agreement does not provide for any fees to be paid by the Company to the Custodian although the Company will reimburse the Custodian's expenses. The Custody Agreement will continue for so long as the Depositary Agreement is in effect and it will terminate automatically on the termination of the Depositary Agreement.

Further details of the terms of the Depositary Agreement and Custody Agreement are set out in paragraph 8.2 of Part 7 of this document.

Annual expenses

The Company will incur, and continue to incur, administrative expenses, including, amongst other things, investment management fees, audit fees, Directors' fees, depositary fees, regulatory fees, directors' and officers' liability insurance premiums and printing costs. The Company expects to charge 10 per cent. of the management fees to revenue and 90 per cent. to capital.

It is estimated that the total expenses of the Company (excluding the costs and expenses associated with the Issues) for the financial year ending 31 December 2019 will be approximately £1.475 million⁴.

Corporate governance

The Chairman and each of the other Directors are independent of the Investment Manager and each Director is non-executive. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The executive responsibilities for investment management have been delegated to the Investment Manager.

The Board is committed to achieving and demonstrating high standards of corporate governance.

The Board has made arrangements in respect of corporate governance appropriate to an investment trust. The Board has considered the principles and recommendations of the AIC Code of Corporate Governance (the "**AIC Code**"). The AIC Code addresses all of the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations which are of specific relevance to investment trusts. The Board acknowledges that a revised AIC Code will be published in late 2018 which will apply to accounting periods beginning on or after 1 January 2019. As such the Company will report against the revised code in respect of its accounting period beginning on 1 January 2020.

The Company intends to comply on Admission with the recommendations of the AIC Code, except as disclosed below.

The Board

The Board believes that a Director's performance and their continued contribution to the running of the Company is of greater importance and relevance to Shareholders than the length of time for which they have served as a director of the Company. Each Director is subject to the election/re-election provisions set out in the Articles which provide that a Director appointed during the year is required to retire and seek election by Shareholders at the next annual general meeting following their appointment. Each of the Directors will submit themselves for re-election at the first annual general meeting of the Company. Thereafter the Directors intend to offer themselves for re-election annually but, under the Articles, are only required to submit themselves for re-election at least once every three years. Directors who have served for more than nine years will be subject to annual re-election, provided that the Nomination Committee and the Board remain satisfied that the relevant Director's independence is not impaired by their length of service. The Board believes that none of the other

⁴ The estimated total expenses of the Company for the financial year ending 31 December 2019 is based on the assumption that Gross Proceeds of £100 million are raised pursuant to the Issues.

commitments of any Director interferes with the discharge of their duties to the Company and the Board is satisfied that each Director is capable of devoting sufficient time to the Company.

The AIC Code provides that the Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors. The Board will conduct an annual evaluation of its performance and that of its committees, the Chairman and individual Directors, with the evaluation of the performance of the Chairman being undertaken by the other Directors.

Audit Committee

The Audit Committee, chaired by Katya Thomson and comprising of all of the Directors, will meet at least twice per year. The main responsibilities of the Audit Committee include monitoring the integrity of the Company's financial statements, the appropriateness of its accounting policies, and reviewing the internal control systems and the risks to which the Company is exposed. The Audit Committee is also responsible for making recommendations to the Board regarding the appointment and independence of the Auditors, the objectivity and effectiveness of the audit process, monitoring any non-audit services provided to the Company by the Auditors, and approving the Company's financial statements and confirming to the Board that they are fair, balanced and understandable. The Audit Committee also provides a forum through which the Auditors report to the Board. Representatives from the Investment Manager may be invited to attend meetings of the Audit Committee and to report on matters as required.

Nomination Committee

The Nomination Committee, chaired by the Chairman of the Board and comprising of all of the Directors, will meet at least annually. The Nomination Committee is responsible for ensuring that the Board has an appropriate balance of skills and experience to carry out its duties, for identifying and nominating to the Board new directors and for proposing that existing Directors be re-elected. The Nomination Committee will undertake an annual performance evaluation of the Board, led by the Chairman. When the Nomination Committee is reviewing the Chairman's performance, or considering his successor, the Nomination Committee will be chaired by any Director other than the Chairman.

Management engagement committee

As all of the Directors are independent of the Investment Manager, the Board is of the view that there is no requirement for a separate management engagement committee. The Board as a whole will review the terms of appointment and performance of the Investment Manager and the Company's other third party service providers (other than the Auditors who are reviewed by the Audit Committee).

Remuneration committee

As all of the Directors are non-executive, the Board is of the view that there is no requirement for a separate remuneration committee. Directors' fees will be considered by the Board as a whole within the limits approved by Shareholders.

Conflicts of interest

The Investment Manager and its officers and employees may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Company. In particular, the Investment Manager may provide investment management, investment advice or other services in relation to other funds or clients that may have similar investment policies or strategies to that of the Company. Circumstances may arise where investment opportunities will be available to the Company and which are also suitable for one or more such clients of the Investment Manager. The Investment Manager may provide services to certain in-house funds into which, subject to Board approval, the Company may invest and which may give rise to a conflict of interest.

The Directors have satisfied themselves that the Investment Manager and its affiliates have procedures in place to address potential conflicts of interest and that, where a conflict arises, the Investment Manager and its affiliates will allocate the opportunity on a fair basis.

The Investment Manager will have regard to their obligations under the Investment Management Agreement or otherwise to act in the best interests of the Company, so far as is practicable having regard to their obligations to other funds or clients, should potential conflicts of interest arise. The Investment Manager's services are governed by the FCA's conduct of business rules and, in the event of a conflict of interest arising, the Investment Manager will ensure that it is resolved fairly and in accordance with the conduct of business rules including those rules as to suitability and best execution. Those rules, *inter alia*, require the Investment Manager to ensure fair treatment for all of its clients and, when an investment is made, to allocate such investment fairly amongst all of its clients for whom the investment is appropriate.

PART 4

THE INITIAL ISSUE

General

The Company is targeting Gross Proceeds of £100 million under the Initial Issue however it will have the flexibility to raise up to £200 million. Initial Admission is subject to Minimum Gross Proceeds of £50 million being raised. The maximum number of New Shares that may be issued under the Initial Issue would be 200 million. New Shares will be issued at the Initial Issue Price of 100 pence per New Share.

The results of the Initial Issue (including the number of New Shares issued thereunder and the Gross Proceeds raised) are expected to be announced by the Company through a Regulatory Information Service on 19 October 2018.

The Directors intend to apply the net proceeds of the Initial Issue in accordance with the Company's investment policy.

The Investment Manager has identified a list of possible investments which will be finalised following Initial Admission, to form the Company's initial Portfolio. While the initial Portfolio is being finalised the net proceeds of the Initial Issue will be invested in ETFs to establish exposure to the Japanese markets. It is expected that the initial Portfolio will be finalised and the net proceeds of the Initial Issue will be invested, in accordance with the Company's investment policy, within 12 weeks of Initial Admission.

Conditions to the Initial Issue

The Initial Issue, which is not underwritten, is conditional upon, *inter alia*, the following matters:

- (a) Initial Admission occurring at or before 8.00 a.m. on 23 October 2018 (or such later time and/or date as the Company, the Joint Placing Agents and the Sponsor may agree, being not later than 8.00 a.m. on 31 December 2018);
- (b) the Placing Agreement having become unconditional in all respects (save for the conditions relating to Initial Admission) and not having been terminated in accordance with its terms before Initial Admission; and
- (c) the Minimum Gross Proceeds being raised.

If the Minimum Gross Proceeds are not raised the Initial Issue will not proceed and all monies will be returned to Applicants without interest within 14 days at the Applicants' risk. The requirement to raise the Minimum Gross Proceeds may only be waived following the publication of a supplementary prospectus.

The Initial Placing

The Company, the Investment Manager and the Joint Placing Agents have entered into the Placing Agreement pursuant to which the Joint Placing Agents have agreed, subject to certain conditions, to use their reasonable endeavours to procure Placees under the Initial Placing in return for the payment by the Company of placing commission to the Joint Placing Agents.

Details of the Placing Agreement are set out in paragraph 8.3 of Part 7 of this document.

Placing commitments under the Initial Placing must be received by the Joint Placing Agents by no later than 5.00 p.m. on 18 October 2018 (or such later time and/or date, being not later than 5.00 p.m. on 31 December 2018, as the Company and the Joint Placing Agents may agree). If the closing date of the Initial Placing is extended, the revised timetable will be notified through a Regulatory Information Service.

The Offer for Subscription

New Shares will also be offered for subscription at the Initial Issue Price under the Offer for Subscription. The Offer for Subscription is being made in the United Kingdom only.

Applicants under the Offer for Subscription must specify a fixed amount in Sterling, being the aggregate subscription price for the New Shares for which they wish to subscribe at the Initial Issue Price. The aggregate subscription price is payable in full on application.

The procedures for, and the terms and conditions of, application under the Offer for Subscription are set out at the end of this document. An Application Form for use in connection with the Offer for Subscription is attached to this document. Multiple applications may be made by a single investor.

Prospective investors should carefully read the terms and conditions of application under the Offer for Subscription before making an application and should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser if they are in any doubt as to the action to take.

Completed Application Forms in respect of the subscription price under the Offer for Subscription must be sent by post or by hand (during normal business hours) to Link Asset Services at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by no later than 11.00 a.m. on 18 October 2018. If the closing date of the Offer for Subscription is extended, the revised timetable will be notified through a Regulatory Information Service.

Applications under the Offer for Subscription shall be irrevocable and may not be withdrawn without the consent of the Directors.

Completed application forms must be accompanied by a cheque or banker's draft unless payment is being made by bank transfer or within CREST, in which case the relevant instructions on the Application Form must be followed.

The Intermediaries Offer

Members of the general public in the United Kingdom may be eligible to apply for New Shares through the Intermediaries Offer by following the application procedures of the relevant Intermediary, by no later than 10.00 a.m. on 17 October 2018. New Shares are being made available under the Intermediaries Offer to retail investors in the United Kingdom only.

Individuals who are aged 18 or over, companies and other bodies corporate, partnerships, trusts, associations and other unincorporated organisations are permitted to apply to subscribe for or purchase New Shares in the Intermediaries Offer through an Intermediary. Individuals aged between 16 and 18 may apply to subscribe for or purchase New Shares in the Intermediaries Offer only if such New Shares are to be held in a Junior ISA. Only one application for New Shares may be made for the benefit of any one person under the Intermediaries Offer. Underlying Applicants are responsible for ensuring that they do not make more than one application under the Intermediaries Offer (whether on their own behalf or through other means, including, but without limitation, through a trust or pension plan). Intermediaries may not make multiple applications on behalf of the same person.

There is no maximum or minimum application amount under the Intermediaries Offer. No New Shares will be allocated or issued under the Intermediaries Offer in the name of any person who supplies a registered address outside the United Kingdom. Applications under the Intermediaries Offer must be made by reference to the total monetary amount that the applicant wishes to invest and not by reference to a number of New Shares.

By applying for New Shares under the Intermediaries Offer, the relevant Underlying Applicant agrees to acquire the New Shares applied for at the Initial Issue Price. Each Underlying Applicant must comply with the money laundering procedures of their Intermediary and all laws and regulations applicable to their agreement to subscribe for or purchase New Shares. Where an application is not accepted or there are insufficient New Shares available to satisfy an application in full, the relevant Intermediary will be obliged to refund the Underlying Applicant as required and all such refunds will be made in accordance with the terms provided by the Intermediary to the Underlying Applicant. The Company,

the Investment Manager and the Joint Placing Agents accept no responsibility with respect to the obligations of the Intermediaries to refund monies in such circumstances.

Each Intermediary has agreed, or will on appointment agree, to be bound by the Intermediaries Terms and Conditions (further details of which are set out at paragraph 9 of Part 7 of this document), which regulate, *inter alia*, the conduct of the Intermediaries Offer on market standard terms, and may provide for the payment of commission and/or a fee to any Intermediary from the Joint Placing Agents acting on behalf of the Company if such Intermediary elects to receive a commission and/or fee.

Under the Intermediaries Terms and Conditions, in making an application, each Intermediary will also be required to represent and warrant, among other things, that it is not located in the United States and is not acting on behalf of anyone located in the United States. Under the Intermediaries Offer, New Shares will be offered outside the United States only in offshore transactions as defined in, and in reliance on, Regulation S.

An Intermediary may prepare certain materials for distribution or may otherwise provide information or advice to retail investors in the United Kingdom in connection with the Initial Issue, subject to the Intermediaries Terms and Conditions. Any such materials, information or advice are solely the responsibility of the relevant Intermediary and will not be reviewed or approved by the Company, the Investment Manager or the Sponsor. Any liability relating to such materials, information or advice will be for the relevant Intermediary only. Any Intermediary that uses this document for the purposes of marketing New Shares must state on its website that it is using this document in accordance with the Company's consent. If a retail investor asks an Intermediary for a copy of this document in printed form, that Intermediary must send a copy (in hard copy or via an email attachment or web link) to that retail investor at the expense of that Intermediary.

Intermediaries are required to provide the Intermediaries Terms and Conditions to any prospective investor who has expressed an interest in participating in the Intermediaries Offer.

Allocations of New Shares under the Intermediaries Offer will be at the absolute discretion of the Company (in consultation with the Joint Placing Agents and the Investment Manager). No specific number of New Shares has been set aside for, and there will be no preferential treatment of, any retail investor or any Intermediary. The publication of this document and any actions of the Company, the Sponsor, the Investment Manager, an Intermediary or other persons in connection with the Initial Issue should not be taken as any representation or assurance as to the basis on which the number of New Shares to be offered under the Intermediaries Offer or allocations under the Intermediaries Offer will be determined and all liabilities for any such action or statement are hereby disclaimed by the Company, the Joint Placing Agents, and the Investment Manager.

The Intermediaries will be notified by the Receiving Agent as soon as reasonably practicable after allocations are made under the Intermediaries Offer. The notification will be sent by email to each Intermediary separately and shall specify: (i) the aggregate number of New Shares allocated to, and to be acquired by, the relevant Intermediary (on behalf of the relevant retail investors); (ii) if applicable, the basis on which the relevant Intermediary should allocate New Shares to retail investors on whose behalf the Intermediary submitted applications; and (iii) the total amount payable by the Intermediary in respect of such New Shares.

Pursuant to the Intermediaries Terms and Conditions, each Intermediary has undertaken to make payment on its own behalf (and not on behalf of any other person) of the consideration for the New Shares allocated to it under the Intermediaries Offer at the Initial Issue Price to the Receiving Agent (acting as settlement agent to the Intermediaries Offer) by means of the CREST system against delivery of the New Shares on the date of Initial Admission.

Each Underlying Applicant who applies for New Shares under the Intermediaries Offer through an Intermediary shall, by submitting an application to such Intermediary, be required to agree that it must not rely, and will not rely, on any information or representation other than as contained in this document or any supplement thereto published by the Company prior to Initial Admission. Each Intermediary acknowledges that none of the Company, the Joint Placing Agents, the Investment Manager or the Sponsor will have any liability to the Intermediary or any Underlying Applicant for any such other

information or representation not contained in this document or any such supplement thereto published by the Company prior to Initial Admission.

Admission and dealings

Applications will be made to the UK Listing Authority and the London Stock Exchange for the New Shares to be issued under the Initial Issue to be admitted to the premium listing segment of the Official List and to trading on the Main Market. It is expected that Initial Admission will become effective, and dealings for normal settlement in such New Shares will commence on the Main Market, at 8.00 a.m. on 23 October 2018.

New Shares will be issued under the Initial Issue in registered form and may be held either in certificated form or in uncertificated form. It is expected that definitive certificates in respect of New Shares issued in certificated form will be despatched by post during the week commencing 29 October 2018. Share certificates will be sent to Shareholders at their own risk. Temporary documents of title will not be issued. Pending despatch of such certificates, transfers will be certified against the register of members. It is expected that CREST stock accounts will be credited in respect of New Shares issued in uncertificated form as soon as possible after 8.00 a.m. on 23 October 2018. The ISIN for the New Shares is GB00BD6H5D36.

Scaling back

In the event that the Initial Issue is over-subscribed then it will be necessary to scale back applications under the Initial Issue. The Company reserves the right, at its sole discretion but after consultation with the Joint Placing Agents, to scale back applications received under the Initial Issue in such amounts and manner as it considers appropriate. The Company also reserves the right to decline in whole or in part an application for New Shares under the Initial Issue. Accordingly, applicants may not be allotted New Shares to the full value for which they applied or at all.

The results of the Initial Issue (and any scaling back) will be announced through a Regulatory Information Service immediately prior to Initial Admission. If an application is scaled back or is unsuccessful then the balance of the subscription monies received by the Company will be paid by cheque to the relevant applicant, without interest, at the applicant's risk, save where such balance is less than £3.00 in which event the balance shall be retained for the benefit of the Company.

Commissions

The Joint Placing Agents will be entitled to a commission payable by the Company in connection with the proceeds raised under the Initial Issue. No commissions will be payable by the Company to Placees under the Initial Issue. Under the Placing Agreement, the Joint Placing Agents are entitled at their discretion and out of its own resources at any time to rebate to investors part or all of its commission relating to the Initial Issue.

Dilution

No dilution will result from the Initial Issue. One Ordinary Share is held by the Investment Manager for the purposes of incorporating the Company.

Typical investor

The Directors believe that the typical investors for whom an investment in the Company is appropriate are institutional investors, professionally advised private investors and non-advised private investors seeking exposure to the equities of companies listed or quoted in Japan with a focus on capital growth. Investors should understand the risks and merits of such an investment and have sufficient resources to bear any loss (which may equal the whole amount invested) that may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before making an investment. Any investor in the Company should understand and accept the risks inherent in the Company's investment policy.

Non UK investors

The distribution of this document and the offering of New Shares in jurisdictions other than the United Kingdom may be restricted by law or regulation and accordingly persons into whose possession this document comes are required to inform themselves about and observe any such restrictions. No action has been taken to permit the distribution of this document and the offering of New Shares in any jurisdiction outside the United Kingdom where such action is required to be taken.

Prospective investors in any territory other than the United Kingdom should refer to the section entitled "Selling restrictions" in the "Important Information" section of this document and to paragraphs 25 and 26 of the Terms and Conditions of Application under the Offer for Subscription set out at the end of this document. Prospective investors who are in any doubt as to their position under their local securities laws or regulations are strongly recommended to consult their own professional advisers as soon as possible.

The Company reserves the right to treat as invalid any application or agreement to subscribe for New Shares under the Initial Issue if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities laws or regulations of any jurisdiction.

Costs of the Initial Issue

The costs and expenses that the Company will incur in respect of the Initial Issue will depend, amongst other things, on the number of New Shares Initial Issued under the Initial Issue. The costs of the Initial Issue will be capped at two per cent. of the Gross Proceeds. In the event that the costs and expenses of the Initial Issue exceed such amount, the fee payable to the Joint Placing Agents shall be reduced by an amount sufficient to cover such additional costs and expenses over and above this cap. Therefore, if Gross Proceeds of £100 million are raised under the Initial Issue, the net proceeds of the Initial Issue available for investment by the Company will be no less than £98 million.

PART 5

THE SHARE ISSUANCE PROGRAMME

General

Following the Initial Issue, the Directors intend to implement the Share Issuance Programme. The Share Issuance Programme will consist of Subsequent Placing(s). The Share Issuance Programme will enable the Directors to raise additional capital if demand arises for Ordinary Shares and in a manner that will enhance the NAV per Share for Shareholders. It is also expected that the Share Issuance Programme should enable the Directors to control any premium at which the Ordinary Shares trade relative to the NAV per Share.

New Shares may be issued under the Share Issuance Programme during the period commencing at 8.00 a.m. on 24 October 2018 and ending at 5.00 p.m. on 5 September 2019. However, the Board intends to continue to monitor and seek to control the discount or premium at which the Ordinary Shares trade following the expiry of this period and the Company may seek to implement further share issuance programmes in the future.

The maximum number of New Shares which the Company may issue under the Share Issuance Programme will be 200 million New Shares less the number of New Shares issued under the Initial Issue. The Share Issuance Programme is not being underwritten.

New Shares will only be issued under the Share Issuance Programme at a subscription price which represents a premium to the NAV per Share at the relevant time, which premium is expected to be sufficient to cover the anticipated costs and expenses of the Company in connection with the relevant issue. Accordingly, the issue of New Shares pursuant to the Share Issuance Programme is not expected to result in any dilution to the NAV per Share.

Any New Shares issued under the Share Issuance Programme will rank *pari passu* with the Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the issue of the relevant New Shares).

The Directors intend to apply the net proceeds from any issue of New Shares under the Share Issuance Programme in accordance with the Company's investment policy.

Conditions to the issue of any New Shares under the Share Issuance Programme

Any issue of New Shares under the Share Issuance Programme will be conditional upon, *inter alia*, the following matters:

- (a) the Company having sufficient Shareholder authorities in place to issue such New Shares;
- (b) a supplementary prospectus being published by the Company at the time of the relevant issue if required under the Prospectus Rules;
- (c) the relevant Share Issuance Programme Price being determined by the Board, in consultation with the Joint Placing Agents; and
- (d) the relevant Admission occurring in respect of the relevant New Shares.

Share Issuance Programme Price

The Share Issuance Programme Price will be determined by the Board, in consultation with the Placing Agent, at the time of any issue of New Shares under the Share Issuance Programme. It is expected that the Share Issuance Programme Price will be at or around the market price of an Ordinary Share as at the relevant Calculation Time, and will be at a premium to the NAV per Share as at the relevant Calculation Time, which premium is expected to be sufficient to cover the anticipated costs and expenses associated with the relevant share issue such that the issue of the relevant New Shares is not expected to dilute the NAV per Share at the relevant time. The NAV per Share as at the relevant Calculation Time will be calculated in accordance with the Company's normal accounting policies.

The Share Issuance Programme Price will be announced through a Regulatory Information Service as soon as practicable following the relevant allotment of New Shares.

Scaling back

In the event that any issue of New Shares under the Share Issuance Programme is over-subscribed, applications under that issue will be scaled back at the Company's discretion after consultation with the Joint Placing Agents.

Fractions

Fractions of New Shares will not be issued under any Subsequent Placing. If (other than on a scaling back) the amount of subscription monies received by the Company in relation to an application for New Shares under a Subsequent Placing exceeds the aggregate subscription price, at the relevant Share Issuance Programme Price, of the New Shares allocated to the Placee pursuant to such application, such excess amount (which will never exceed the relevant Share Issuance Programme Price) will be retained for the benefit of the Company.

Commissions

The Joint Placing Agents will be entitled to a commission payable by the Company in connection with the proceeds raised under the Share Issuance Programme. No commissions will be payable by the Company to Placees under the Share Issuance Programme.

Admission and dealings

Applications will be made to the UK Listing Authority and the London Stock Exchange for any New Shares issued under the Share Issuance Programme to be admitted to the premium listing segment of the Official List and to trading on the Main Market. It is expected that the relevant Admission in respect of any New Shares issued under the Share Issuance Programme will become effective, and dealings for normal settlement in such New Shares will commence on the Main Market, as soon as practicable following the allotment of such New Shares.

Any New Shares issued under the Share Issuance Programme will be issued in registered form. The New Shares will be issued to investors under the Share Issuance Programme through the CREST system unless an investor requires such shares to be issued in certificated form. The New Shares will be eligible for settlement through CREST with effect from the relevant Admission.

Dilution

Shareholders are not obliged, and may not receive the opportunity, to participate under the Share Issuance Programme. If the Company issues any New Shares under the Share Issuance Programme and a Shareholder does not acquire any of those New Shares, then the Shareholder will suffer dilution to the percentage of the issued share capital of the Company that their existing holding represents, based on the number of New Shares issued at the relevant time.

Assuming 100 million New Shares are issued under the Share Issuance Programme, Shareholders who do not acquire any of those New Shares will suffer a dilution of approximately 50 per cent. to their existing percentage holdings in the Company (assuming 100 million New Shares are issued under the Initial Issue).

Typical investors

The Directors believe that the typical investors for whom an investment in the Company is appropriate are institutional investors and professionally advised private investors, seeking exposure to the equities of companies listed or quoted in Japan with a focus on capital growth. The New Shares may also be suitable for non-advised private investors, provided that they are capable of evaluating and understand the risks and merits of such an investment and have sufficient resources to bear any loss (which may equal the whole amount invested) that may result from such an investment. Such investors may wish

to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before making an investment. Any investor in the Company should understand and accept the risks inherent in the Company's investment policy.

Costs of the Share Issuance Programme

The costs and expenses that the Company will incur in respect of any issue of New Shares under the Share Issuance Programme will depend, amongst other things, on the number of New Shares issued and the Share Issuance Programme Price in respect of that issue.

PART 6

TAXATION

The information contained in this document relating to taxation is a summary of the taxation matters which the Directors consider should be brought to the attention of prospective investors. The following statements are intended as a general guide only and do not constitute tax or legal advice to any prospective investor or Shareholder. They are based upon United Kingdom law and HMRC practice in force as at the date of this document and relate only to the position of Shareholders who are beneficial owners of their Ordinary Shares. They may not relate to certain categories of Shareholders, such as dealers in securities. Prospective investors should consult their own professional advisers on the potential tax consequences of acquiring, holding or selling Ordinary Shares.

The Company

It is the intention of the Directors to conduct the affairs of the Company so as to satisfy the conditions for approval as an investment trust under sections 1158 and 1159 of the CTA 2010. The Company will be approved as an investment trust pursuant to the Investment Trust (Approved Company) (Tax) Regulations 2011. The Company will therefore continue to have investment trust status in each accounting period going forward, other than to the extent that the Company commits a serious breach of any of the conditions for qualification as an investment trust, and will be exempt from United Kingdom taxation on its capital gains. In order to maintain its investment trust status, the Company must not, *inter alia*, be a close company. The Directors do not anticipate that the Company will be a close company.

The Company will be liable to UK corporation tax on its income profits in the normal way, with dividend income generally being exempt from UK corporation tax. The Company will invest in a diversified portfolio of equities listed or quoted in Japan. Income arising from such investments may be subject to withholding taxes, but the Company may be able to access double taxation treaties so as to reduce this exposure. The Company has no present intention to elect to take advantage of the “streaming” regime for “qualifying interest income”.

For the avoidance of doubt, the Company has not been established in an overseas jurisdiction and therefore the Offshore Fund Rules will not be applicable.

Shareholders

Taxation of capital gains

Individual Shareholders resident in the UK for taxation purposes may, depending upon their personal circumstances, be liable to UK capital gains tax or, in the case of corporations, UK corporation tax, on chargeable gains arising from the sale or other disposal (which includes disposal upon a winding up) of their Ordinary Shares. A disposal by an individual Shareholder who is resident in the UK for taxation purposes will be subject to capital gains tax at a rate of tax of 20 per cent. where the individual pays income tax at the higher or additional rates of tax; otherwise a tax rate of 10 per cent. applies. An individual may be able to claim certain reliefs (including the annual exemption in respect of the first £11,700 of capital gains received in the fiscal year 2018/19). Under measures introduced in Finance Bill 2017-18, which took effect from 1 January 2018, indexation allowance (which applied solely to corporate bodies and not individuals) was frozen as at 31 December 2017 and therefore no longer accrues.

Shareholders who are not resident in the UK for taxation purposes will not normally be liable to capital gains tax in the UK arising from the sale or other disposal of their Ordinary Shares unless (in the case of a corporate Shareholder) those Ordinary Shares are held through a UK branch or agency, although they may be subject to foreign taxation depending upon their personal circumstances.

Taxation of dividends

Individual Shareholders

The following paragraph summarises the expected UK tax treatment for individual Shareholders who receive dividends from the Company.

Each individual who is resident in the UK for tax purposes is entitled to an annual tax free dividend allowance of £2,000 (tax year 2018/19). Dividends received in excess of this threshold will be taxed, for the fiscal year 2018/19 at 7.5 per cent. (basic rate taxpayers), 32.5 per cent. (higher rate taxpayers) and 38.1 per cent. (additional rate taxpayers).

Other Shareholders

UK resident corporate Shareholders may be subject to corporation tax on dividends paid by the Company unless the dividends fall within one of the exempt classes of Part 9A of CTA 2009. Although it is likely that dividends paid by the Company would qualify for exemption from corporation tax, it should be noted that the exemption is not comprehensive and is subject to anti-avoidance rules.

It is important that prospective investors who are not resident in the UK for tax purposes obtain their own tax advice concerning tax liabilities on dividends received from the Company.

Stamp duty and stamp duty reserve tax

Issue of New Shares pursuant to the Issues

The issue of New Shares pursuant to the Issues should not give rise to any stamp duty or stamp duty reserve tax.

Subsequent transfers

An agreement to transfer Ordinary Shares through CREST will normally be subject to stamp duty reserve tax at the rate of 0.5 per cent. of the amount or value of the consideration given. However, if the transferee is a person to whom the depositary receipt or clearance service charge to stamp duty reserve tax may apply, stamp duty reserve tax at the rate of 1.5 per cent. may be applicable on the value of the consideration given. If an instrument of transfer of the Ordinary Shares is subsequently executed (for example, if the Ordinary Shares are not transferred through CREST), it will generally be subject to stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration given. Where the transferee is a person to whom the depositary receipt or clearance service charge to stamp duty may apply, stamp duty at the rate of 1.5 per cent. may apply to the value of the consideration given. In either case, the stamp duty payable must be rounded up to the nearest multiple of £5. When such an instrument of transfer is duly stamped and stamp duty is paid within specified time limits, the stamp duty reserve tax charge will be cancelled and any stamp duty reserve tax already paid will be refunded.

Paperless transfers of Ordinary Shares (such as those occurring within CREST) are generally liable to stamp duty reserve tax, rather than stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration given. When Ordinary Shares are transferred into the CREST system, there should generally be no stamp duty reserve tax on the transfer (unless made for a consideration, in which case stamp duty reserve tax will be payable at the rate of 0.5 per cent. of the actual consideration given).

Liability to pay stamp duty or stamp duty reserve tax is normally that of the transferee or purchaser.

Certain persons (e.g. brokers or custodians) may have stamp duty reserve tax liabilities and compliance obligations in respect of certain transactions and agreements involving Ordinary Shares. Such persons should seek their own professional advice in respect of these liabilities and obligations.

Special rules may apply to transfers, or agreements to transfer, treasury shares. Specific advice should be sought in respect of such transactions.

ISAs

The Ordinary Shares will qualify for the purposes of an ISA, provided that they are acquired by an ISA manager pursuant to the Initial Offer for Subscription. For the 2018/19 tax year, ISAs have an overall subscription limit of £20,000 per individual shareholder, all of which can be invested in stocks and shares, for which the Ordinary Shares will qualify.

SIPPs and SSASs

The Ordinary Shares will be permitted investments for SIPPs and SSASs.

Tax reporting, FATCA and CRS

The Company is a Financial Institution for the purposes of FATCA and CRS tax reporting laws. The Company may from time to time request Shareholders to provide certain information and documents, including but not limited to information required under FATCA or CRS. Shareholders may be subject to tax reporting under applicable laws.

FATCA and CRS documentation and reporting obligations can also arise in respect of shareholders where third parties hold shares or act on their behalf.

PART 7

ADDITIONAL INFORMATION

1. Incorporation and general

- 1.1 The Company was incorporated and registered in England and Wales on 27 July 2018 as a public company limited by shares under the Companies Act with registered number 11487703. The principal legislation under which the Company operates is the Companies Act and regulations made under that Act. The Company's registered office is at Beaufort House, 51 New North Road, Exeter, Devon EX4 4EP (telephone number: 01392 477 500).
- 1.2 As an investment trust, the Company will not (and is not required to be) registered or authorised as a collective investment scheme by the FCA. However, as a company with its shares admitted to the premium listing segment of the Official List and to trading on the Main Market, it will be subject to the Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules, Market Abuse Regulation and the rules of the London Stock Exchange. The Company operates in conformity with its constitution.
- 1.3 In accordance with the Companies Act, the objects of the Company are unrestricted save that the Company will operate as a closed-ended investment company and an investment trust pursuant to section 1158 of the Corporation Tax Act 2010.
- 1.4 The Investment Manager is a private limited company incorporated in England and Wales under the Companies Act on 28 January 1985 with registered number 01881101. The Investment Manager's registered office is at 4th Floor, Reading Bridge House, George Street, Reading RG1 8LA (telephone number: 020 7659 4800). The Investment Manager is authorised and regulated by the FCA with firm reference number 119270.
- 1.5 J.P. Morgan Europe Limited has been appointed as the Company's depositary. The Depositary is responsible for the safe keeping of the Company's assets. The Depositary is a company incorporated in England and Wales under the Companies Act with registered number 00938937 on 18 September 1968. The Depositary's registered office is at 25 Bank Street, London E14 5JP (telephone number: 020 7742 4000). The Depositary is authorised by the PRA and regulated by the FCA and PRA with firm reference number 124579. The Depositary has entered into a written agreement delegating the performance of its safekeeping functions to the Custodian, JPMorgan Chase Bank National Association, London Branch. The Custodian is a national banking association incorporated in the US. The Custodian's principal place of business in the UK is at 25 Bank Street, London E14 5JP. The Custodian is authorised by the PRA and regulated by the FCA and PRA and has firm reference number 124491.

2. Share capital

- 2.1 On incorporation, the share capital of the Company was £50,000.01 represented by one Ordinary Share of nominal value of one penny and 50,000 Redeemable Preference Shares of nominal value £1 each, which were held by the Investment Manager in order to allow the Company to commence business.
- 2.2 As at the 5 September 2018 (being the latest practicable date prior to the publication of this document) the issued and fully paid share capital of the Company consisted of:

	<i>Number</i>	<i>Nominal value</i>
Ordinary Shares	1	£0.01
Redeemable Preference Shares	50,000	£50,000

As at the 5 September 2018 (being the latest practicable date prior to the publication of this document) the Company held no Ordinary Shares in treasury. The Company has no authorised share capital.

The issued and fully paid share capital of the Company immediately following the Issues will be as follows:

	<i>No. of Ordinary Shares</i>	<i>Nominal value</i>
Ordinary Shares*	200 million	£2,000,000

* Assuming that the maximum number of New Shares available under the Issues are issued.

- 2.3 The Investment Manager holds all voting rights in the Company as at the date of this document. Also, as at the date of this document and insofar as is known by the Directors, no person will, immediately following Initial Admission, be directly or indirectly interested in three per cent. or more of the Company's share capital.
- 2.4 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 2.5 At a general meeting of the Company held on 24 August 2018, the Directors were authorised as follows:
 - 2.5.1 generally and unconditionally, pursuant to section 551 of the Companies Act, to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal amount of £2,000,000 in connection with the Issues such authority to expire on 6 September 2019 save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of Ordinary Shares in pursuance of such an offer or agreement as if such authority had not expired;
 - 2.5.2 pursuant to sections 570 and 573 of the Companies Act, to allot equity securities (as defined in section 560 of the Companies Act), including the grant of rights to subscribe for, or to convert any securities into, Ordinary Shares for cash pursuant to the authority referred to in paragraph 2.5.1 above as if sub-section 561(1) of the Companies Act did not apply to any such allotment of equity securities, provided that this authority shall expire on 6 September 2019, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the Shares to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired;
 - 2.5.3 in addition to the authority referred to in paragraph 2.5.1, generally and unconditionally, pursuant to section 551 of the Companies Act, to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal amount equal to the aggregate of 20 per cent. of the nominal value of the issued Ordinary Shares immediately following Initial Admission such authority to expire at the conclusion of the Company's annual general meeting to be held in 2020, unless previously revoked, varied or extended by the Company in general meeting save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the relevant securities to be allotted after the expiry of such authority and the Directors are authorised to allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired;
 - 2.5.4 in addition to the authority referred to in paragraph 2.5.2, pursuant to sections 570 and 573 of the Companies Act, to allot equity securities (as defined in section 560 of the Companies Act), including the grant of rights to subscribe for, or to convert any securities into, Ordinary Shares up to an aggregate nominal amount equal to the aggregate of 20 per cent. of the nominal value of the issued Ordinary Shares immediately following Initial Admission (i) for cash pursuant to the authority referred to in paragraph 2.5.3 above or (ii) held by the Company in treasury, as if sub-section 561(1) of the Companies Act did not apply to any such allotment of equity securities, provided that this authority shall expire at the conclusion of the Company's annual general meeting to be held in 2020, save that the Company may make an offer or agreement which would or might require equity securities to be allotted after the expiry of this authority and the Directors may

- allot equity securities in pursuance of that offer or agreement as if this authority had not expired; and
- 2.5.5 in accordance with section 701 of the Companies Act to make market purchases (within the meaning of section 693(4) of the Companies Act) of Shares provided that the maximum number of Shares authorised to be purchased is 14.99 per cent. of the Shares in issue immediately following Initial Admission. The minimum price which may be paid for a Share is one penny. The maximum price which may be paid for a Share must not be more than the higher of: (i) 5 per cent. above the average of the mid-market value of the Shares for the five Business Days before the purchase is made; or (ii) the higher of the last independent trade and the highest current independent bid for Shares. Such authority will expire on the conclusion of the annual general meeting of the Company to be held in 2020 (unless such authority is renewed before that expiry) save that the Company may contract to purchase shares under the authority thereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority and may purchase Shares in pursuance of such contract;
 - 2.5.6 to cancel the amount standing to the credit of the Company's share premium account immediately following Initial Admission and to make the reserve created on such cancellation available as distributable profits to be used for all purposes permitted by the Act and article 3(4) of The Companies (Reduction of Share Capital) Order 2008 including by way of dividends; and
 - 2.5.7 the regulations contained in the Articles be and are hereby approved and adopted as the articles of association of the Company and in substitution for, and to the exclusion of, the existing articles of association of the Company.
- 2.6 The disapplication of statutory pre-emption rights in the terms referred to at paragraphs 2.5.2 and 2.5.4 above gives the Company the flexibility to allot and issue a limited amount of Ordinary Shares or resell Ordinary Shares which it holds in treasury for cash without first being required to offer such Ordinary Shares to existing Shareholders in proportion to their existing holdings.
- 2.7 The provisions of section 561 of the Companies Act, which confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities which are to be paid up in cash, apply to the unissued capital of the Company except as referred to in paragraphs 2.5.2 and 2.5.4 above.

3. Articles of Association

Under the Articles of Association, the Ordinary Shares (which at the date of Initial Admission will be the only class of share in issue of the Company) have attached thereto the rights and privileges and are subject to the limitations and restrictions referred to in this paragraph 3.

3.1 Dividends

Subject to the provisions of the Companies Act, the Company may, by ordinary resolution, declare dividends but no such dividend shall exceed the amount recommended by the Directors. If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

Any dividend unclaimed for a period of 12 years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.

In the event that a direction notice (as referred to below) has been served, and the person holding the restricted Ordinary Shares holds at least 0.25 per cent. in number or nominal value of the Ordinary Shares in the Company, the Board may withhold the payment of all or part of any dividend (including shares issued in lieu of dividends) due on those restricted Ordinary Shares.

3.2 **Voting**

General voting rights

The holder of an Ordinary Share shall be entitled to receive notice of, and to attend, speak and vote in person (or, if a corporation, by a duly authorised representative) or by proxy at, all general meetings of the Company. At any general meeting, on a show of hands every holder of Ordinary Shares who is present and entitled to vote shall have one vote and upon a poll every such holder present in person, by duly authorised corporate representative or by proxy shall have one vote in respect of each Ordinary Share held by him and every corporate representative present in person may exercise all the powers on behalf of the corporation which authorised him to act as its representative and shall have one vote for every Ordinary Share in respect of which he is appointed the corporate representative. However, no member shall be entitled to exercise a vote at any general meeting (or class meeting): (i) in relation to an Ordinary Share if any call or other sum immediately payable by him in respect of that Ordinary Share remains unpaid; or (ii) in relation to any Ordinary Shares if a member has been served with a statutory notice by the Directors in the manner described below and has failed to supply to the Company the information required thereby within 14 days.

Restrictions on voting

If a holder of Ordinary Shares or any person appearing to be interested in those Ordinary Shares is served with a statutory notice by the Company under section 793 of the Companies Act (which notice demands the disclosure of certain information regarding the recipient's interest in the Ordinary Shares) but defaults in supplying to the Company the information thereby requested within 14 days of the service of such notice then the Directors may serve on the holder of those Ordinary Shares a further notice (a "restriction notice") the effect of which is, *inter alia*, to prevent the holder from voting at any general meeting or class meeting of the Company in respect of those Ordinary Shares.

3.3 **Redeemable shares**

Subject to the provisions of the Companies Act, and without prejudice to any rights attached to any class of shares for the time being in issue, any share may be issued: (i) on terms that it is, or is liable to be, redeemed at the option of the Company or the holder on such terms and conditions and in such manner as the Directors may, before the allotment of such shares, determine; and (ii) with such preferred, deferred or other rights or subject to such restrictions, whether as regards dividend, return of capital, voting, conversion or otherwise, as the Company may from time to time by ordinary resolution determine.

3.4 **Transfer of Ordinary Shares**

The Articles provide that Ordinary Shares may be transferred on the following basis:

- (i) any member may transfer all or any of his uncertificated Ordinary Shares by means of a relevant system in such manner provided for in, and subject to, the Uncertificated Securities Regulations 2001 and the rules of any relevant system, and accordingly no provision of the Articles shall apply in respect of an uncertificated Ordinary Share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the Ordinary Share to be transferred; and
- (ii) any member may transfer all or any of his certificated Ordinary Shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee, and the transferor shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the register of members of the Company in respect of it.

However, the Board may, in its absolute discretion and without giving any reason for so doing, decline to register a transfer of any Ordinary Share which is not fully paid provided that where such Ordinary Share is admitted to the premium listing segment of the Official List such discretion may not be exercised in such a way as to prevent dealings in Ordinary Shares from taking place on an open and proper basis.

The Board may also decline to register a transfer of an uncertificated Ordinary Share in the circumstances set out in the Uncertificated Securities Regulations 2001 and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

In relation to certificated Ordinary Shares, the Board may also decline to register any transfer unless:

- (i) the instrument of transfer is delivered for registration to the registrar's office or such other place as the Directors have specified, accompanied by the certificate(s) for the shares to which it relates (except in the case of a transfer by a financial institution where a certificate has not been issued or in the case of a renunciation) and such other evidence as the Directors may reasonably require to prove the title of the transferor or person renouncing and the due execution by him of the transfer or renunciation or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so;
- (ii) (if stamp duty is generally chargeable on transfers of certificated Ordinary Shares) the instrument of transfer is duly stamped or adjudged or certified as not chargeable to stamp duty;
- (iii) the instrument of transfer is in respect of only one class of share; and
- (iv) in the case of a transfer to joint holders, the number of joint holders to whom the Ordinary Share is to be transferred does not exceed four.

The Board may in addition decline, subject to the requirements of the Uncertificated Securities Regulations 2001, to register the transfer of an Ordinary Share which is the subject of a direction notice (as referred to above) where the person holding the restricted Ordinary Share(s) holds at least 0.25 per cent. in number or nominal value of the Ordinary Shares in the Company. This restriction cannot be applied where the transfer is pursuant to an "arm's length sale".

3.5 **Variation of rights**

All or any of the rights for the time being attached to any class of shares in may from time to time (whether or not the Company is being wound up) be varied either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class (but not otherwise). All the provisions of the Articles as to general meetings of the Company (as described below) shall, *mutatis mutandis*, apply to any such separate general meeting, but so that the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal amount of the issued shares of the class (excluding any shares of that class held as treasury shares), but so that at any adjourned meeting one holder present in person or by proxy (whatever the number of shares held by him) shall be a quorum, that every holder of shares of the class present in person or by proxy (excluding any shares of that class held as treasury shares) shall be entitled on a poll to one vote for every share of the class held by him (subject to any rights or restrictions attached to any class of shares) and that any holder of shares of the class present in person or by proxy may demand a poll. The foregoing provisions shall apply to the variation of any special rights which only attach to certain shares of a particular class as if the shares carrying such special rights formed a separate class.

3.6 **Reduction of capital**

The Company may by special resolution reduce its share capital, any capital redemption reserve, any share premium account or any other undistributable reserve in any manner permitted by law.

3.7 **Untraced Shareholders**

Subject to various notice requirements, the Company may sell on the London Stock Exchange at the best price reasonably obtainable any certificated Ordinary Share provided that for a period of 12 years at least three dividends (whether interim or final) on those Ordinary Shares have become payable and no dividend in respect of those Ordinary Shares during that period has been claimed by presentation at a bank of the relevant cheque or warrant or been satisfied by the transfer of funds to a bank account designated by the holder of (or person entitled to) the Ordinary Shares

or otherwise been transferred through CREST (or another relevant service), and so far as the Directors are aware the Company has not received any communication during the relevant period from the holder of, or person entitled to, those Ordinary Shares.

3.8 **Capital reserve**

The Directors shall establish a reserve to be called the “capital reserve” and shall either, at the discretion of the Directors, carry to the credit of such reserve from time to time all capital profits or appreciations derived from the sale, realisation, transposition, repayment or revaluation of any capital asset or investment of the Company in excess of the book value thereof or apply the same in providing for depreciation or contingencies. For the avoidance of doubt, accrued but unpaid interest or any sum received in respect of accrued but unpaid interest shall not be treated as capital profits or appreciations arising on the sale, realisation, transposition, repayment or revaluation of any investment or other capital asset. Any loss realised on the sale, realisation, transposition, repayment or revaluation of any investment or other capital asset and any other expenses, loss or liability (or provision thereof) as the Directors may in their discretion determine to be of a capital nature may be carried to the debit of the capital reserve. Any increase or diminution in the amount of any index-linked stock or other index-linked obligation of the Company may be carried to the debit or credit of the capital reserve, except so far as the Directors in their discretion decide to make good the same out of, or credit the same to, other funds or reserves of the Company.

Subject to the Companies Act and without prejudice to the foregoing generality, the Directors may determine whether any amount received by the Company is to be dealt with as income or capital or partly one and partly the other. The Board may determine whether any cost, liability or expense (including, without limitation, any costs incurred or sums expended in connection with the management of the assets of the Company or finance costs (including, without limitation, any interest payable by the Company in respect of any borrowings of the Company)) is to be treated as a cost, liability or expense chargeable to capital or to revenues or partly one and partly the other, having regard, *inter alia*, to the investment objectives of the Company, and to the extent the Directors determine that any such cost, liability or expense should reasonably and fairly be apportioned to capital the Board may debit or charge the same to the capital reserve.

3.9 **Borrowing powers**

The Board may, subject to the provisions of the Companies Act and the restrictions set out below, exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure (so far, as regards subsidiaries, as by such exercise they can secure) that the aggregate amount for the time being remaining outstanding of all moneys borrowed by the Company or any of its subsidiaries from time to time and for the time being owing to persons outside the Company or any of its subsidiaries from time to time shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to the aggregate of: (i) the amount standing to the credit of the share capital account of the Company; and (ii) the aggregate amount standing to the credit of the consolidated capital and revenue reserves (including any share premium account or capital redemption reserve fund) plus or minus the amount standing to the credit or debit (as the case may be) of the revenue account all as shown in the latest audited accounts but adjusted as may be necessary and appropriate to take account of any increase in or reduction of the issued and paid up share capital of the Company since the date to which the balance sheet incorporated in such accounts shall have been made up and any distributions (other than normal preference dividends and interim dividends paid in each case out of profits earned since such date) in cash or in specie made, recommended or declared from such reserves or revenue account since such date, excluding any sums set aside for taxation, deducting any amount for goodwill or any other intangible asset shown as an asset in such balance sheet (as adjusted), deducting any amount attributable to minority interests, and after making such other adjustments (if any) as the Auditors may consider appropriate.

For the purposes of the foregoing provisions:

- (i) "audited accounts" shall mean the audited accounts of the Company unless at the relevant date there shall be a subsidiary which has made up accounts which have been audited in which event "audited accounts" shall mean a consolidation of the latest audited accounts of the Company and such subsidiary and the references to reserves and revenue account shall be deemed to be references to reserves and revenue account as shown in such consolidation and the deduction in respect of goodwill shall not include goodwill arising only on such consolidation; and
- (ii) share capital allotted shall be treated as issued and share capital called up or payable at any fixed future date within the following six months shall be treated as already paid and if the Company proposes to issue any shares for cash and such has been underwritten then such shares shall be deemed to have been issued and the subscription moneys (including any premium) payable in respect thereof within the following six months shall be deemed to have been paid up.

No person dealing with the Company or any of its subsidiaries shall be concerned to see or enquire whether the said limit is observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual unless the lender or the recipient of the security had, at the time when the debt was incurred or security given, express notice that the said limit had been or would thereby be exceeded.

3.10 **Directors**

Number of Directors

The minimum number of Directors is two and there is no maximum number.

Appointment and removal of Directors

The Company may by ordinary resolution appoint any person who is willing to act to be a Director (either as an addition to the Board or to fill a vacancy). The Board may also appoint any person to the Board (either as an addition or to fill a vacancy) for the period from the date of appointment until the next annual general meeting.

Each Director shall retire from office at the third annual general meeting after the annual general meeting at which he was last elected until the ninth anniversary of his appointment and shall retire from office annually thereafter.

The Company may remove a Director at any time by special resolution.

The office of Director shall also be vacated if:

- (i) he becomes prohibited by law from acting as a director, or shall cease to be a director by virtue of any provision of the Companies Act; or
- (ii) by notice in writing to the Company or tendered at a meeting of the Directors, he offers to resign and the other Directors resolve to accept such offer; or
- (iii) he becomes bankrupt or compounds with his creditors generally; or
- (iv) a registered medical practitioner gives a written opinion to the Company that he has become incapable by reason of illness or injury of managing and administering his property; or
- (v) by reason of his mental health, a court makes an order that prevents him from personally exercising any powers or rights which he would otherwise have; or
- (vi) he and his alternate (if any) are absent from meetings of the Directors for the greater of six consecutive months and six consecutive meetings without the consent of the other Directors and the other Directors resolve that his office be vacated; or
- (vii) he is removed from office as a Director by notice in writing delivered to his last known address and signed by all his co-Directors, but so that if he holds an appointment to an executive office which thereby automatically determines such removal shall be deemed to be an act of the Company and shall have effect without prejudice to sent to the Company or tendered at a meeting of the board where such resignation is requested by all of the other Directors.

Directors' fees, expenses and remuneration

The fees paid to the Directors for their services as directors of the Company shall not exceed £150,000 in aggregate or such higher amount as the Company may by ordinary resolution determine. A Director may also be paid his travelling, hotel and other expenses properly and reasonably incurred in attending and returning from meetings of the Directors or any committees of the Directors or general meetings of the Company or otherwise properly and reasonably incurred by him in connection with the business of the Company. A Director who is appointed to any executive office or employment with the Company or any associated company, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such remuneration or benefits by way of salary, commission, participation in profits or otherwise, in addition to or in substitution for his ordinary remuneration as a Director, as the Directors or any committee of the Company authorised by the Directors may determine.

Directors' interests

No Director or proposed or intending director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any contract in which any Director is in any way interested be liable to be avoided, nor shall any Director who is so interested be liable to account to the Company or the members for any remuneration, profit or other benefit realised by the contract by reason of the Director holding that office or of the fiduciary relationship thereby established.

A Director, notwithstanding his office, may be or become a director or other officer of, or hold any place of profit in, or act in a professional capacity for, or otherwise be interested in, any associated company. A Director who is a director or other officer of, or otherwise interested in, any associated company is authorised to act subject to any guidance from time to time issued by the Directors for dealing with conflict situations arising in relation to associated companies or any of them. The Directors may exercise any voting rights exercisable by the Company in any associated company in such manner and in such respects as they think fit, including voting in favour of any resolution appointing them or any of their number directors or officers of any associated company or voting or providing for the payment of remuneration to the directors or officers of any associated company.

A Director shall not vote on or be counted in the quorum in relation to any resolution of the Board concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested.

A Director shall not vote (or, if he does vote, his vote shall not be counted) or be counted as part of the quorum on any resolution of the Directors in respect of any contract, arrangement, transaction or any other kind of proposal in which he has a direct or indirect interest unless: (i) his interest cannot reasonably be regarded as likely to give rise to a conflict of interests; or (ii) the resolution relates to one of the permitted matters listed in the Articles and he has no other interest beyond that matter.

Any authorisation given by the Board under the Articles may provide that the Director in question need not disclose to or use for the benefit of the Company any information relating to the relevant matter which he obtains or has obtained otherwise than as a Director or employee of the Company and in respect of which he owes a duty of confidentiality to a person other than the Company.

If a question arises at any time as to whether a Director's interest can reasonably be regarded as likely to give rise to a conflict of interests or as to his entitlement to vote or be counted in a quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or being counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to any Director other than himself shall be conclusive and binding on all concerned, except in a case where the nature or extent of the interest of such Director has not been fairly disclosed.

Subject to the Companies Act and the Listing Rules, the Company may by ordinary resolution suspend or relax the above provisions on Directors' conflicts to any extent or ratify any transaction not duly authorised by reason of a contravention of the Articles.

Voting and quorum

Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.

The quorum at Board meetings shall be two Directors (unless fixed at another number by the Board).

3.11 General meetings

Annual general meetings shall be convened by not less than 21 clear days' notice in writing. Subject to the Companies Act, all other general meetings shall be called by not less than 14 clear days' notice in writing. The notice shall specify the place, date and time of the meeting and the general nature of the business to be transacted. Notice of every general meeting shall be given to the Directors and all members other than any who, under the provisions of the Articles or the terms of issue of the Ordinary Shares they hold, are not entitled to receive such notices from the Company, and also to the Auditors or, if more than one, each of them.

The accidental omission to give notice of a general meeting or of any resolution intended to be moved at a general meeting or the accidental omission to send any document relating to any general meeting to, or the non-receipt of any such notice or document by, any person entitled to receive the notice or document shall not invalidate the proceedings at that meeting.

The Directors may from time to time make any arrangement and impose any restriction they consider appropriate to ensure the security of a meeting, including requiring evidence as to identity to be produced by a person attending the meeting, searching of a person attending the meeting and restricting the items of property which may be taken into the meeting place. The Directors may refuse entry to and/or remove from a meeting any person who refuses to comply with these arrangements or restrictions.

3.12 Alteration of share capital

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

4. Directors' and other interests

- 4.1 It is estimated that the aggregate remuneration to be paid and benefits in kind to be granted to the Directors by the Company for the current financial period ending 31 December 2019 will not exceed £107,500 (being £30,000 to Norman Crighton (as Chairman), £27,500 to Katya Thomson (as Chairperson of the Audit Committee), £25,000 to Yoshi Nishio and £25,000 to Margaret Stephens). The Directors' fees will be reviewed annually. The total remuneration paid and benefits in kind granted to the Directors will not be varied as a consequence of the Issues. No Director is eligible for pension, retirement or similar benefits and no amounts have been set aside by the Company to provide pension, retirement or similar benefits.
- 4.2 No Director has a service contract with the Company, nor are any such contracts proposed. Each Director has been appointed pursuant to a letter of appointment entered into with the Company. Their appointments are subject to the Articles and can be terminated without notice and without compensation.
- 4.3 Any new Directors appointed during the year must stand for election at the first annual general meeting following their appointment. Thereafter, each of the Directors is obliged to retire and, if they wish, offer themselves for re-election every three years. Directors who have served on the

Board for longer than nine years will submit themselves for re-election every year. The Directors intend to offer themselves for re-election annually.

- 4.4 No potential conflicts of interests exist between the duties owed by the Directors to the Company and their private interests and/or other duties.
- 4.5 No loan or guarantee has been granted or provided by the Company for the benefit of any Director.
- 4.6 The Directors do not have any options over Ordinary Shares. Following the Initial Issue, the interests of the Directors in the issued share capital of the Company are expected to be as follows:

<i>Director</i>	<i>No. of Ordinary Shares</i>	<i>% of issued share capital</i>
Norman Crighton	20,000	0.02
Katya Thomson	10,000	0.01

The percentage of issued share capital figures assume that 100 million Ordinary Shares are issued in aggregate pursuant to the Initial Issue.

- 4.7 The Directors are not aware of any person or persons who, following the Issues, will or could, directly or indirectly, jointly or severally, exercise control over the Company. All Shareholders have the same voting rights in respect of the share capital of the Company.
- 4.8 Details of those companies (other than the Company) and partnerships of which the Directors have been a member of the administrative, management or supervisory body or a partner at any time in the five years preceding the date of this document are as follows:

<i>Director</i>	<i>Current Directorships/Memberships</i>	<i>Previous Directorships/Memberships</i>
Norman Crighton	Global Fixed Income Realisation RM Secured Direct Lending Plc Weiss Korea Opportunity Fund Limited	GLI Alternative Finance Limited Private Equity Investor plc Rangers International Football Club plc Trading Emissions plc
Katya Thomson	Henderson EuroTrust plc Miton Global Opportunities plc Thomas Cook Nederland BV The New Carnival Company CIC	–
Yoshi Nishio	Alternet Limited	–
Margaret Stephens	London School of Architecture Balloburn Limited	KPMG LLP

- 4.9 As at the date of this document, none of the Directors:
- 4.9.1 has any convictions in relation to fraudulent offences for at least the previous five years;
- 4.9.2 has been the subject of any bankruptcies, receiverships or liquidations when acting in the capacity of a member of the administrative, management or supervisory body or a partner of the companies and/or partnerships referred to in paragraph 4.8 above; or
- 4.9.3 has been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.
- 4.10 The Investment Manager maintains a conflicts of interest register to monitor any potential conflicts of interest between any duties of the Directors to the Company and their private interests and/or

other duties. Save for those companies and/or partnerships referred to in paragraph 4.8 above, there are no potential conflicts of interest. All of the Directors are independent of the Investment Manager and any other company in the same group of companies as the Investment Manager.

5. Subsidiary undertakings

The Company has no subsidiary undertakings.

6. Related party transactions

The Company was not a party to, nor had any interest in, any related party transaction (as defined in the standards adopted according to the Regulation (EC) No 1606/2002) at any time since its incorporation.

7. Mandatory bids, squeeze-out and sell-out rules

7.1 Mandatory bids

As a company incorporated in England and Wales with shares which will be admitted to trading on the Main Market, the Company will be subject to the provisions of the Takeover Code. Under Rule 9 of the Takeover Code, any person or group of persons acting in concert with each other who, taken together with shares already held by that person or group of persons, acquires 30 per cent. or more of the voting rights of the Company or holds not less than 30 per cent. but not more than 50 per cent. of the voting rights exercisable at a general meeting and acquires additional shares or interests in shares which increase the percentage of their voting rights, would normally be required to make a general offer in cash at the highest price paid within the preceding 12 months for all the remaining equity share capital of the Company.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9. A shareholder who is neither a director nor acting in concert with a director will not normally incur an obligation to make an offer under Rule 9. However, under note 2 to Rule 37, where a shareholder has acquired shares at a time when it had reason to believe that a purchase by the Company of its own voting shares might take place, an obligation to make a mandatory bid under Rule 9 may arise in certain circumstances. The buying back by the Company of Ordinary Shares could, therefore, have implications for Shareholders with significant shareholdings.

7.2 Squeeze-out and sell-out rules

Other than as provided by the Companies Act, there are no rules or provisions relating to squeeze-out and sell-out rules in relation to the Ordinary Shares.

8. Material contracts

The following are all of the material contracts, other than contracts entered into in the ordinary course of business, to which the Company has been a party since incorporation and any other contract, not being a contract entered into in the ordinary course of business, that has been entered into by the Company which contains any provisions under which the Company has any obligation or entitlement which is material to the Company as at the date of this document.

- 8.1 The Investment Management Agreement dated 6 September 2018, pursuant to which the Company has appointed Asset Value Investors Limited as its alternative investment fund manager in accordance with the AIFM Directive.

Pursuant to the terms of the Investment Management Agreement and for the purposes of the AIFM Directive, the AIFM will, *inter alia*, manage the investments and other assets of the Company with the sole responsibility for the portfolio management and risk management of the assets of the Company in each case in accordance with the Company's investment policy. In particular, the AIFM will implement adequate risk management systems in order to identify, measure, manage and monitor appropriately all risks relevant to the Company's investment policy. It will also

undertake a valuation at least once a year of the assets within the Company's portfolio in accordance with the AIFM Directive.

Under the terms of the Investment Management Agreement the Investment Manager is entitled to a fee of 1 per cent. per annum of the lesser of the Company's Net Asset Value or Market Capitalisation. The management fee shall be calculated quarterly, based on the Net Asset Value of the Company on the last Business Day of the relevant quarter. The management fee will be paid monthly in arrears. Each month the Investment Manager will invest 25 per cent. of the management fee it receives in Ordinary Shares. This will be achieved through the purchase of Shares in the secondary market or, if this is not possible, the issue of Ordinary Shares by the Company, following consultation with the Board. The Investment Manager will be required to hold the Ordinary Shares for a period of two years from the date on which the relevant management fee is calculated.

The Investment Management Agreement is subject to an initial period of four years and thereafter will continue until terminated at any time by either party giving to the other not less than 12 months' written notice. If the Company gives less than the prescribed period of notice, the Investment Manager is entitled to receive management fees, reduced *pro rata* according to the amount of notice given. Either party may also terminate the Investment Management Agreement by notice in writing if either party (or any of its directors, officers, employees or agents) is guilty of any serious misconduct, negligence, wilful default or fraud, if either party commits a material breach or on the occurrence of certain insolvency events. The Company may also terminate the Investment Management Agreement if the Investment Manager ceases to be authorised under FSMA or ceases to maintain its permission with the FCA or if the Company ceases to satisfy the conditions for approval as an investment trust.

The Investment Manager has agreed to indemnify the Company in respect of all losses incurred as a result of the negligence, wilful default, fraud or bad faith of the Investment Manager or a breach of the Investment Management Agreement by the Investment Manager.

The Company has agreed to indemnify the Investment Manager in respect of all claims by third parties in relation to such acts and things as the Investment Manager shall lawfully do or cause to be done in the proper performance of its duties except to the extent that such claim is due to the negligence, wilful default, fraud or bad faith of the Investment Manager or a breach of any applicable laws or the Investment Management Agreement.

The Investment Management Agreement is governed by the laws of England and Wales.

- 8.2 The Depositary Agreement dated 6 September 2018 pursuant to which the Company has appointed J.P. Morgan Europe Limited as the Company's depositary for the purposes of the AIFM Directive.

Under the terms of the Depositary Agreement, the Depositary performs, *inter alia*, safekeeping, cashflow monitoring and oversight services in accordance with the AIFM Directive. The Depositary is responsible for enquiring into the conduct of the Investment Manager each annual accounting period.

The maximum annual fee payable to the Depositary is 1.95 per cent. per annum of net assets.

The Depositary Agreement will continue until terminated at any time by the Company giving the Depositary 90 days' written notice. Either party may also terminate the Depositary Agreement by notice in writing if the other party commits any material breach of the Depositary Agreement that has not been remedied within 30 days of notice or on the occurrence of certain insolvency events. The Company may also terminate the Depositary Agreement if the Investment Manager ceases to be authorised to act as investment manager of the Company or if the Depositary ceases to be authorised to act as depositary. The Depositary may also terminate the Depositary Agreement immediately if any provision of the Articles which relate to the liability of the Depositary is amended or removed without the prior written approval of the Depositary.

On termination of the Depositary Agreement, the Company shall pay to the Depositary such fees as are outstanding at the date of termination together with any outstanding expenses or disbursements.

In accordance with the terms of the Depositary Agreement, and subject to the provisions of the AIFM Directive, the Depositary may delegate its safekeeping functions in relation to securities and other assets of the Company. The Depositary must exercise due care, skill and diligence in the selection of a delegate to perform the safekeeping functions in respect of securities and other assets of the Company. The employment of any such delegate shall not relieve the Depositary of its responsibilities or liabilities under the Depositary Agreement. Under the Depositary Agreement, the safekeeping function in respect of the Company's assets has been delegated to the Custodian, JPMorgan Chase Bank National Association, London Branch pursuant to the Custody Agreement.

Pursuant to the terms of the Custody Agreement, the Custodian will hold, or arrange for sub-custodians to hold, all of the cash, securities and other assets of the Company and it will arrange and settle (directly or acting through sub-custodians) all transactions relating to those assets as agent for the Company. The Custody Agreement does not provide for any fees to be paid by the Company to the Custodian although the Company will reimburse the Custodian's expenses. The Custody Agreement will continue for so long as the Depositary Agreement is in effect and it will terminate automatically on the termination of the Depositary Agreement.

The Company has agreed to indemnify the Depositary and the Custodian (together with their sub-custodians, affiliates and their respective nominees, directors, officers, employees and agents) in respect of all liabilities in connection with the Depositary's status as a holder of the Company's securities and performance under the Depositary Agreement other than as a result of the Depositary's fraud, negligence, wilful misconduct or breach of the Depositary Agreement.

The Depositary Agreement is governed by the laws of England and Wales.

- 8.3 The Placing Agreement dated 6 September 2018 pursuant to which the Joint Placing Agents have agreed, subject to certain conditions that are typical for an agreement of this nature, to use their reasonable endeavours to procure Placees for the Ordinary Shares under the Initial Placing and the Share Issuance Programme.

The Issues are not underwritten. For the Joint Placing Agents' services in connection with the Issues and provided that the Placing Agreement becomes wholly unconditional and is not terminated, the Joint Placing Agents will be entitled to aggregate commission. Such commission will be reduced accordingly by an amount sufficient to cover any additional costs over and above the cap on the costs of Initial Issue at two per cent. of the Gross Proceeds.

In addition, the Joint Placing Agents will be entitled to be reimbursed for all properly incurred costs, charges fees and expenses in connection with, or incidental to, the Issues and the arrangements contemplated by the Placing Agreement. Under the Placing Agreement, the Company, the Directors and the Investment Manager have given certain market standard warranties and indemnities to the Joint Placing Agents concerning, *inter alia*, the accuracy of the information contained in this document. In addition, the Company and the Investment Manager have given certain market standard indemnities.

The Placing Agreement can be terminated at any time before Initial Admission by the Joint Placing Agents giving notice, *inter alia*, if: (a) there shall have been a material breach of any of the warranties contained in the Placing Agreement; (b) any statement contained in any document published or issued by the Company in connection with the Issues is or has become untrue, inaccurate or misleading in any material respect; (c) in the good faith opinion of the Joint Placing Agents there shall have been or it is reasonably likely that there will occur a material adverse change; or (d) any matter has arisen which would require the publication of a supplementary prospectus.

The Placing Agreement is governed by the laws of England and Wales.

- 8.4 Link Company Matters Limited has been appointed as the company secretary pursuant to the Company Secretarial Agreement. In such capacity, the Company Secretary is responsible for

general secretarial functions and for assisting the Company with compliance with its continuing obligations as a company listed on the premium segment of the Official List.

The Company Secretary will receive a one off fee of £25,000 on Initial Admission in relation to services provided during the launch of the Company. Subject to Initial Admission, the Company the Company Secretary will be paid a one-off set up fee of £10,000, thereafter the Company Secretary will receive an annual fee of £60,000.

Under the terms of the Company Secretarial Agreement either party may terminate the agreement, (i) on three months' written notice should the parties not reach an agreement regarding any increase in the fees, (ii) upon service of written notice if the other party commits a material breach of the agreement which that party has failed to remedy within 45 days of receipt of a written notice, or (iii) if a resolution is passed or an order made for the winding-up, dissolution or administration of the other party. The Company Secretarial Agreement is subject to an initial term of one year and thereafter automatically renews for each successive 12 month period, but may be terminated by either party on six months' written notice provided that written notice is given at least six months' prior to the end of the initial one year period or at least six months' prior to the end of each successive 12 month period.

The Company Secretarial Agreement is governed by the laws of England and Wales.

- 8.5 Link Alternative Fund Administrators Limited has been appointed to provide general administrative functions to the Company. Subject to Initial Admission, the Administrator will be paid an annual fee of £90,000. In addition the Administrator will be paid a fee of 0.015 per cent. on the Company's assets in excess of £200 million.

Under the terms of the Administration Agreement either party may terminate the agreement, (i) on three months' written notice should the parties not reach an agreement regarding any increase in the fees, (ii) upon service of written notice if the other party commits a material breach of the agreement which that party has failed to remedy within 45 days of receipt of a written notice, or (iii) if a resolution is passed or an order made for the winding-up, dissolution or administration of the other party. The Company Secretarial Agreement is subject to an initial term of one year and thereafter may be terminated by either party on six months' written notice.

9. Intermediaries Terms and Conditions

The Intermediaries Terms and Conditions regulate the relationship between the Company, the Investment Manager, Kepler and each of the Intermediaries that is accepted by the Company to act as an Intermediary after making an application for appointment in accordance with the Intermediaries Terms and Conditions.

Capacity and liability

The Intermediaries have agreed that, in connection with the Intermediaries Offer, they will be acting as agent for retail investors in the United Kingdom who wish to acquire New Shares under the Intermediaries Offer, and not as representative or agent of the Company, the Investment Manager or the Sponsor, none of whom will have any responsibility for any liability, costs or expenses incurred by any Intermediary, regardless of the process or outcome of the Issues.

Eligibility to be appointed as an Intermediary

In order to be eligible to be considered by the Company for appointment as an Intermediary, each Intermediary must be authorised by the FCA or the PRA in the United Kingdom or authorised by a competent authority in another EEA State with the appropriate authorisations to carry on the relevant activities in the United Kingdom, and in each case have appropriate permissions, licences, consents and approvals to act as an intermediary in the United Kingdom. Each Intermediary must also be a member of CREST or have arrangements with a clearing firm that is a member of CREST.

Each Intermediary must also have (and is solely responsible for ensuring that it has) all licences, consents and approvals necessary to enable it to act as an intermediary in the United Kingdom and

must be, and at all times remain, of good repute and in compliance with all laws, rules and regulations applicable to it (determined by the Company in its sole and absolute reasonable discretion).

Application for New Shares

There is no maximum or minimum limit on the monetary amount that Underlying Applicants may apply to invest. The Intermediaries have agreed not to make more than one application per Underlying Applicant. Any application made by investors through any Intermediary is subject to the terms and conditions agreed with each Intermediary.

Allocations of New Shares under the Intermediaries Offer will be at the absolute discretion of the Company. If there is excess demand for New Shares in the Initial Issue, allocations of New Shares may be scaled down to an aggregate value which is less than that applied for.

Each Intermediary will be required by the Company to apply the basis of allocation to all allocations to Underlying Applicants who have applied through such Intermediary.

Effect of Intermediaries Offer Application Form

By completing and returning an Intermediaries Offer Application Form, an Intermediary will be deemed to have irrevocably agreed to invest or procure the investment in New Shares of the aggregate amount stated on the Intermediaries Offer Application Form or such lesser amount in respect of which such application may be accepted. The Company reserves the right to reject, in whole or in part, or to scale down, any application for New Shares under the Intermediaries Offer.

Fees

The Intermediaries Terms and Conditions provide that an Intermediary may choose whether or not to be paid a fee by the Company in connection with the Intermediaries Offer, subject to the rules of the FCA or any other applicable body. Intermediaries must not pay to any Underlying Applicant any of the fees received from the Company. However, Intermediaries are permitted to offset any fee received from the Company against any amounts of fees which would be otherwise payable by an Underlying Applicant to that Intermediary.

Information and communications

The Intermediaries have agreed to give certain undertakings regarding the use of information provided to them in connection with the Intermediaries Offer. The Intermediaries have given certain undertakings regarding their role and responsibilities in the Intermediaries Offer and are subject to certain restrictions on their conduct in connection with the Intermediaries Offer, including in relation to their responsibility for information, communications, websites, advertisements and their communications with clients and the press.

Representations and warranties

The Intermediaries have given representations and warranties that are relevant for the Intermediaries Offer, and have agreed to indemnify the Company, the Investment Manager and Kepler against any loss or claim arising out of any breach by them of the Intermediaries Terms and Conditions or as a result of a breach of any duties or obligations under FSMA or under any rules of the FCA or any applicable laws or as a result of any breach by the Intermediary of any of its representations, warranties, undertakings or obligations contained in the Intermediaries Terms and Conditions.

Governing law

The Intermediaries Terms and Conditions are governed by the laws of England and Wales.

10. Intermediaries

The Intermediaries authorised as at the date of this document to use this document in connection with the Intermediaries Offer are:

- (i) Hargreaves Lansdown;

- (ii) Alliance Trust;
- (iii) Redmayne;
- (iv) AJ Bell Youinvest; and
- (v) Bentley.

Any new information with respect to the Intermediaries which is unknown at the time of approval of this document, including in respect of any Intermediary that is appointed by the Company in connection with the Intermediaries Offer after the date of this document following its agreement to adhere to and be bound by the Intermediaries Terms and Conditions; and any Intermediary that ceases to participate in the Intermediaries Offer, will be made available (subject to certain restrictions) at the Company's website, www.ajot.co.uk.

11. Investment restrictions

11.1 In accordance with the requirements of the UK Listing Authority, the Company:

- 11.1.1 will not invest more than ten per cent. in aggregate of the value of the total assets of the Company in other investment companies or investment trusts which are listed on the premium listing segment of the Official List;
- 11.1.2 will not conduct any trading activity which is significant in the context of the Company as a whole;
- 11.1.3 will, at all times, invest and manage its assets:
 - (i) in a way which is consistent with its object of spreading investment risk; and
 - (ii) in accordance with its published investment policy.

11.2 As an investment trust, the Company aims to comply with section 1158 of the CTA 2010, which imposes on the Company an obligation to spread investment risk.

11.3 In accordance with the requirements of the UK Listing Authority, the Company will not make any material change to its published investment policy without the approval of its Shareholders by ordinary resolution. Such an alteration would be announced by the Company through a Regulatory Information Service.

11.4 In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company by an announcement issued through a Regulatory Information Service.

12. General

12.1 There are no governmental, legal or arbitration proceedings (and, in so far as the Company is aware, there are no governmental, legal or arbitration proceedings pending or threatened) which may have, or have had since incorporation, significant effects on the Company's financial position or profitability.

12.2 Save for its entry into the material contracts summarised in paragraph 8 of this Part 7 and certain non-material contracts, since its incorporation the Company has not commenced operations, has not declared any dividends and no financial statements have been made up. As at the date of this document, there has been no significant change in the financial or trading position of the Company since its incorporation.

12.3 The Company is of the opinion, taking account of the Minimum Net Proceeds, that the working capital available to it is sufficient for its present requirements, that is for at least 12 months from the date of this document.

12.4 As at the date of this document, the Company has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness and the Company's issued share

capital consists of one Ordinary Share and 50,000 Redeemable Preference Shares with no legal reserves or other reserves.

12.5 The Joint Placing Agents have given and not withdrawn their written consent to the issue of this document with the inclusion therein of references to their names in the form and context in which they are included.

12.6 The Investment Manager has given and not withdrawn its written consent to the issue of this document with the inclusion therein of references to its name in the form and context in which it is included. The Investment Manager accepts responsibility for the statements concerning itself within the section headed 'Risk Factors' and Part 2 of the document. To the best of the knowledge and belief of the Investment Manager, who has taken all reasonable care to ensure that such is the case, the information contained under the aforementioned headings is in accordance with the facts and contains no omission likely to affect its import.

13. Documents available for inspection

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the office of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW until 30 August 2019:

- (i) the Articles; and
- (ii) this document.

14. Availability of this document

This document is available for inspection at www.morningstar.co.uk/uk/NSM and www.ajot.co.uk. Copies of this document will be available for collection, free of charge, from 6 September 2018 until 5 September 2019 from the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW.

DEFINITIONS

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

Administration Agreement	the administration agreement dated 24 August 2018 between the Company and the Administrator, further details of which are set out in paragraph 8.5 of Part 7 of this document
Administrator	Link Alternative Fund Administrators Limited, a private limited company incorporated in England and Wales with registered number 02056193
Admission	the admission of any New Shares to the premium listing segment of the Official List and to trading on the Main Market becoming effective in accordance with the Listing Rules and the admission and disclosure standards of the London Stock Exchange
AIC	the Association of Investment Companies
AIC Code	the Code of Corporate Governance published by the AIC from time to time
AIC Guide	the Corporate Governance Guide for Investment Companies published by the AIC from time to time
AIF	an alternative investment fund in accordance with the AIFMD
AIFM Directive or AIFMD	Directive 2011/61/EU of the European Parliament and of the Council on alternative investment fund managers
Applicants	applicants under the Offer for Subscription
Application Form	the application form attached to this document for use in connection with the Offer for Subscription
Articles or Articles of Association	the articles of association of the Company, as amended from time to time
Audit Committee	the audit committee of the Board, as further described in Part 3 of this document
Auditors	the auditors of the Company from time to time, being BDO UK LLP as at the date of this document
Australia	the Commonwealth of Australia, its territories and possessions and all areas under its jurisdiction and political sub-divisions thereof
Board	the board of Directors or a duly constituted committee thereof
Business Day	a day (excluding Saturdays, Sundays and public holidays in England and Wales) on which banks generally are open for business in London for the transaction of normal business
Calculation Time	in respect of any issue of New Shares under the Share Issuance Programme, the time at which the Board resolves to effect such issue
Canada	Canada, its provinces and territories and all areas under its jurisdiction and political sub-divisions thereof

certificated or in certificated form	a share or other security which is not in uncertificated form
CRS	the Common Reporting Standard international tax regime developed by the Organisation for Economic Co-operation and Development (OECD)
Companies Act	the Companies Act 2006, as amended from time to time
Company	AVI Japan Opportunity Trust plc, a public limited company incorporated in England and Wales with registered number 11487703 and whose registered office is at Beaufort House, 51 New North Road, Exeter, Devon EX4 4EP
Company Secretary	Link Company Matters Limited, a private limited company incorporated in England and Wales with registered number 05306796
Company Secretarial Agreement	the company secretarial agreement dated 24 August 2018 between the Company and the Company Secretary, further details of which are set out in paragraph 8.4 of Part 7 of this document
Corporate Governance Code	the UK Corporate Governance Code issued by the Financial Reporting Council, as amended from time to time
CREST	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended) in respect of which Euroclear is the operator in accordance with which securities may be held in uncertificated form
CTA 2010	the Corporation Tax Act 2010, as amended from time to time
Custodian	JPMorgan Chase Bank National Association, London Branch, a national banking association incorporated in the US operating from its London branch
Custody Agreement	the custody agreement dated 6 September 2018 between the Company, the Custodian and the Depositary, further details of which are set out in paragraph 8.2 of Part 7 of this document
Depositary	J.P. Morgan Europe Limited, a private limited company incorporated in England and Wales with registered number 00938937
Depositary Agreement	the depositary agreement dated 6 September 2018 between the Company, the Investment Manager and the Depositary, further details of which are set out in paragraph 8.2 of Part 7 of this document
Directors	the directors of the Company from time to time, and "Director" shall be construed accordingly
Disclosure Guidance and Transparency Rules	the disclosure guidance and transparency rules made by the FCA, as amended from time to time
Discount Control Policy	the Company's discount control policy as described in more detail in Part 1 of this document

EEA States	the member states of the European Economic Area from time to time
Euroclear	Euroclear UK & Ireland Limited
FATCA	US tax reporting laws that apply internationally including under local laws
FCA	the Financial Conduct Authority or any successor entity or entities
FRS	Financial Reporting Standard
FSMA	the Financial Services and Markets Act 2000, as amended from time to time
Gross Assets	the aggregate value of the assets of the Company
Gross Proceeds	the aggregate proceeds raised under the Initial Issue
HMRC	HM Revenue & Customs
Initial Admission	Admission in respect of the New Shares issued under the Initial Issue
Initial Issue	together, the Initial Placing, the Offer for Subscription and the Intermediaries Offer
Initial Issue Price	the subscription price at which New Shares will be issued under the Initial Issue, being 100 pence per New Share
Initial Placing	the Initial Placing of New Shares at the Initial Issue Price by the Joint Placing Agents on behalf of the Company as described in this document
Intermediaries	the entities listed in paragraph 10 of Part 7 of this document and any other intermediary that is appointed by the Company in connection with the Intermediaries Offer after the date of this document, and “ Intermediary ” shall mean any one of them
Intermediaries Offer	the offer of New Shares by the Intermediaries to retail investors as described in this document
Intermediaries Offer Application Form	the application form to be used by Intermediaries who apply for New Shares under the Intermediaries Offer
Intermediaries Terms and Conditions	the terms and conditions on which each Intermediary has agreed to be appointed by the Company to act as an intermediary under the Intermediaries Offer and pursuant to which Intermediaries may apply for New Shares under the Intermediaries Offer, details of which are set out in paragraph 9 of Part 7 of this document
Investment Management Agreement	the investment management agreement dated 6 September 2018 between the Company and the Investment Manager, further details of which are set out in paragraph 8.1 of Part 7 of this document
Investment Manager or AIFM	Asset Value Investors Limited, private limited company incorporated in England and Wales with registered number 01881101

ISA	an individual savings account maintained in accordance with the Individual Savings Account Regulations 1998, as amended from time to time
Issues	the Initial Issue and Share Issuance Programme
Japan	Japan, its cities, prefectures, territories and possessions
Joint Placing Agents	Kepler and N+1 Singer
Junior ISA	a junior ISA maintained in accordance with the Individual Savings Account Regulations 1998, as amended from time to time
Kepler	Kepler Partners LLP, a limited liability partnership incorporated in England and Wales with registered number OC334771 and whose registered office is at 9/10 Saville Row, London W1S 3PF
KID	the key information document required to be produced by the Investment Manager under the PRIIPs Regulation
Lead Portfolio Manager	Joe Bauernfreund
Listing Rules	the listing rules made by the FCA under Part VI of FSMA, as amended from time to time
London Stock Exchange	London Stock Exchange plc
Main Market	the main market for listed securities operated by the London Stock Exchange
Market Abuse Regulation	Regulation (EU) 596/2014 of the European Parliament and of the Council on market abuse, all delegated regulations and implementing regulations made thereunder and any legislation made in the United Kingdom in connection with the entry into force of such regulation
Market Capitalisation	the market capitalisation of the Company as calculated by the London Stock Exchange
MiFID II	Markets in Financial Instruments Directive (2004/39/EC)
Minimum Gross Proceeds	the minimum gross proceeds of the Initial Issue, being £50 million
Minimum Net Proceeds	the Minimum Gross Proceeds less the costs and expenses of the Initial Issue
N+1 Singer	N plus 1 Singer Advisory LLP, a limited liability partnership incorporated in England and Wales with registered number OC364131 and whose registered office is at One, Bartholomew Lane, London EC2N 2AX
NAV per Share	the net asset value per Ordinary Share from time to time, calculated in accordance with the accounting policies adopted by the Company from time to time
Net Asset Value or NAV	the Gross Assets of the Company less its liabilities (including provisions for such liabilities) determined by the Directors in their absolute discretion in accordance with the accounting principles adopted by the Directors

New Shares	the new Ordinary Shares to be issued pursuant to the Issues
Nomination Committee	the nomination committee of the Board, as further described in Part 3 of this document
Offer for Subscription	the offer for subscription of New Shares at the Initial Issue Price as described in this document
Official List	the official list maintained by the UK Listing Authority
Offshore Fund Rules	the rules set out in the Taxation (International and Other Provisions) Act 2010 and the Offshore Funds (Tax) Regulations 2009
Ordinary Shares or Shares	ordinary shares of nominal value one penny each in the capital of the Company
Placee	a placee under the Initial Placing or any Subsequent Placing
Placing Agreement	the placing agreement dated 6 September 2018 between the Company, the Directors, the Investment Manager and the Joint Placing Agents, further details of which are set out in paragraph 8.3 of Part 7 of this document
Portfolio	the Company's portfolio of investments from time to time
PRA	the Prudential Regulation Authority
PRIPs Regulation	the Packaged Retail and Insurance-based Investment Products Regulation
Prospectus Rules	the prospectus rules made by the FCA under Part VI of FSMA, as amended from time to time
Redeemable Preference Share	redeemable preference shares of 100 pence each in the capital of the Company
Registrar or Receiving Agent or Link	Link Market Services Limited (trading as Link Asset Services), a private limited company incorporated in England and Wales with registered number 02605568
Regulation S	Regulation S under the US Securities Act
Regulatory Information Service or RIS	a regulatory information service approved by the FCA to release regulatory announcements
Republic of South Africa	the Republic of South Africa, its territories and possessions and all areas under its jurisdiction and political sub-divisions thereof
Restricted Jurisdiction	any jurisdiction where local law or regulations may result in a risk of civil, regulatory or criminal exposure or prosecution if information or documentation concerning the Issues (including this document) is sent or made available to a person in that jurisdiction
Shareholder	a registered holder of one or more Ordinary Shares
Share Issuance Programme	the proposed programme of ongoing issuances of New Shares as described in Part 5 of this document

Share Issuance Programme Price	the subscription price payable for any New Shares to be issued under the Share Issuance Programme, as determined by the Board at the time of the relevant issue in accordance with Part 5 of this document
SIPP	a self-invested personal pension plan
Sponsor	Dickson Minto W.S.
SSAS	a small self-administered pension scheme
Sterling or £	pounds Sterling
Subsequent Placing	any placing of New Shares under the Share Issuance Programme, on the terms set out in Part 5 of this document
Takeover Code	the City Code on Takeovers and Mergers
Terms and Conditions of Application	the terms and conditions of application in respect of the Offer for Subscription as set out in this document
Total Assets	the aggregate value of the assets of the Company less the current liabilities of the Company as determined in accordance with the accounting policies adopted by the Company from time to time
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK Listing Authority or UKLA	the UK Listing Authority, a division of the FCA
uncertificated or in uncertificated form	a share or other security title to which is recorded in the register of the share or other security concerned as being held in uncertificated form (i.e. in CREST) and title to which may be transferred by using CREST
Underlying Applicants	investors who apply to an Intermediary to acquire New Shares under the Intermediaries Offer
United States or US	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
US Investment Company Act	the United States Investment Company Act of 1940, as amended from time to time
US Securities Act	the United States Securities Act of 1933, as amended from time to time
Yen or ¥	Japanese Yen

TERMS AND CONDITIONS OF APPLICATION UNDER THE INITIAL PLACING AND/OR ANY SUBSEQUENT PLACING UNDER THE SHARE ISSUANCE PROGRAMME

Introduction

1. Each person or entity who confirms its agreement (whether orally or in writing) to the Joint Placing Agents to subscribe for New Shares under the Initial Placing or any Subsequent Placing will be bound by these terms and conditions and will be deemed to have accepted them and such confirmation (whether oral or in writing) will constitute an irrevocable, legally binding commitment upon that person or entity (who at that point will become a Placee) in favour of the Company and the Joint Placing Agents to subscribe for New Shares on these terms and conditions.
2. The Company and/or the Joint Placing Agents may require a Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it/they (in its/their absolute discretion) see(s) fit and/or may require a Placee to execute a separate placing letter or placing confirmation (a **"Placing Letter"**).

Agreement to subscribe for New Shares

3. A Placee agrees to become a member of the Company and agrees to subscribe for those New Shares (if any) allocated to it by the Joint Placing Agents at the Initial Issue Price under the Initial Placing or at the relevant Share Issuance Programme Price under the relevant Subsequent Placing conditional on:
 - (i) the Company having sufficient Shareholder authorities in place to issue such New Shares;
 - (ii) a supplementary prospectus being published by the Company at the time of the relevant issue if required under the Prospectus Rules;
 - (iii) the relevant Share Issuance Programme Price being determined by the Board, in consultation with the Joint Placing Agents;
 - (iv) Admission occurring in respect of the relevant New Shares; and
 - (v) the Placing Agreement becoming otherwise unconditional in all respects and not being terminated in accordance with its terms before Admission becomes effective.

To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

Payment for New Shares

4. Each Placee must pay the relevant subscription price for the New Shares allocated to the Placee in the manner and by the time directed by the Joint Placing Agents. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for New Shares may, at the discretion of the Joint Placing Agents, either be rejected or accepted and in the latter case paragraph 5 of these terms and conditions shall apply.
5. Each Placee is deemed to agree that if it does not comply with its obligation to pay the relevant subscription price for the New Shares allocated to it in accordance with paragraph 4 of these terms and conditions and the Joint Placing Agents elect to accept that Placee's application, the Joint Placing Agents may sell all or any of the New Shares allocated to the Placee on such Placee's behalf and retain from the proceeds, for the Joint Placing Agents' own account and profit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will, however, remain liable for any shortfall below the aggregate amount owed by such Placee and it may be required to bear any tax or other charges (together with any interest or penalties) which may arise upon the sale of such New Shares on such Placee's behalf.

Representations and warranties

6. Each Placee that enters into a commitment to subscribe for New Shares will (for itself and any person(s) procured by it to subscribe for New Shares and any nominee(s) for any such person(s)) be deemed to agree, represent, warrant and acknowledge to each of the Company, the Investment Manager, the Joint Placing Agents and the Receiving Agent that:
 - 6.1 in agreeing to subscribe for New Shares under the Initial Placing and/or any Subsequent Placing, it is relying solely on this document and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company or the Initial Placing and/or the Subsequent Placing. It agrees that none of the Company, the Investment Manager, the Joint Placing Agents or the Receiving Agent, nor any of their respective officers, agents, members or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
 - 6.2 it has not relied on any information relating to the Company contained in any research reports prepared by the Joint Placing Agents, its affiliates (as defined in Rule 501(b) under the US Securities Act) or any person acting on their respective behalf in connection with its decision to invest in the Company. Furthermore, it has not relied on the Joint Placing Agents or any person affiliated with the Joint Placing Agents in connection with any investigation of the accuracy of any information contained in this document;
 - 6.3 the content of this document is exclusively the responsibility of the Company and the Directors and apart from the liabilities and responsibilities, if any, which may be imposed on the Joint Placing Agents under any regulatory regime, neither the Joint Placing Agents nor any person acting on their behalf nor any of their respective affiliates makes any representation, express or implied, nor accepts any responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by them or on their behalf in connection with the Company, the New Shares or the Issues;
 - 6.4 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for New Shares under the Initial Placing and/or any Subsequent Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any relevant territory or jurisdiction and that it has not taken any action or omitted to take any action which will result in the Company, the Investment Manager, the Joint Placing Agents or the Receiving Agent or any of their respective officers, agents, members or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Initial Placing and/or any Subsequent Placing;
 - 6.5 it agrees that, having had the opportunity to read this document, it shall be deemed to have had notice of all information and representations contained in this document, that it is acquiring New Shares solely on the basis of this document (including the terms and conditions set out within this section) and no other information and that in accepting a participation in the Initial Placing and/or any Subsequent Placing it has had access to all information that it believes necessary or appropriate in connection with its decision to subscribe for New Shares;
 - 6.6 it acknowledges that no person is authorised in connection with the Initial Placing and/or any Subsequent Placing to give any information or make any representation other than as contained in this document and, if given or made, any such information or representation must not be relied upon as having been authorised by the Company, the Investment Manager, the Joint Placing Agents or the Receiving Agent;
 - 6.7 it is not, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;

- 6.8 it accepts that none of the New Shares have been or will be registered under the laws of the United States, Canada, Australia, Japan, the Republic of South Africa or any other jurisdiction where the availability of the Initial Placing and/or any Subsequent Placing would breach any applicable law (each an **"Excluded Territory"**). Accordingly, the New Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Excluded Territory unless an exemption from any registration requirement is available;
- 6.9 it understands that the New Shares have not been and will not be registered under the US Securities Act or under the securities laws, or with any securities regulatory authority, of any state or other jurisdiction of the United States and that the Company has not been registered as an "investment company" under the US Investment Company Act;
- 6.10 if it is in the United Kingdom, it is a person who falls within Article 19(5) or Articles 49(2)(a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or it is a person to whom the New Shares may otherwise lawfully be offered under such Order or is a person who is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook;
- 6.11 if it is a resident in an EEA State (other than the United Kingdom), (a) it is a qualified investor within the meaning of the law of the relevant EEA State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive 2003/71/EC, and (b) if that relevant EEA State has implemented the AIFMD, that it is a person to whom the New Shares may lawfully be marketed under the AIFMD or under the applicable implementing legislation (if any) of the relevant EEA State;
- 6.12 in the case of any New Shares being acquired by a Placee as a financial intermediary within an EEA State (other than the United Kingdom) as that term is used in Article 3(2) of the Prospectus Directive 2003/71/EC: (a) the New Shares being acquired by it under the Initial Placing and/or any Subsequent Placing are not being acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any EEA State other than qualified investors, as that term is defined in the Prospectus Directive 2010/73/EU, or in circumstances in which the prior consent of the Joint Placing Agents has been given to the offer or resale; or (b) where New Shares are being acquired by it on behalf of persons in any EEA State other than qualified investors, the offer of those New Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- 6.13 if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, it is a person to whom the New Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- 6.14 it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the New Shares and it is not acting on a non-discretionary basis for any such person;
- 6.15 if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Initial Placing and/or any Subsequent Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for New Shares pursuant to the Initial Placing and/or any Subsequent Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and New Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 6.16 if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such Placee's application to subscribe for New Shares under the Initial Placing or any Subsequent Placing;
- 6.17 it has complied and will comply with all applicable provisions of the Criminal Justice Act 1993 and the Market Abuse Regulation with respect to anything done by it in relation to the Initial Placing and/or any Subsequent Placing and/or the New Shares;
- 6.18 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other offering materials concerning the Initial Placing or the

Subsequent Placing or the New Shares to any person within the United States or to any US Persons nor will it do any of the foregoing;

- 6.19 it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading "United States Purchase and Transfer Restrictions" in paragraph 7 below;
- 6.20 it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the New Shares in circumstances in which it is permitted to do so pursuant to section 21 of FSMA;
- 6.21 it acknowledges that neither the Joint Placing Agents nor any of their respective affiliates nor any person acting on their behalf is making any recommendation to it, advising it regarding the suitability of any transactions that it may enter into in connection with the Initial Placing and/or Subsequent Placing or providing any advice in relation to the Initial Placing and/or Subsequent Placing and participation in the Initial Placing and/or Subsequent Placing is on the basis that it is not and will not be a client of the Joint Placing Agents or any of its affiliates, and that the Joint Placing Agents and their affiliates do not have any duties or responsibilities to it for providing the protections afforded to their respective clients or for providing advice in relation to the Initial Placing and/or Subsequent Placing nor in respect of any representations, warranties, undertakings or indemnities required to be given by it in connection with its application under the Initial Placing and/or Subsequent Placing (including those contained in any Placing Letter);
- 6.22 it acknowledges that where it is subscribing for New Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the New Shares for each such account; (ii) to make on behalf of each such account the representations, warranties and agreements set out in this document; and (iii) to receive on behalf of each such account any documentation relating to the Initial Placing and/or Subsequent Placing in the form provided by the Company and/or the Joint Placing Agents. It agrees that the provisions of this paragraph shall survive any resale of the New Shares by or on behalf of any such account;
- 6.23 that, save in the event of fraud on the part of the Joint Placing Agents, neither of (i) the Joint Placing Agents, (ii) the Joint Placing Agents' respective ultimate holding companies, (iii) any of the foregoing's direct or indirect subsidiary undertakings, or (iv) any of the foregoing's respective directors, members, partners, officers or employees, shall be responsible or liable to a Placee or any of its clients for any matter arising out of the Joint Placing Agents' role as sponsor, financial adviser and Joint Placing Agents or otherwise in connection with the Initial Placing and/or Subsequent Placing and that were any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients will immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;
- 6.24 it irrevocably appoints any Director and any director or member of the Joint Placing Agents to be its agent and on its behalf (without any obligation or duty to do so) to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the New Shares for which it has given a commitment under the Initial Placing and/or Subsequent Placing (as appropriate), in the event of its own failure to do so;
- 6.25 it accepts that if the Initial Placing and/or Subsequent Placing (as appropriate) does not proceed or the conditions to the Placing Agreement are not satisfied or the New Shares for which valid application are received and accepted are not admitted to the Official List and to trading on the Main Market for any reason whatsoever then none of the Company, the Investment Manager or the Joint Placing Agents or any of their respective affiliates, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- 6.26 in connection with its participation in the Initial Placing and/or Subsequent Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to anti-money laundering and countering terrorist financing and that its application

is only made on the basis that it accepts full responsibility for any requirement to identify and verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2017 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2015/849) of the European Parliament and of the Council on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing; or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;

- 6.27 due to anti-money laundering requirements, the Joint Placing Agents and/or the Company and/or the Receiving Agent may require proof of identity and verification of the source of the subscription moneys payment before the Placee's application can be processed and that, in the event of delay or failure by the Placee to produce any information required for verification purposes, the Joint Placing Agents and/or the Company may refuse to accept the application and subscription moneys relating thereto. In addition, it agrees to hold harmless and will indemnify the Joint Placing Agents, the Company and the Receiving Agent against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it;
- 6.28 the Joint Placing Agents, the Investment Manager and the Company (and any agent on its or their behalf) are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to it;
- 6.29 the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that the Company, the Investment Manager, the Joint Placing Agents, the Receiving Agent and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made in connection with its subscription for New Shares are no longer accurate, it shall promptly notify the Company, the Investment Manager or the Joint Placing Agents;
- 6.30 where it or any person acting on its behalf is dealing with the Joint Placing Agents, any money held in an account with the Joint Placing Agents on behalf of it and/or any person acting on its behalf will not be treated as client money within the meaning of the relevant rules and regulations of the FCA and the Joint Placing Agents shall not be required to segregate such money, as that money will be held by the Joint Placing Agents under a banking relationship and not as trustee;
- 6.31 its clients, whether or not identified to the Joint Placing Agents or any of its affiliates or agents, will remain its sole responsibility and will not become clients of the Joint Placing Agents or any of its affiliates or agents for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 6.32 it accepts that the allocation of New Shares shall be determined by the Company in its absolute discretion (in consultation with the Joint Placing Agents) and that the Company may scale down any commitments for this purpose on such basis as it may determine;
- 6.33 it authorises the Joint Placing Agents to deduct from the total amount subscribed under the Initial Placing or the Subsequent Placing the aggregation commission (if any) (calculated at the rate agreed with the Company) payable on the number of New Shares allocated to it under the Initial Placing or Subsequent Placing; and
- 6.34 time shall be of the essence as regards its obligations to settle payment for the New Shares and to comply with its other obligations under the Initial Placing and/or Subsequent Placing.

United States purchase and transfer restrictions

- 7. By participating in the Initial Placing and/or Subsequent Placing, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for New Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, the Investment Manager and the Joint Placing Agents that:

- 7.1 it is not a US Person, is not located in the US and it is acquiring the New Shares in an offshore transaction meeting the requirements of Regulation S and it is not acquiring the New Shares for the account or benefit of a US Person;
- 7.2 it acknowledges that the New Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons absent registration or an exemption from registration under the US Securities Act;
- 7.3 it acknowledges that the Company has not registered under the US Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the US Investment Company Act;
- 7.4 no portion of the assets used to purchase, and no portion of the assets used to hold, the New Shares or any beneficial interest therein constitutes or will constitute the assets of (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a "plan" as defined in Section 4975 of the Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the Code. In addition, if a Placee is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Code, its purchase, holding, and disposition of the New Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- 7.5 if in the future the Placee decides to offer, sell, transfer, assign or otherwise dispose of its New Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act and under circumstances which will not require the Company to register under the US Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles of Association;
- 7.6 it is purchasing the New Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the New Shares in any manner that would violate the US Securities Act, the US Investment Company Act or any other applicable securities laws;
- 7.7 it acknowledges that the Company reserves the right to make inquiries of any holder of the New Shares or interests therein at any time as to such person's status under US federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under US securities laws to transfer such New Shares or interests in accordance with the Articles of Association;
- 7.8 it acknowledges and understands that the Company is required to comply with FATCA and CRS and agrees to furnish any information and documents that the Company may from time to time request, including but not limited to information required under FATCA or CRS;
- 7.9 it is entitled to acquire the New Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the New Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Manager, the Joint Placing Agents or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Initial Placing and/or Subsequent Placing or its acceptance of participation in the Initial Placing and/or Subsequent Placing;
- 7.10 it has received, carefully read and understands this Prospectus, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or

any other presentation or offering materials concerning the New Shares to within the United States or to any US Persons, nor will it do any of the foregoing; and

- 7.11 if it is acquiring any New Shares as a fiduciary or agent for one or more accounts, the Placee has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.
8. The Company, the Investment Manager, the Joint Placing Agents, the Registrar and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.
9. If any of the representations, warranties, acknowledgments or agreements made by the Placee are no longer accurate or have not been complied with, the Placee will immediately notify the Company and the Joint Placing Agents.

Supply and disclosure of information

10. If the Joint Placing Agents, the Investment Manager, the Company, the Receiving Agent or any of their respective agents request any information in connection with a Placee's agreement to subscribe for New Shares under the Initial Placing and/or Subsequent Placing or to comply with any relevant legislation, rule or regulation, such Placee must promptly disclose it to them.

Data protection

11. Pursuant to Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "**General Data Protection Regulation**") and any equivalent legislation in force from time to time in the United Kingdom (the "**data protection laws**"), the Company and/or the Registrar may hold "personal data" (as defined in the data protection laws) relating to past and present Shareholders.
12. Personal data held by the Registrar may be used to process basic changes to shareholder records, process bank account information for processing dividend payments, and to carry out other ancillary processing functions in order to ensure that the Registrar is able to discharge its obligations under the Registrar Agreement; and may be disclosed to any person with legal, administrative or regulatory power over the Registrar in respect of the services provided by the Registrar under the Registrar Agreement, the Registrar's affiliates, including such affiliates which are outside of the EEA in countries which do not have similar protections in place regarding the information and its use (provided that the Registrar shall ensure that any affiliates outside the EEA to whom personal data is disclosed have put in place proper security measures to ensure at least the same level of protection of the personal data as is required under the data protection laws) and to any third parties who are involved in carrying out functions related to the services provided under the Registrar Agreement.
13. By becoming registered as a holder of Shares, a person becomes a data subject (as defined in the data protection laws) and acknowledges that the processing by the Registrar of any personal data relating to them will take place in the manner described above. Processing by the Company of any personal data relating to them will be undertaken in accordance with the Company's privacy policy. Please refer to the Company's website for a copy of the privacy policy.

Miscellaneous

14. The rights and remedies of the Company, the Joint Placing Agents, the Investment Manager and the Receiving Agent under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
15. On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided by or on behalf of a Placee in connection with the Initial Placing and/or Subsequent

Placing will be sent at the Placee's risk. They may be returned by post to a Placee at the address notified by such Placee.

16. Each Placee agrees to be bound by the Articles once the New Shares, which the Placee has agreed to subscribe for pursuant to the Initial Placing and/or Subsequent Placing, have been acquired by the Placee.
17. The contract to subscribe for New Shares under the Initial Placing and/or Subsequent Placing and the appointments and authorities mentioned in this document will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Company, the Joint Placing Agents, the Investment Manager, the Receiving Agent and the Sponsor, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales in relation to all disputes and claims arising out of or in connection with the contract to subscribe for New Shares or its formation (including non-contractual disputes or claims) and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.
18. The Joint Placing Agents and the Company expressly reserve the right to modify the terms and conditions of, and arrangements in respect of, the Initial Placing and/or Subsequent Placing (including, without limitation, their timetable and settlement) at any time before allocations are determined thereunder.
19. In the case of a joint agreement to subscribe for New Shares under the Initial Placing and/or Subsequent Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION

Introduction

These Terms and Conditions of Application apply to any application made under the Offer for Subscription. If you apply for Ordinary Shares in the Offer for Subscription by completing an Application Form, you will thereby be agreeing, warranting, confirming and acknowledging with the Company, the Investment Manager, the Joint Placing Agents, the Sponsor and the Receiving Agent (together, the “**Company and its agents**”) on the basis set out in these Terms and Conditions of Application.

Offer to acquire Ordinary Shares

1. **Applications must be made on the Application Form or on any other application form published by the Company. Investors may make more than one application for Ordinary Shares under the Offer for Subscription.**
2. By completing and delivering an Application Form, you, as the Applicant, or, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:
 - 2.1 offer to subscribe per the amount specified in Box 1 on your Application Form, or any smaller amount for which such application is accepted, for Ordinary Shares at the Initial Issue Price on the terms, and subject to the conditions, set out in this document, including these Terms and Conditions of Application, the guidance notes accompanying the Application Form, and the Company's memorandum of association and the Articles, and agree to be bound by and adhere to the Company's memorandum of association and the Articles as if you were directly a party to the same;
 - 2.2 agree that, in consideration for the Company agreeing that it will not prior to the date of Initial Admission offer any Ordinary Shares to any person other than by means of the procedures referred to in this document, your application may not be revoked until after 23 October 2018 (or such later date as the Company and its agents may agree). You agree that this paragraph constitutes an irrevocable collateral contract between you and the Company and its agents, which will become binding when your Application Form is posted or delivered by hand to the Receiving Agent, provided that you shall be entitled to revoke your application in the two working days following any publication by the Company of a supplementary prospectus relating to the Offer for Subscription in accordance with section 87Q(4) of FSMA;
 - 2.3 undertake to pay (by cheque or banker's draft or such other method of payment as may be agreed with the Company) the fixed sum specified on your Application Form (or such lesser amount in respect of which your application is accepted) in full on application and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive a share certificate for the Ordinary Shares applied for in certificated form or receive a credit to your CREST stock account in respect of the Ordinary Shares applied for in uncertificated form or to enjoy or receive any rights or distributions in respect of such Ordinary Shares unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Company and its agents against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) terminate or void the agreement to allocate Ordinary Shares to you, without liability to you, and may allocate them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund to you, by a cheque drawn on a branch of a UK clearing bank to the bank account name from which they were received at your risk or direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn, of any proceeds of the remittance which accompanied your Application Form and which is received by the Receiving Agent in cleared funds, without interest);
 - 2.4 agree that, where a request is made on your Application Form for Ordinary Shares to be deposited into a CREST stock account (a) the Receiving Agent may in its absolute discretion

- amend the form so that such Ordinary Shares may be issued in certificated form registered in the name(s) of the holder(s) specified in your Application Form (and you recognise that the Receiving Agent will so amend the form if there is any delay in satisfying the identity of the owner of the CREST stock account); and (b) the Receiving Agent, the Company or the Joint Placing Agents may authorise your financial adviser or whoever he or she may direct to send a document of title for the number of Ordinary Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address set out on your Application Form;
- 2.5 agree, in respect of applications for Ordinary Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 2.4 above to issue Ordinary Shares in certificated form), that any share certificate to which you may become entitled (and moneys returnable to you) may be retained, without interest, by the Receiving Agent:
- 2.5.1 pending clearance of your remittance;
 - 2.5.2 pending investigation of any suspected breach of the warranties contained in paragraph 2.9 and/or paragraph 10 below or any other suspected breach of these Terms and Conditions of Application; or
 - 2.5.3 pending any verification of identity (to the satisfaction of the Company and its agents, including as may concern the manner in which its or their identification documents are to be certified) which is, or which the Company and its agents consider may be, required for the purposes of compliance with the prevailing anti-money laundering, anti-terrorism and contributing to the financing of criminal activities legislation, regulations and procedures in force from time to time in the United Kingdom (the “**CDD Rules**”);
- 2.6 agree that any error in the register of members of the Company arising as a result of your remittance not being honoured on first presentation or as a result of any other error in connection with your application for Ordinary Shares, or as a result of termination of any agreement to allocate Ordinary Shares pursuant to paragraphs 2.3 or 2.8 of these Terms and Conditions of Application may be rectified and, in addition and without prejudice to the foregoing, you hereby irrevocably authorise the Company, or any person appointed by it for this purpose, to execute on your behalf any instrument of transfer which may be necessary to effect any re-allocation or sale of Ordinary Shares to any other person arising as a result of the foregoing. The right to rectify the register of members of the Company, and/or the power to re-allocate or sell Ordinary Shares contained in this paragraph, are in addition to any other rights, powers and remedies which would otherwise be available to the Company in the event of a breach by you of these Terms and Conditions of Application;
- 2.7 agree, on the request of the Company or any of its agents, to disclose promptly in writing to any of them such information as the Company or its agents may request in connection with your application and you agree that information relating to applications will be retained by the Receiving Agent in connection with the Offer for Subscription and may be disclosed as contemplated by the CDD Rules;
- 2.8 agree that if evidence of identity satisfactory to the Company and its agents is not provided to the Company or its agents within a reasonable time (in the opinion of the Company) following a request therefor, any agreement with you to allocate Ordinary Shares may be terminated by the Company or the Receiving Agent and, in such case, the Ordinary Shares which would otherwise have been allocated to you may be re-allocated or sold to some other party and the lesser of your application monies and the proceeds of such sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned by a cheque drawn on a branch of a UK clearing bank to the bank account name on which the remittance accompanying your application was drawn without interest and at your risk or direct to the account of the bank or building society on which the relevant cheque or banker’s draft was drawn;
- 2.9 warrant and confirm that:
- 2.9.1 you are not, and you are not applying on behalf of, a person engaged in money laundering;

- 2.9.2 none of the monies or assets transferred or to be transferred to (or for the account of) the Company and its agents for the purposes of the subscription are or will be the proceeds of criminal activities; and
 - 2.9.3 you are not a prohibited individual or entity or resident in a prohibited country or territory listed on the United States Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") website and that you are not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programmes;
 - 2.10 undertake to ensure that, in the case of an Application Form being signed by someone other than the Applicant, the original of the relevant power of attorney or other authority (or a complete copy certified by a solicitor or a bank) is enclosed with your Application Form;
 - 2.11 undertake to pay interest at the rate prescribed in paragraph 6 below if the remittance accompanying your Application Form is not honoured on first presentation;
 - 2.12 authorise the Receiving Agent on behalf of the Company to send definitive certificates in respect of the number of Ordinary Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post to your address as set out in your Application Form or direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn;
 - 2.13 confirm that you have read and complied with paragraphs 25 and 26 of these Terms and Conditions of Application; and
 - 2.14 agree that your Application Form is addressed to the Company and its agents.
3. Any application may be rejected in whole or in part at the sole discretion of the Company.

Acceptance of your offer

- 4. You agree that acceptance of your offer to subscribe, if your application is validly received (or treated as valid), processed (and not rejected) and provided that it is not rejected subsequently as a result of a failure by you to comply with these Terms and Conditions of Application, shall be constituted at the election of the Company, after consultation with the Joint Placing Agents, either:
 - 4.1 by notifying the London Stock Exchange of the basis of allocation (in which case the acceptance will be on that basis); or
 - 4.2 by notifying acceptance to the Receiving Agent.
- 5. The Company and its agents reserve the right to treat as valid any application not complying fully with these Terms and Conditions of Application or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. The Company and its agents reserve the right to waive in whole or in part any of the provisions of these Terms and Conditions of Application, either generally or in respect of one or more applications. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed in some other manner satisfactory to the Company and its agents to apply in accordance with these Terms and Conditions of Application.
- 6. The right is reserved to present all cheques for payment on receipt by the Receiving Agent and to retain documents of title and surplus application monies pending clearance of successful Applicants' cheques.

Conditions

- 7. The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon, in addition to any other conditions set out in this document, (i) the admission of the Ordinary Shares to be issued under the Offer for Subscription to the Official List and to trading on the Main Market and such admission becoming effective by 8.00 a.m. on 23 October 2018 (or such later time and/or date, not being later than 8.00 a.m. on

31 December 2018, as the Company and the Joint Placing Agents may agree); and (ii) the Placing Agreement becoming unconditional in all respects (save for any condition relating to Initial Admission) and not having been terminated on or before Initial Admission. The Company expressly reserves the right to determine, at any time prior to Initial Admission, not to proceed with the Offer for Subscription.

8. You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance (in whole or in part) of your application. This does not affect any other rights you may have.

Return of application monies

9. If any application is not accepted, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest in Sterling by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto or direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

Warranties

10. By completing an Application Form, you:
 - 10.1 warrant and undertake that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, acknowledgements, warranties and undertakings contained in these Terms and Conditions of Application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or a bank;
 - 10.2 acknowledge that, if you are not resident in the United Kingdom, no action has been taken to permit a public offer in your jurisdiction and warrant that, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any relevant territory or jurisdiction and that you have not taken any action or omitted to take any action which will result in the Company or its agents or any of their respective officers, agents, members or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Offer for Subscription or your application;
 - 10.3 agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and representations contained herein and you confirm that in making an application you are not relying on any information or representations in relation to the Company, the Offer for Subscription or the Ordinary Shares other than those contained in this document (as may be supplemented by a supplementary prospectus) on the basis of which alone your application is made, and accordingly you agree that no person responsible solely or jointly for this document or any part thereof shall have any liability for any such other information or representation;
 - 10.4 acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this document (as may be supplemented by a supplementary prospectus) and, if given or made, any information or representation must not be relied upon as having been authorised by the Company or any of its agents;
 - 10.5 warrant that you are either a company or other body corporate duly incorporated and validly existing with authority to sign the Application Form and to apply for Ordinary Shares or an individual who is not under the age of 18 on the date of your application;

- 10.6 agree that all documents and monies sent by post to you, by or on behalf of the Company or any of its agents, will be sent at your risk and, in the case of documents and returned monies to be sent to you, may be sent to you at your address (or, in the case of joint holders, the address of the first-named holder) as set out in your Application Form;
- 10.7 confirm that you have reviewed the restrictions contained in the section entitled "Non UK investors" in paragraphs 25 and 26 of these Terms and Conditions of Application and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions of such section;
- 10.8 warrant that the details relating to you and the other information as set out in your Application Form is true and accurate;
- 10.9 agree to provide the Company and its agents with any information which the Company or its agents may request in connection with your application or to comply with any relevant legislation, including without limitation satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations 2017; and
- 10.10 warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company or its agents acting in breach of the regulatory or legal requirements of any territory in connection with the Offer for Subscription or your application.

Allocations

11. The basis of allocation under the Offer for Subscription will be determined at the sole discretion of the Company (in consultation with the Joint Placing Agents). The right is reserved, notwithstanding such basis, to reject in whole or in part and/or scale down any application.

Miscellaneous

12. To the fullest extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the Ordinary Shares or the Offer for Subscription.
13. The rights and remedies of the Company and its agents under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to any of them, and the exercise or partial exercise of one will not prevent the exercise of others.
14. You agree that the Joint Placing Agents and the Receiving Agent are acting for the Company in connection with the Offer for Subscription and for no-one else and that they will not treat you as their client by virtue of your application being accepted nor owe you any duties or responsibilities concerning the price of Ordinary Shares or concerning the suitability of Ordinary Shares for you or otherwise in relation to the Offer for Subscription.
15. You irrevocably authorise each of the Company and the Receiving Agent or any person authorised by any of them, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed by or issued to you in your name and authorise any representatives of the Company and/or the Receiving Agent to execute and/or complete any document required therefor and to enter your name on the register of members of the Company.
16. You agree that a failure to receive, process or accept your application for Ordinary Shares does not give rise to any right of action by any person against the Company, the Joint Placing Agents, the Sponsor, the Investment Manager, the Receiving Agent or any other person. You agree that the non-receipt by any person of this document or any other related document shall not invalidate the Offer for Subscription in whole or in part or give rise to any right of action by any person against the Company, the Joint Placing Agents, the Sponsor, the Investment Manager, the Receiving Agent or any other person.

17. You agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription and any non-contractual obligations existing under or in connection therewith shall be governed by and construed in accordance with English law and that, for the benefit of the Company, the Joint Placing Agents, the Sponsor, the Investment Manager and the Receiving Agent, you submit to the non-exclusive jurisdiction of the English courts and agree that nothing shall limit the right of the Company, the Joint Placing Agents, the Investment Manager, the Receiving Agent or their respective agents or advisers to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction.
18. Completed Application Forms in relation to the Offer for Subscription, together with payment, must be returned so as to be received by post to the Receiving Agent at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by hand (during normal business hours) to the Receiving Agent at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 11.00 a.m. on 18 October 2018. An Application Form which is sent by post or delivered by hand (as described above) will be treated as having been received only when it is received by the Receiving Agent. The Company reserves the right to extend the closing time and/or date of the Offer for Subscription. If such right is exercised, the new closing time and/or date will be notified through a Regulatory Information Service. Please note that no receipt will be provided if an Application Form is delivered by hand.
19. The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to the Initial Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned as indicated without interest at the risk of the relevant Applicant.

Data protection

20. Pursuant to Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the “**General Data Protection Regulation**”) and any equivalent legislation in force from time to time in the United Kingdom (the “**data protection laws**”), the Company and/or the Registrar may hold “personal data” (as defined in the data protection laws) relating to past and present Shareholders.
21. Personal data held by the Registrar may be used to process basic changes to shareholder records, process bank account information for processing dividend payments, and to carry out other ancillary processing functions in order to ensure that the Registrar is able to discharge its obligations under the Registrar Agreement; and may be disclosed to any person with legal, administrative or regulatory power over the Registrar in respect of the services provided by the Registrar under the Registrar Agreement, the Registrar’s affiliates, including such affiliates which are outside of the EEA in countries which do not have similar protections in place regarding the information and its use (provided that the Registrar shall ensure that any affiliates outside the EEA to whom personal data is disclosed have put in place proper security measures to ensure at least the same level of protection of the personal data as is required under the data protection laws) and to any third parties who are involved in carrying out functions related to the services provided under the Registrar Agreement.
22. By becoming registered as a holder of Shares, a person becomes a data subject (as defined in the data protection laws) and acknowledges that the processing by the Registrar of any personal data relating to them will take place in the manner described above. Processing by the Company of any personal data relating to them will be undertaken in accordance with the Company’s privacy policy. Please refer to the Company’s website for a copy of the privacy policy.

Money laundering

23. Anti-money laundering checks are required by law to be performed on certain financial transactions. The checks are undertaken to make sure investors are genuinely who they say they are and that any application monies have not been acquired illegally or that the Receiving Agent is not being used as part of criminal activity, most commonly the placement, layering and

integration of illegally obtained money. Whilst the Receiving Agent may carry out checks on any application, they are usually only performed when dealing with application values above a certain threshold, commonly referred to as the anti-money laundering threshold which is the Sterling equivalent of €15,000 (currently approximately £13,500).

24. The Receiving Agent will make enquiries to credit reference agencies to meet its anti-money laundering obligations and the applicant may be required to provide an original or certified copy of their passport, driving licence and recent bank statements to support such enquiries. Anti-money laundering checks do not mean the Applicant is suspected of anything illegal. The checks made at credit reference agencies leave an 'enquiry footprint' – an indelible record so that the investor can see who has checked them out. The enquiry footprint does not have any impact on their credit score or on their ability to get credit. Anti-Money Laundering Checks appear as an enquiry/soft search on the investors credit report. The report may contain a note saying "Identity Check to comply with Anti-Money Laundering Regulations".

Non UK investors

25. If you receive a copy of this document or an Application Form in any territory other than the United Kingdom you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the United Kingdom and wish to make an application for Ordinary Shares under the Offer for Subscription, to satisfy yourself that you have fully observed the laws of any relevant territory in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory. The Company reserves the right, in its absolute discretion, to reject any application received from outside the United Kingdom.
26. The Ordinary Shares have not been and will not be registered under the securities laws or regulations, or with any securities regulatory authority, of the United States, Canada, Australia, Japan, the Republic of South Africa or any other Restricted Jurisdiction. Accordingly, the Ordinary Shares may not be offered, sold or delivered, directly or indirectly, in, into or from the United States, Canada, Australia, Japan, the Republic of South Africa or any other Restricted Jurisdiction except in reliance on, or in a transaction not subject to, the registration requirements under such laws or regulations. If you subscribe for Ordinary Shares in the Offer for Subscription you will, unless the Company agrees otherwise in writing, be deemed to represent and warrant to the Company and its agents that you are not in, or a resident of, the United States, Canada, Australia, Japan, the Republic of South Africa or any other Restricted Jurisdiction and that you are not subscribing for such Ordinary Shares for the account of any person who is in, or a resident of, the United States, Canada, Australia, Japan, the Republic of South Africa or any other Restricted Jurisdiction, and you will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Ordinary Shares in or into any such jurisdiction or to any person who is in, or a resident of, any such jurisdiction. No application will be accepted if it bears an address in the United States, Canada, Australia, Japan or the Republic of South Africa, or otherwise where there is cause to believe that you are in the United States, Canada, Australia, Japan or the Republic of South Africa.

Definitions used in these Terms and Conditions of Application

27. Save where the context requires otherwise, terms used in these Terms and Conditions of Application bear the same meaning as used in this document.

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Application Forms should be returned so as to be received by 11.00 a.m. on 18 October 2018. All Applicants should read notes 1 – 8.

1. Application

Fill in (in figures) the aggregate subscription price and number of Ordinary Shares for which your application is made.

2. Payment Method

Tick the box to confirm your payment method.

3. Personal details

Fill in (in block capitals) the full name, address and daytime telephone number of the Applicant.

If you make a joint application, you will not be able to transfer your New Shares into an ISA. If you are interested in transferring your New Shares into an ISA, you should apply in your name only.

If you do wish to make a joint application, you may do so with up to three other persons. Boxes 3 and 4 of the Application Form must be completed by all Applicants.

Another person may sign on behalf of any joint applicant if that other person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed with the Application Form for inspection.

Certificates, cheques and other correspondence will be sent to the address in Box 3.

4. Signature

The Applicant named in Box 3 must sign and date Box 4.

The Application Form may be signed by another person on your behalf if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed with the Application Form for inspection. A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated.

5. Settlement

Payments by cheque or banker's draft

Attach a cheque or banker's draft for the exact amount shown in Box 1 of the Application Form to your completed Application Form. Your cheque or banker's draft must be made payable to "Link Market Services OFS A/C AVI Japan Trust" and crossed "a/c Payee".

Your payment must relate solely to this application. No receipt will be issued.

Payments must be made by cheque or banker's draft in Sterling drawn on a branch in the United Kingdom of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for members of any of these companies. Such cheques or banker's drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have a sole or joint title to the funds, should be made payable to "Link Market Services OFS A/C AVI Japan Trust". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the name of the account

holder and has either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. Post-dated cheques will not be accepted.

The account name should be the same as that shown on the application.

Payments by electronic transfer

For applicants sending subscription monies by electronic bank transfer (CHAPs), payment must be made for value by 11.00 a.m. on 18 October 2018 directly into the bank account detailed below. The payment instruction must also include a unique reference comprising your name and a contact telephone number which should be entered in the reference field on the payment instruction, for example, MJ SMITH 01234 567 8910

Bank: Lloyds Bank Plc

Sort Code: 30-80-12

A/C No: 17237568

A/C Name: Link Market Services Ltd re: AJOT OFS CHAPS A/C

The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference nor where a payment has been received but without an accompanying application form.

CREST settlement

The Company will apply for the Ordinary Shares issued pursuant to the Offer for Subscription in uncertificated form to be enabled for CREST transfer and settlement with effect from Initial Admission (the “**Settlement Date**”). Settlement of transactions in those Ordinary Shares will normally take place within the CREST system.

The Application Form contains details of the information which the Receiving Agent will require from you in order to settle your commitment within CREST, if you so choose. If you do not provide any CREST details or if you provide insufficient CREST details for the Receiving Agent to match to your CREST account, the Receiving Agent will deliver your Ordinary Shares in certificated form provided that payment has been made in terms satisfactory to the Company.

The right is reserved to issue your Ordinary Shares in certificated form should the Company, having consulted with the Receiving Agent, consider this to be necessary or desirable. This right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST or any part of CREST or on the part of the facilities and/or system operated by the Receiving Agent in connection with CREST.

The person named for registration purposes in your Application Form (which term shall include the holder of the relevant CREST account) must be: (a) the person procured by you to subscribe for or acquire the relevant Ordinary Shares; or (b) yourself; or (c) a nominee of any such person or yourself, as the case may be. Neither the Receiving Agent nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. You will need to input a delivery versus payment (“**DVP**”) instruction into the CREST system in accordance with your Application Form. The input returned by Link Asset Services of a matching or acceptance instruction will then allow the delivery of your Ordinary Shares to your CREST account against payment of the Initial Issue Price through the CREST system upon the Settlement Date.

By returning the Application Form you agree that you will do all things necessary to ensure that you or your settlement agent/custodian's CREST account allows for the delivery and acceptance of Ordinary Shares to be made prior to 11.00 a.m. on 23 October 2018 against payment of the Initial Issue Price.

Applicants wishing to settle DVP will still need to complete and submit a valid Application Form to be received by no later than 11.00 a.m. on 18 October (being the closing date). You should ensure that you provide a contact email address in Box 3 of the Application Form.

If you choose to settle your application within CREST, that is DVP, you or your settlement agent/custodian's CREST account must allow for the delivery and acceptance of Ordinary Shares to be made against payment at the Initial Issue Price per Ordinary Share using the following CREST matching criteria set out below:

Trade date:	22 October 2018
Settlement date:	23 October 2018
Company:	AVI Japan Opportunity Trust plc
Security description:	Ordinary shares of £0.01 each
SEDOL:	BD6H5D3
ISIN:	GB00BD6H5D36

Applicants will also need to ensure that their settlement instructions are input to Link Asset Services' Participant account (RA06) by no later than 11.00 a.m. on 23 October 2018 (being the date of admission to trading of the Ordinary Shares).

Applicants can confirm their final allotment of shares by contacting the helpline on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Issues nor give any financial, legal or tax advice.

Note: Link will not take any action until a valid DEL message has been alleged to the Participant account by the applicant/custodian and no acknowledgement of receipt or input will be provided.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

In the event of late CREST settlement, the Company, after having consulted with the Receiving Agent, reserves the right to deliver Ordinary Shares outside CREST in certificated form provided that payment has been made in terms satisfactory to the Company and all other conditions in relation to the Offer for Subscription have been satisfied.

General

Applications with a value of €15,000 or greater (or its Sterling equivalent, being approximately £13,500), which are to be settled by way of a third party payment, e.g. banker's draft, building society cheque or a cheque drawn by someone other than the applicant, will be subject to the United Kingdom's verification of identity requirements which are contained in the Money Laundering Regulations 2017. In order to ensure compliance with the Money Laundering Regulations the Company (or any of its agents) may require at its absolute discretion such evidence in respect of any application which is satisfactory to it to establish your identity or that of any person on whose behalf you are acting and/or your status.

Where an electronic transfer is being made over the €15,000 (or its Sterling equivalent, being approximately £13,500) threshold by CHAPS the investor should also supply their bank statement to show where the sources of funds have been sent from. If the investment is £50,000 or more in Sterling, the investor must also provide a certified copy of their passport and a recent bank statement. No receipt in respect of electronic payments or acknowledgement of Applications will be issued.

For UK Applicants, this may involve verification of names and addresses (only) through a reputable agency. For non UK Applicants, verification of identity may be sought from your bankers or from another reputable institution or professional adviser in the Applicant's country of residence.

If satisfactory evidence of identity has not been obtained within a reasonable time, and in any event (unless the closing of the Initial Offer for Subscription is extended) by 11.00 a.m. on 18 October 2018, your application may not be accepted.

Certificates, cheques and other correspondence will be sent to the address in Box 3, at the risk of the Applicant.

6. Shares issued in uncertificated form (that is, in CREST)

If you wish your New Shares to be issued in uncertificated form you should complete the Application Form as explained above and you must also complete Box 6. If you do not complete Box 6, you will receive your New Shares in certificated form.

7. Verification of identity

Box 7 of the Application Form applies if the aggregate subscription price for the New Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £13,500) or the Company (or any of its agents), at its absolute discretion, deems it necessary to apply in order to ensure compliance with the CDD Rules. If Box 7 applies to your application, you must ensure that Boxes 7.1, 7.2 or 7.3 (as appropriate) are completed.

7.1 Professional adviser or intermediary

You should complete Box 7.1 of the Application Form if you are a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser acting on behalf of a client.

7.2 Reliable introducer

If you are not a professional adviser or intermediary and the aggregate subscription price payable under your application(s) exceed(s) €15,000 (or its Sterling equivalent, being approximately £13,500) or the Company (or any of its agents) deems it necessary, at its absolute discretion, in order to ensure compliance with the CDD Rules, you will be required to provide the verification of identity documents listed in Box 7.3 of the Application Form unless you can have the declaration set out in Box 7.2 of the Application Form given and signed by a firm acceptable to the Receiving Agent and the Company. Box 7.2 of the Application Form details those firms acceptable to the Receiving Agent and the Company for signing the declaration. In order to ensure that their Application Forms are processed timely and efficiently, all Applicants who are not professional advisers or intermediaries and to whose applications Box 7 of the Application Form applies are strongly advised to have the declaration set out in Box 7.2 of the Application Form completed and signed by a suitable firm where possible.

7.3 Applicant identity information

Box 7.3 of the Application Form need only be completed where the aggregate subscription price payable for the Ordinary Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £13,500) or the Company (or any of its agents) deems it necessary, at its absolute discretion, in order to ensure compliance with the CDD Rules and neither Boxes 7.1 nor 7.2 of the Application Form can be completed.

Notwithstanding that the declaration set out in Box 7.2 of the Application Form has been completed and signed, the Receiving Agent and the Company reserve the right to request of you the identity documents listed in Box 7.3 of the Application Form and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time, your application might be rejected or revoked.

Where certified copies of documents are requested in Box 7.3 of the Application Form, such copy documents should be certified by a senior signatory of a firm which is either a bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

8. Delivery of completed Application Forms

Completed Application Forms should be returned by post or by hand (during normal business hours) to the Receiving Agent at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by no later than 11.00 a.m. on 18 October 2018, together in each case with payment in full in respect of the application. If you post your Application Form, you are recommended to use first class post and to allow at least four days for delivery. Application Forms received after this date may be returned.

APPLICATION FORM

Please return the completed form by post or by hand (during normal business hours) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by no later than 11.00 a.m. on 18 October 2018.

IMPORTANT – BEFORE COMPLETING THIS FORM, YOU SHOULD READ THE ACCOMPANYING NOTES ON HOW TO COMPLETE THIS APPLICATION FORM. ALL APPLICANTS MUST COMPLETE BOXES 1 TO 4 (SEE NOTES 1 – 8 OF THE ACCOMPANYING NOTES).

If you have any queries please contact Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the issues nor give any financial, legal or tax advice.

To: **AVI Japan Opportunity Trust plc**

Box 1. Application

I/We offer to subscribe for:

Number of New Shares:	At 100 pence per New Share:
	£

fully paid on the terms, and subject to the conditions, set out in the prospectus dated 6 September 2018 (the “**Prospectus**”) (including the Terms and Conditions of Application contained therein), the guidance notes accompanying this Application Form, and the memorandum of association and the Articles respectively.

Box 2. Payment Method

Please tick your payment method (one box only):

☐ Cheque ☐ CHAPS ☐ DVP

Box 3. Personal details (PLEASE USE BLOCK CAPITALS)

Mr, Mrs, Miss or Title:	Forenames (in full):
Surname/Company Name:	
Address (in full):	
Postcode:	Daytime telephone no.:
Email:	Date of birth:



THE BOXES BELOW MUST ONLY BE COMPLETED BY JOINT APPLICANTS

Holder 2

Mr, Mrs, Miss or Title:	Date of Birth:
Forenames (in full):	Surname:
House Number:	Post Code:

Holder 3

Mr, Mrs, Miss or Title:	Date of Birth:
Forenames (in full):	Surname:
House Number:	Post Code:

Holder 4

Mr, Mrs, Miss or Title:	Date of Birth:
Forenames (in full):	Surname:
House Number:	Post Code:

Box 4. Signature

I/We hereby confirm that I/we have read the Prospectus and make this application on and subject to the Terms and Conditions of Application set out in the Prospectus.

Execution by an individual:

Signature 1:	Date:
Signature 2:	Date:
Signature 3:	Date:
Signature 4:	Date:

Execution by a company:

Executed by (name of company):	Date:
Name of Director:	Signature:
Name of Director/Secretary:	Signature:
If you are affixing a company seal, please mark this box with a cross:	Affix company seal here:
Company Registered Number:	

Box 5. Settlement

(a) **Cheque/Banker's Draft Details**

Attach your cheque or banker's draft for the exact amount shown in Box 1 made payable to Link Market Services OFS A/C AVI Japan Trust" and crossed "a/c Payee".

(b) **Electronic Transfer**

Please enter below the sort code of the bank and branch that you will be instructing to make such payment for value by 11.00 a.m. on 18 October 2018 together with the name and number of the account to be debited with such payment and the branch contact details.

Sort Code:	Account name:
Account number:	Contact name at branch and telephone number:
Reference Number	

(c) **Settlement by Delivery versus payment (DVP)**

Only complete this section if you choose to settle your application within CREST, that is delivery versus payment (DVP).

Please indicate the CREST Participant ID from which the DEL message will be received by the Receiving Agent for matching, which should match that shown in Box 5 below, together with the relevant Designation.

(BLOCK CAPITALS)

CREST Participant ID:

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CREST Designation:

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If you choose to settle your application within CREST, that is DVP, you or your settlement agent/custodian's CREST account must allow for the delivery and acceptance of Ordinary Shares to be made against payment at the Initial Issue Price using the following CREST matching criteria set out below:

Trade date: 22 October 2018
Settlement date: 23 October 2018
Company: AVI Japan Opportunity Trust plc
Security description: Ordinary Shares of £0.01 each
SEDOL: BD6H5D3
ISIN: GB00BD6H5D36



Applicants will also need to ensure that their settlement instructions are input to Link Asset Services' Participant account (RA06) by no later than 11.00 a.m. on 23 October 2018 (being the date of admission to trading of the Ordinary Shares).

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

Box 6. Shares issued in uncertificated form (that is, in CREST)

Please complete this section only if you require your New Shares to be credited to your CREST account, but paying by cheque.

CREST Participant ID:								
CREST Designation:								
CREST Participant's Name:								

Box 7. Verification of identity

If the aggregate subscription price for the New Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £13,500) or the Company (or any of its agents) deems it necessary, at its absolute discretion, in order to ensure compliance with the CDD Rules, you must ensure that Box 7.1, 7.2 or 7.3 (as appropriate) is completed.

Box 7.1 Professional Advisers and Intermediaries

(This Box 7.1 should be completed if an application for Ordinary Shares is being made on behalf of a client by a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser)

Name of professional adviser or intermediary (in full):	
Address (in full):	
	Postcode:
Contact name:	Telephone number:

Declaration by the professional adviser or intermediary

To: AVI Japan Opportunity Trust plc, N+1 Singer, Kepler and Link

We are a financial adviser authorised under the Financial Services and Markets Act 2000 applying for New Shares on behalf of one or more clients ("relevant clients"). As such, we hereby undertake to:

1. complete anti-money laundering verification in respect of each relevant client and to inform you of any unsatisfactory conclusion in respect of any relevant client;
2. to keep records to verify the name, identity, place of birth, residential address, occupation and signature of each relevant client; and
3. to supply copies of any such records to you as you may require.

We are governed in the conduct of our investment business and in respect of conducting anti-money laundering verification by the following regulatory or professional body (and the reference or other official number allocated to us by that body is included in the box below).

(Full name and country of operation of regulatory or professional body)	
(Reference or other official number)	

If you require further information about our procedures or any of our relevant clients, please contact the person named as the contact in the first box in this Box 7.1.

Date:	2018	Official stamp (if any):
Signature:		
Full name:		
Title/position:		

Box 7.2 Reliable Introducer

(If you are not a professional adviser or intermediary to whom Box 7.1 applies, the completion and signing of the declaration in this Box 7.2 by a suitable person or institution may avoid a request for the presentation of the identity documents detailed in Box 7.3 of this form)

(The declaration below may only be signed by a person or institution (such as a bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the "firm") which is itself subject in its own country to operation of "know your customer" and anti-money laundering regulations no less stringent than those which prevail in the United Kingdom. Acceptable countries include Austria, Belgium, Denmark, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hong Kong, Iceland, Isle of Man, Italy, Jersey, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland and the United Kingdom.)



Declaration by the firm

To: AVI Japan Opportunity Trust plc, N+1 Singer, Kepler and Link

With reference to the applicant(s) detailed in Box 3 all persons signing Box 4 above and the payor identified in Box 5 above if not also an applicant (collectively the "relevant persons"), we hereby declare that:

1. we operate in one of the above mentioned countries and our firm is subject to anti-money laundering regulations under the laws of that country which, to the best of our knowledge, are no less stringent than those which prevail in the United Kingdom;
2. we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;
3. each of the relevant persons is known to us in a business capacity and we hold valid identity documentation in respect of each of them and we undertake to immediately provide to you copies thereof on demand;
4. we confirm the accuracy of the names and residential/business address(es) of the applicant(s) named in Box 3 above and, if details of a CREST account are included in Box 5 above, that the owner thereof is the applicant named in Box 3 above;
5. having regard to all local anti-money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the Ordinary Shares to which this application relates; and
6. where the payor and applicant(s) are different persons we are satisfied as to the relationship between them and the reason for the payor being different to the applicant(s).

The above information is given in strict confidence for your own use only and without any guarantee, responsibility or liability on the part of the firm or its officials.

Date:	2018	Official stamp (if any):
Signature:		
Full name:		
Title/position:		

I hereby declare that I have authority to bind the firm, the details of which are set out below:

Name of firm (in full):	
Address (in full):	
	Postcode:
Contact name:	Telephone number:

Full name of firm's regulatory authority:	
Website address or telephone number of regulatory authority:	Firm's registered, licence or other official number:

Box 7.3 Applicant identity information

(Only complete this Box 7.3 if the aggregate subscription price payable under your application (whether in one or more applications) is greater than €15,000 (or its Sterling equivalent, being approximately £13,500) and neither of Boxes 7.1 and 7.2 can be completed) or if the Company (or any of its agents) deems it necessary, at its absolute discretion, in order to ensure compliance with the CDD Rules.)

In accordance with internationally recognised standards for the prevention of money laundering, the relevant documents and information listed below must be provided (please note that the Receiving Agent and the Company reserve the right to ask for additional documents and information).

	Tick to indicate the documents provided				
	Applicant				Payor
	1	2	3	4	
A. For each applicant who is an individual enclose:					
(i) a certified clear photocopy of one of the following identification documents which bears both a photograph and the signature of the person: (a) current passport; (b) Government or Armed Forces identity card; or (c) driving licence; and					
(ii) certified copies of at least two of the following documents which purport to confirm that the address(es) given in Box 2 and, in the case of joint applicants, Box 6 is the applicant's residential address: (a) a recent (but no older than 3 months) gas, electricity, water or telephone (not mobile) bill; (b) a recent bank statement; (c) a council tax bill; or (d) similar bill issued by a recognised authority; and					
(iii) if none of the above documents show their date and place of birth, enclose a note of such information; and					
(iv) details of the name and address of their personal bankers from which the Receiving Agent or the Company may request a reference, if necessary.					



	Tick to indicate the documents provided				
	Applicant				Payor
	1	2	3	4	
B. For each applicant that is a company (a "holder company") enclose:					
(i) a certified copy of the certificate of incorporation of the holder company; and					
(ii) the name and address of the holder company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and					
(iii) a statement as to the nature of the holder company's business, signed by a director; and					
(iv) a list of the names and residential addresses of each director of the holder company; and					
(v) for each director provide documents and information similar to that mentioned in A(i) to (iv) above; and					
(vi) a copy of the authorised signatory list for the holder company; and					
(vii) a list of the names and residential/registered addresses of each ultimate beneficial owner interested in more than 3 per cent. of the issued share capital of the holder company and, where a person is named, also enclose the documents and information referred to in C below and, if another company is named (a "beneficiary company"), also complete D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.					
C. For each individual named in B(vii) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(i) to (iv)					
D. For each beneficiary company named in B(vii) as a beneficial owner of a holder company enclose:					
(i) a certificated copy of the certificate of incorporation of that beneficiary company; and					
(ii) a statement as to the nature of that beneficiary company's business signed by a director; and					
(iii) the name and address of the beneficiary company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and					
(iv) enclose a list of the names and residential/registered address of each beneficial owner owning more than 3 per cent. of the issued share capital of that beneficiary company.					
E. If the payor is not an applicant and is not a bank providing its own cheque or banker's draft on the reverse of which is shown details of the account being debited with such payment (see note 4 on how to complete this form) enclose:					
(i) if the payor is a person, for that person the documents mentioned in A(i) to (iv); or					
(ii) if the payor is a company, for that company the documents mentioned in B(i) to (vii); and					
(iii) an explanation of the relationship between the payor and the applicant(s).					

